SHARE VALUES TO CREATE VALUE

Geza Toth
Environmental Sustainability
Ferrero Global Procurement & Sustainability Sourcing

Gold Standard Conference 2016: Grow to Zero
This drawing illustrates Diplo’s approach to training and research on climate change.

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By 2030 in Asia:

Population: 3 billion
A third more mouths to feed
Doubling Food Demand by 2060?

In the next 40 years:
The same amount of food has to be produced as during the past 8,000 years?

Global Food Demand (Petacal/day)

Global Food Demand

Cereals Demand: 3 billion tons
Arable land expand by around 120 million hectares in developing countries

Water Withdrawal 11% increase

Increase energy demand

FAO: Slowdown in global agricultural production growth to 1.5% annually

Natural Resources
Raw Materials Volumes

- White Sugar
- Fats
- Milk and derivates
- Cocoa Beans
- Hazelnuts
- Wheat
- Cocoa Derivates
- Eggs and derivates
- Desiccated coconut
- Sugar and derivates
- Chemical products
- Cherries
- Lecithin
- Other fruits
- Almonds
- Flavors
- Honey
- Alcohol
- Meringues
- Others

Annual consumption: about 1.1 million tons

Top six categories: about 90% of total amount

X 46,000
40% of the raw materials are produced in tropical countries.

190,000 cows produce milk daily to supply us milk powder.

More than 240,000 smallholders supply us hazelnuts & cocoa.

500,000 Hectares of farmland are cultivated for our top 6 RM's.
Ferrero’s Sustainability Approach
- From Framework to Action -

Ferrero-Agricultural Commitment To Sustainability
Ferrero’s Sustainability Approach
- What? -

Measure
LCA, Supplier assessment, engagement

Mitigate
GHGs, water, social risk, pollutants

Avoid
Bad investments, greenwash, waste

Remediate and Offset
Afforestation, improved land use, insetting, grievances

Increase
Business opportunity, conservation, biodiversity,

Invest
Farmers, adaptation, relationships, circular economy

Cross-fertilize
Climate change, water, human rights, business conduct

Disclose and advocate
CDP carbon, water, Progress dashboards
Ferrero’s Sustainability Approach in Raw Materials Procurement

The post 2020 Business Manifesto: Ferrero’s long-term vision

To mitigate, we will:
1. Set global targets and track progress related to reductions in GHG emissions, energy, water, transportation, packaging and solid waste.
2. Extend scope and focus on upstream agriculture.
3. Address GHG emissions due to land use change, aim at zero deforestation supply chains.
4. Lead a long term, multi-stakeholder water stewardship strategy.
5. Contribute to cross-industry efforts on food waste reduction and effectively reduce food waste.

To adapt, we will:
1. Invest in plant breeding programs to provide farmers high-yield, high-quality crops for climate variability.
2. Support innovation of practical tools for farmers to reduce their environmental impacts.
3. Provide technical assistance to with suppliers, NGOs and industry roundtables.
4. Support development of scientific tools and systems to monitor climate change at regional and farm levels.
5. Engage external experts/leaders on climate, agriculture and water to advise our long term efforts.
6. Engage multi-stakeholder groups - such as Field to Market, RSPO, Bonsucro, World Cocoa Foundation, governments, industry peers, suppliers and farmers.
7. Advance sustainable agriculture tools and practices for developed markets and for smallholder farmers in the developing world.

To disclose and advocate, we will:
1. Report progress against goals – our own as well as those in our broader supply chain - on an annual basis.
2. Participate in CDP (the Carbon Disclosure Project), including annual reporting on Scope 3 emissions.
3. Report for the WDP (the Water Disclosure Project).
4. Advocate for effective and efficient public and industry association policy.
5. We will regularly review our company statements and policies to ensure they are aligned with our mitigation targets, plans and adaptation initiatives.

A Systems Approach to cross-fertilize efforts in other linked areas:
- responsible water stewardship;
- relevant human rights legislation,
- striving for zero waste;
- re-thinking energy use: using energy and resources efficiently; switching to cleaner fuels; investing in and utilizing sustainably managed renewable energy sources;
- optimizing distribution networks; and
- helping adapt agricultural and production systems to the changing climate.
Thank you!

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### Sustainability Targets

#### Cocoa
100% certified by 2020

#### Hazelnuts
100% traceable by 2020

#### Cane Sugar
100% certified by 2020

#### Palm Oil
100% certified by 2014

Target ahead, already at 50%

Target in line

Target ahead, already at 40%

Target ahead, already at 100%
“as far as consumer companies go, Ferrero, the maker of Nutella, is actually one of the more progressive consumer-facing companies when it comes to palm oil sourcing. Responding to the demands of their customers, Ferrero was one of the first companies to announce a policy to end the use of deforestation palm oil.”