

FERRERO

SHARE VALUES TO CREATE VALUE



Geza Toth

Environmental Sustainability

Ferrero Global Procurement & Sustainability Sourcing



Gold Standard Conference 2016: Grow to Zero

CLIMATE CHANGE BUILDING

UNDER CONSTRUCTION



This drawing illustrates Diplo's approach to training and research on climate change.

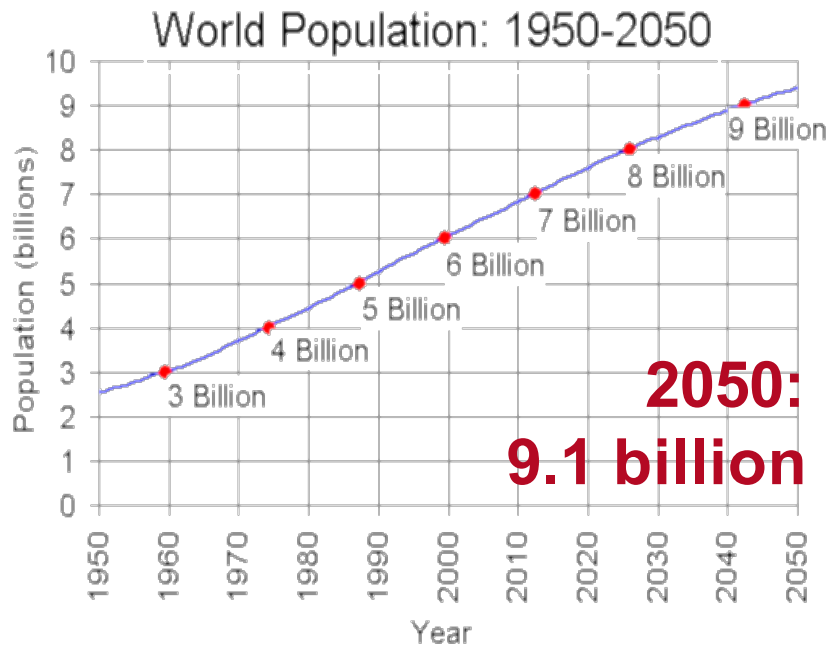
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DIPLO
www.diplofoundation.edu

Version 3.0 (October 2010)

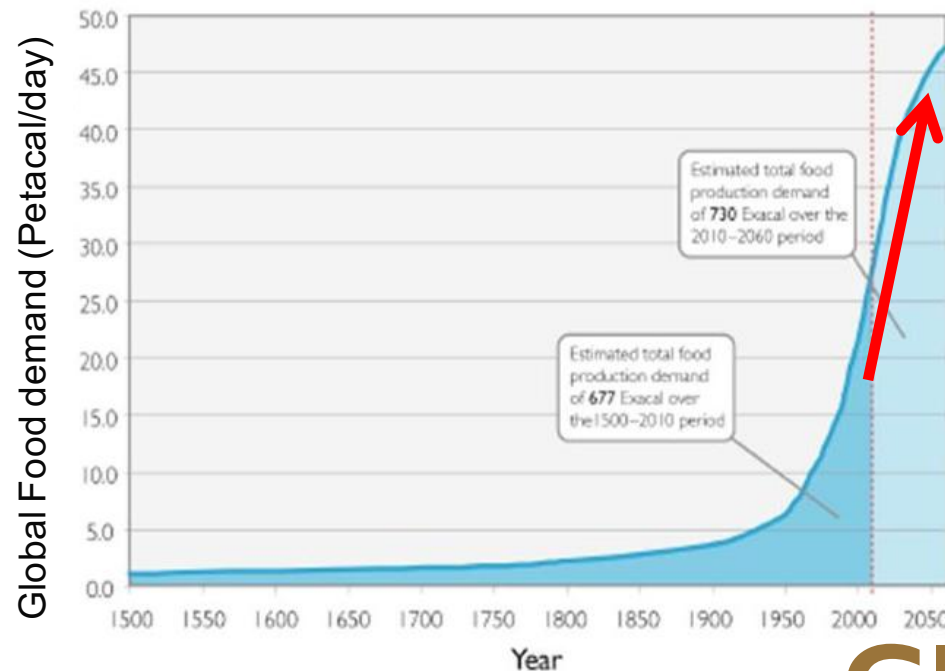
Concept: Kurballeh - Illustration: Marcello



