Ferrero Code of Business Conduct

Ferrero requires suppliers, trade partners, commercial agents, subcontractors, distributors, vendors and their employees:
- to adhere to its values;
- to comply with its non-negotiable high standards.

Ferrero values are: “Loyalty and Trust, Respect and Responsibility, Integrity and Sobriety and Passion for Research and Innovation.”
We identify ourselves with the motto, “WORK, CREATE, DONATE”.
These values guide: the Ferrero Foundation, the Michele Ferrero Entrepreneurial Project and the whole Ferrero Group. “These values constitute the real legacy of our Group” (From Pietro and Giovanni Ferrero’s Letter, 1st CSR Report, June 2009).
The integral text of Ferrero values may be found at www.ferrero.com. This Code of Business Conduct establishes standards applicable to “business to business” relations, in conformity with the Ferrero Code of Ethics, which may also be found at www.ferrero.com.

This Code of Business Conduct is in compliance with the Association of Brand Industries’ (AIM, www.aim.be) Principles of Good Practice. Ferrero is committed to a Corporate Social Responsibility (CSR) strategy, which complies with the following European definition: “The responsibility of enterprises for their impact on society” (Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and to the Committee of the Regions, 25th October 2011, COM(2011) 681 final).

When we acquire raw materials, equipment, goods, packaging and services, the choice of our trade partners is based upon:
- quality and safety requirements;
- ethical, social and environmental principles;
- cost effectiveness analyses.

We support free competition in every supply procedure, in compliance with this Code of Business Conduct and with the Ferrero Code of Ethics.

THE CODE’S STRUCTURE

This Code of Business Conduct is based on the following 5 principles:
1) EXCELLENT PRODUCT QUALITY AND SAFETY

Excellent quality and safety of Ferrero products is our mission.

The quality and safety of Ferrero products has always been controlled and optimized through innovation, significant investments in research and development and continual improvements to its manufacturing systems.

**We make specialty products** that have the potential to become large consumer brands through their unique selling propositions and the experience and trust of our consumers.

To ensure **maximum consumer satisfaction**, improvement and innovation guide the entire production chain from the initial, careful selection of raw materials to production, packaging and distribution and onto the point of sale and final consumption.

When conducting business with Ferrero, our trade partners must comply with this Code of Business Conduct.

**When we acquire raw materials, equipment, goods, packaging, and services**, the choice of our trade partners is based upon: quality and safety requirements, ethical, social and environmental principles and cost effectiveness analyses. We support free competition in every supply procedure, in compliance with this Code and also with the Ferrero Code of Ethics.

Genetically Modified Organisms (GMO) Policy

In Europe, today, the majority of consumers have concerns about the presence of GMO’s in their daily diets. Constantly attentive to consumers’ needs and requests, Ferrero uses its best efforts not to use GMOs intentionally in the production chain and Ferrero diligently requests its suppliers and trade partners to provide all the relevant information on the presence of GMOs to the best of their knowledge.

2) HUMAN RIGHTS COMMITMENT

We have the highest commitment to human rights and we support universal human rights principles, in particular the United Nations Universal Declaration of Human Rights, the United Nations Rights of the Child Conventions, the Conventions of the International Labour Organization (ILO) and the Conventions of the World Health Organization.
This commitment to the respect of human rights, together with our Company values, constitutes the basis of our policies and of our everyday activity.

We implement our commitment through:
- the respect of our Code of Ethics;
- the application of this Code of Business Conduct to all our trade partners throughout the whole supply chain;
- our Corporate Social Responsibility engagement, including policies applied at the global level in all relevant fields (see www.ferrero.com).

Ferrero requires its suppliers, trade partners, commercial agents, subcontractors, distributors and vendors to respect human rights and to ensure that none of their employees shall suffer from any form of discrimination, abuse or harassment, based on: race, gender, age, origin, ethnic, physical ability, religious, political, social and cultural diversity. In particular, Ferrero requires that the respect of pregnancy is supported.

Ferrero requires all its partners throughout the supply chain to be strongly committed to the elimination of child labour, starting with its worst forms, and of all forms of slavery, human trafficking, forced or compulsory labour and prison labour.

ILO Conventions provide the framework for national law to prescribe a minimum age for admission to employment or work, that must not be less than the age for completing compulsory schooling, and in any case not less than 15 years. In countries where economic and educational facilities are less well developed, the minimum age may be as low as 14 years. Exceptions may also be made from 12 or 13 years for “light work”. The minimum age for hazardous work – work that is likely to harm the health, safety or morals of the child as a consequence of its nature of the circumstances under which it is carried out - is 18 years for all countries.

Ferrero encourages all actions aimed at rising the minimum age to 15 years.

A standard clause is inserted in our contracts, in order to ensure that all of the goods purchased by our suppliers have been obtained and transformed in full respect of all applicable laws, regulations and local rules, in addition to the requirements established by applicable international Conventions. Whenever possible, Ferrero welcomes the support of trade partners to fight together against child labour practices, through the involvement of local relevant authorities.
3) ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Ferrero requires suppliers, trade partners, commercial agents, subcontractors and vendors to fully respect the environment and to ensure compliance with all applicable laws and regulations at international level in the manufacturing and delivering countries.

Ferrero also requires, whenever possible, all participants throughout the supply chain to adopt and respect:
- the Precautionary principle;
- product life cycle analyses, including packaging and waste management;
- reduction of emissions;
- energy saving strategies, including use of renewable sources;
- environmentally efficient logistics chain;
- water conservation programs;
with demonstrable evidence of implementation.