**By 2030
in Asia:
3 billion
Population**

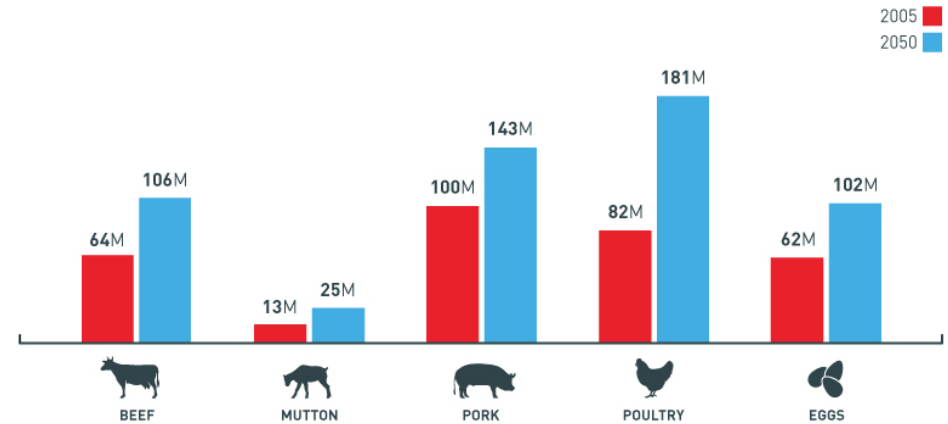
A third more mouths to feed
Doubling Food Demand by 2060 ?

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



GLOBAL DEMAND FOR MEAT

2005 vs. 2050
(in tonnes)



Source: Food and Agriculture Organization of the United Nations, ESA Working Paper No. 12-03, p. 131

Cereals Demand: 3 billion tons



Global Food Demand



Arable land expand by around 120 million hectares in developing countries



Water Withdrawal 11% increase



Increase energy demand

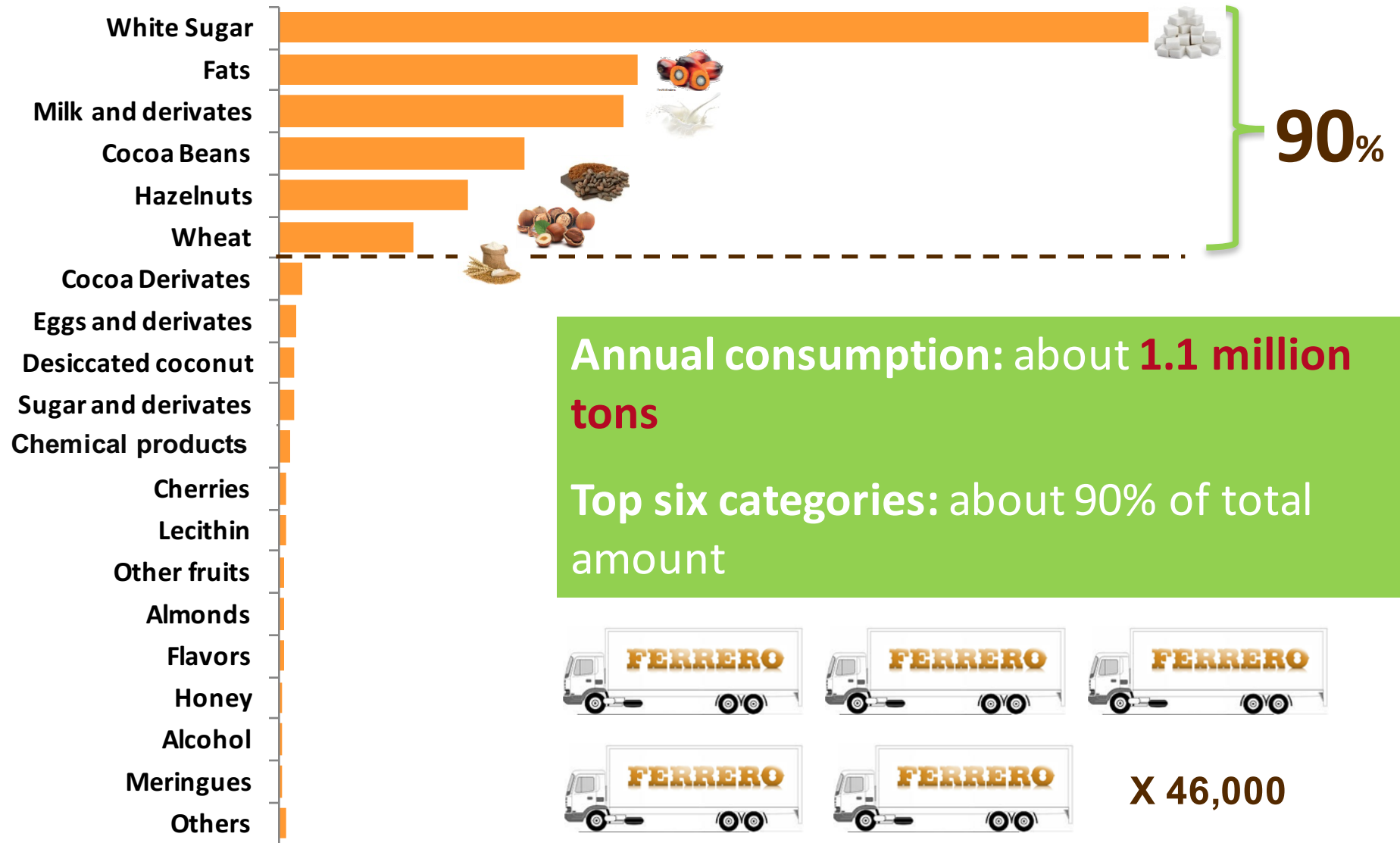
FAO: Slowdown in global agricultural production growth to 1.5% annually