Ferrero also encourages the participation in research and technological innovation projects in the above-mentioned fields, in collaboration with universities, research institutes and other private companies in order to develop experimental systems to find the most promising solutions throughout the supply chain.

Ferrero requests, in particular, that suppliers and farmers engage together in:
- agricultural and rural development;
- good farming and agricultural practices: “the application of available knowledge to the utilization of the natural resources in a sustainable way for the production of safe, healthy food and non-food agricultural products, in a humane manner while achieving economic viability and social stability” (FAO, Good Agricultural Practices, June 2002);
- sustainable sourcing of raw materials;
- fully protecting animals and respect of animal welfare, considering that “animals are sentient beings” (Lisbon Treaty, Article 13 of Title II).
For Ferrero’s raw materials sourcing, this is mainly applicable to hens and cows.

4) WORKPLACE ENVIRONMENT

- Health and safety
Ferrero requires suppliers, trade partners, commercial agents and subcontractors to provide their employees with a safe and healthy working environment, including the development of appropriate controls and of safety procedures, preventive maintenance policies and the use of protective equipments.
Together, throughout the supply chain, we are committed to preventing accidents, injuries and illness related to work.

**Freedom of association and the right to collective bargaining**
Ferrero recommends to its partners throughout the supply chain to grant employees’ right to join or not to join a Labour Union or to form a Labour Union without fear of reprisal, even if it is prevented by local governmental policies or norms.

**Wages, benefits and working hours**
Our commercial partners throughout the world must ensure that their employees work in compliance with all applicable laws concerning the number of hours and days, minimum wage, overtime and maximum hours. If there is no local legal minimum wage, wages should be at least comparable to those of similar local companies and in conformity with international standards recognized by Ferrero.

**Family responsibilities**
Ferrero encourages its commercial partners to respect the family responsibility of workers by providing reasonable working hours, parental leave, childcare and other facilities that, whenever possible, can help workers achieve a proper work-life balance.

### 5) BUSINESS INTEGRITY

Ferrero requires suppliers, trade partners, commercial agents, subcontractors and vendors to engage against improper conduct and / or improper personal advantage.
Ferrero does not allow behaviors that, directly or indirectly, offer, promise, give or demand a bribe or other undue / improper advantage, with the intention of corruption, to public officials, civil servants, members of their families, and business partners. Ferrero does not allow contributions to political parties and / or to candidates for public office.
Ferrero and its commercial partners shall refrain from any activity that results in a conflict of interests.
Ferrero favours **long-term contracts**, where possible, to help ensure a more stable income for farmers.

In particular, in relations to farmers and suppliers, Ferrero:
- provides, where necessary and/or possible, training and assistance to guarantee better quality of agricultural products;
- supports a transparent price policy, giving farmers a price reference for raw materials and leaving them free to choose to whom they will sell their product;
gives rewards for quality which encourages farmers to reach and maintain high quality standards.

PRINCIPLES FOR ENGAGING INTO A TRADING RELATIONSHIP

INDEPENDENCE
The principle of independence means that trading partners recognize that they are independent economic entities, respecting each other’s right freely to set their own strategy and management policies, in terms of production, distribution, sales, marketing, and finance, including the freedom to determine independently whether to engage or not in any agreement.

RESPECT FOR COMPETITION LAW
Ferrero is committed to comply with all antitrust and competition law applicable in individual countries. All trading partners will act in strict regard to applicable competition laws.

FAIR TRADING
The principle of fair trading means that all participants throughout the supply chain will behave at all times in good faith and in accordance with the principles of mutuality and maximization of value, avoiding unfair terms and conditions, business disruption, the transfer of excessive risks and unexpected costs on to other participants in the supply chain and respecting each other’s branding and intellectual property rights.

ADDITIONAL PRINCIPLES APPLICABLE TO TRADING AGREEMENTS

MUTUALITY
The principle of mutuality means that each trading partner should contribute to the business relationship and both should have a real opportunity to benefit from it. Mutuality should be the basis for all dealings between trading partners.

MAXIMISATION OF CONSUMER VALUE
The principle of maximization of consumer value requires trading partners to work together to provide better value to the consumer. Together, all participants should seek efficiency of the total supply chain and optimum use of resources.
WRITTEN AGREEMENT
The terms of any agreement between trading partners should be recorded in writing and there should be no distinction between formal and informal arrangements. In all cases, written agreements should detail all points agreed, from general sales terms and conditions to arrangements for distribution, promotion or marketing, joint activities, agreement review and procedures for the suspension or cessation of the trading relationship. Any written agreement should conform to applicable law and it should be signed by all parties to the agreement.

AUDIT AND TERMINATION OF AGREEMENTS
Ferrero Group reserves the right to verify the supplier’s compliance with this Code. Ferrero Group will not engage in commercial relationships with suppliers who do not accept the conditions of this Code. In case Ferrero Group becomes aware of any actions or conditions not in compliance with this Code, it could demand corrective measures and reserves the right to terminate the commercial agreement.

INSPECTIONS
Ferrero reserves the right to conduct unannounced inspections of suppliers and their business practices, records and facilities as well as private interviews with employees. Each supplier shall designate staff responsible for also monitoring the factories of their subcontractors used in production for Ferrero. In case of non-compliance, Ferrero will demand corrective measures and reserves the right to terminate any agreement. Ferrero uses independent third parties to assess compliance with this Code.

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