Natural Resources

Resource Crush



Raw Materials Volumes



Raw Materials for Ferrero

40% of the raw materials are
produced in **in tropical countries**

190,000 cows

produce milk daily to supply

us milk powder

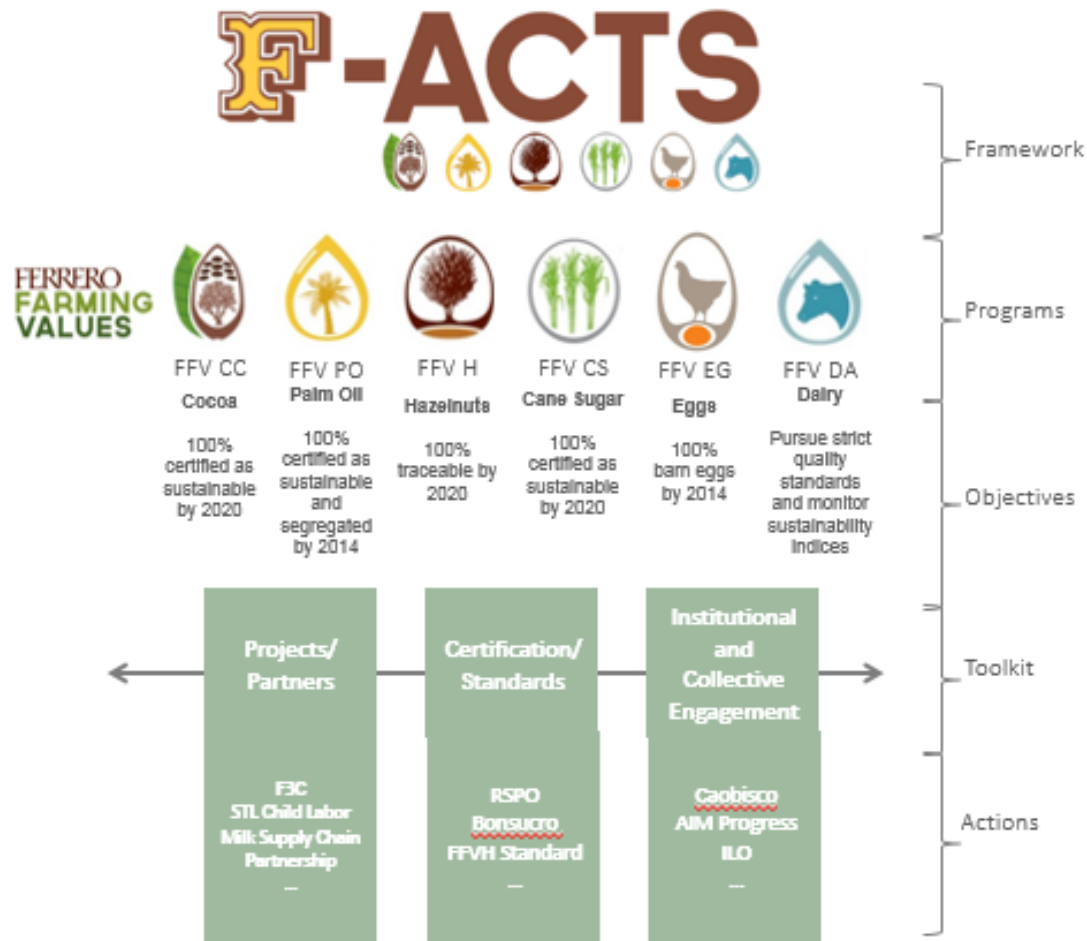
More than 240,000 smallholders

supply us hazelnuts & cocoa

500,000 Hectares of farmland
are cultivated **for our top 6 RMs**

Ferrero's Sustainability Approach

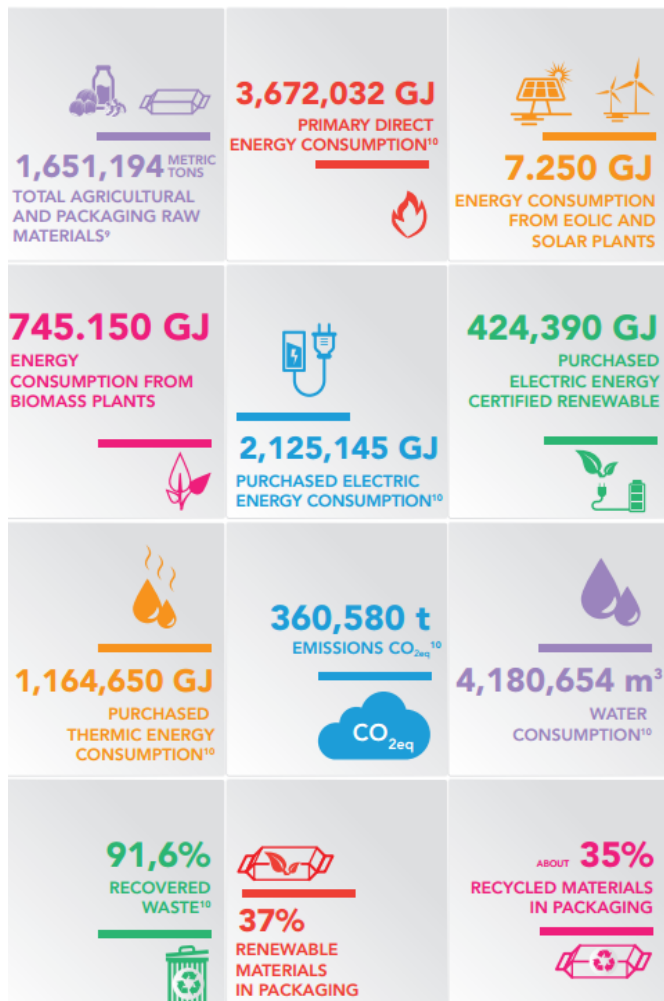
- From Framework to Action -



**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, inseting, 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.

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Thank you!

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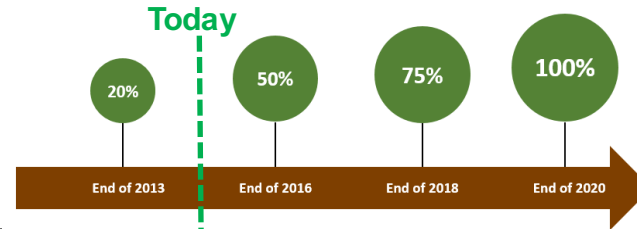
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Sustainability Targets



Cocoa

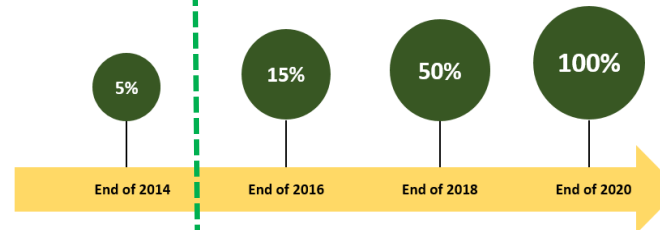
100% certified by 2020



Target ahead,
already at 50%

Hazelnuts

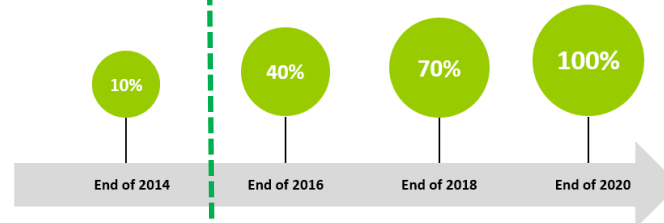
100% traceable by 2020



Target in line

Cane Sugar

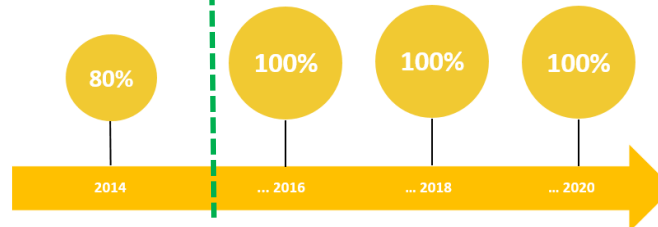
100% certified by 2020



Target ahead,
already at 40%

Palm Oil

100% certified by 2014



Target ahead,
already at 100%

Palm Oil: Greenpeace Scorecard 2015



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Ferrero: Strong

- Responsible Sourcing: Strong
- Transparency: Decent
- Industry Reform: Strong

*“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.**”*

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