

SHARING VALUES TO CREATE VALUE

CORPORATE SOCIAL RESPONSIBILITY



FERRERO

REPORT 2011

Ferrero

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*On the cover:
a farmer working for a cooperative
that produces cocoa beans for
Ferrero in West Africa, under one of
the projects described in the section
«Sustainable agricultural practices».*

SHARING VALUES TO CREATE VALUE

Corporate social responsibility

Report 2011





Maria Franca, Michele e Giovanni Ferrero

CORPORATE SOCIAL RESPONSIBILITY REPORT

The last year was a challenging one for us in Ferrero.

Thanks to the passion and the commitment of our people and to the growing trust of our consumers, our sales increased by 9.1%, compared to the previous year, and our output by more than 4%. At the end of 2010, our CO₂ emissions had already decreased by 14% and our primary energy consumption by 7%. This is aligned with our goal to cut CO₂ emissions by 40% by 2020.

This means that our business model allows us to grow and to invest in the communities where we operate, while diminishing our impacts on the environment. That's what sustainability is all about!

We will apply that same model to our two new plants in Turkey and Mexico, which will be in operation by 2013.

Ferrero's sustainability strategy is supported by our corporate social responsibility's strong vision: "Sharing values to create value". This means that our way of creating value is not just based on leveraging strong unchanged values, it also implies the responsibility to share them with all stakeholders: inside the company, towards consumers and families, for the communities where we operate and other organizations with whom we are affiliated.

This is closely linked to our mission, which is to satisfy consumers' expectations everywhere through shared Ferrero values: passion for excellence, loyalty, respect, responsibility and integrity.

Strong values for a shared responsibility at global and at local level. We see the Ferrero Group as "GLOCAL".

Global because we serve markets all over the world, and because we have principles, plans and goals that apply everywhere in the same way.

Local because we are passionate about our roots, and because we are proud of investing in local communities, empowering people wherever we operate.

In this way, we also assume local responsibilities through global commitments.

With this approach, we have built our three CSR pillars:

Enhancing Local Communities

*In more mature markets, we develop social and cultural activities mainly through the **Ferrero Foundation**. Under the guidance of my mother, **Maria Franca**, the Foundation takes care of retired Ferrero employees implementing a comprehensive “active-ageing” program.*

*In emerging countries, we operate through **Ferrero Social Enterprises**, now established in **India, South Africa and Cameroon**, with the strong support of my father **Michele** and of my late beloved brother **Pietro**. Their goal is to enhance development directly in the field, at the local level.*

Healthy Lifestyle

Ferrero’s strategy for nutrition is based on three pillars: a balanced diet, small portions - as the overconsumption of anything can be harmful - and regular physical activity.

We also believe strongly that nutritional education rather than more legislation is what is really needed!

Sustainable Agricultural Practices

Ferrero is committed to reaching 100% certified as traceable and sustainable cocoa, coffee, palm oil and hazelnuts before 2020 and to improving the living conditions of farmers in some of the poorest countries of the world. This will allow, in the long term, increased productivity from the same harvesting sources and enhanced farmers’ skills, also to address climate change challenges.

*A cross cutting issue is how to ensure sustainability **all along the value chain**. This is exactly the purpose of our **ABCDE (A Business Code Dialogue Engagement) Plan to be completed by 2013**, which aims to share our **Code of Business Conduct** with internal and external stakeholders.*

Our global CSR strategy is described in this Report, including: Ferrero’s ten goals for 2020, the objectives we have already reached, the challenges we face, ongoing reassessment based on accurate monitoring and measurement.

*In the CSR Report, we also disclose concrete data on the sustainability of one of our most successful products: **Nutella**.*

Enjoy reading it!



Giovanni Ferrero
Chief Executive Officer

June 2012



FERRERO.

ABOUT THIS CORPORATE SOCIAL RESPONSIBILITY REPORT

This third report aims to illustrate the Ferrero Group's strategy of social responsibility and sustainability as well as its activities throughout the world from 1st September 2010 to 31st August 2011. Other reports will follow annually. In view of the objectives set for 2013 and, in the long term for 2020, the issues dealt with in this third report have been selected according to their level of importance for the Group, taking into account the opinions of the stakeholders, through specific meetings, and the principles of ISO (International Standard Organization) 26000: 2010 "Guidance on social responsibility".

The report was edited by the CSR Office of the Ferrero Group (e-mail: csr@ferrero.com) in conformity with the "Sustainability Reporting Guidelines" (version 3.1, 2011) and with the "Food Processing Sector Supplement" by the Global Reporting Initiative (GRI). This third edition condenses all the information in a more streamlined shape than the previous versions. For more details, this report refers to the first two CSR reports, which are available on the Internet (www.ferrero.com/social-responsibility) and published in June 2010 and June 2011. In the reporting period, some significant changes have occurred at Group level, not relevant at the point to prevent comparison with previous CSR reports, and no extraordinary operations have been developed.

The application level of this report, according to GRI Guidelines, is A+, as confirmed by GRI check. Independent assurance of this report was carried out by Deloitte.

This report is also available on the Internet at: www.ferrero.com.



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OUR GOALS FOR 2020

GOALS

REFERENCES

FOR HUMAN RIGHTS

- 1 Enhance the activities of the “**Ferrero Foundation**” and of Ferrero’s “**Social Enterprises**”
- 2 Implementation of the **Code of Business Conduct** throughout the value chain (ABCDE plan)

Achieved and updated

Before 2013

FOR THE ENVIRONMENT

- 3 Develop **self-production energy** capacity to cover the needs of all our manufacturing plants in Europe;
30% energy self-production from renewable sources

Same action plan at world level
- 4 **Reduction of 40% of CO₂ emissions** (compared to 2007) due to operation activities

30% **reduction of greenhouse gas emissions** (tons of equivalent in CO₂) due to transport and storage activities (compared to 2009)
- 5 **20% reduction of water consumption** per unit of production in the plants (compared to 2009)
- 6 Use of packaging made from **renewable sources** (+10%, compared to 2009)

100% of **virgin paper and cardboard** from a certified sustainable supply chain

Before 2013

Before 2020

Before 2020

Before 2020

Before 2020

Before 2020

Before 2014



GOALS

REFERENCES

FOR RAW MATERIALS

7 100% of cocoa certified as sustainable

100% of palm oil and coffee certified as sustainable

8 Implementation of the traceability plan for 100% of hazelnuts

9 100% eggs from barn hens, in respect of animal welfare

Before 2020

Before 2015

Before 2020

Before 2014

FOR A HEALTHY LIFESTYLE

10 “Kinder+Sport”, our programme to support sport

Before 2013



OUR PRODUCTS



FERRERO GROUP

TOTAL PRODUCTS	2009-2010	2010-2011
quintals	10,270,000	10,708,000

FERRERO INTERNATIONAL

NET TURNOVER	2009-2010	2010-2011
€/000	6,616,988	7,218,024

FERRERO.

10

Introduction

Local communities • Ferrero men and women

Healthy lifestyle • Sustainable agricultural practices • Environmental impact

11

FERRERO AROUND THE WORLD

To be closer to our consumers all around the world: 41 headquarters and operational sites

- ARGENTINA
- AUSTRALIA
- AUSTRIA
- BELGIUM
- BRAZIL
- CAMEROON
- CANADA
- CHINA
- COLOMBIA
- CROATIA
- CZECH REPUBLIC

- DENMARK
- ECUADOR
- FRANCE
- GERMANY
- GREECE
- JAPAN
- HONG KONG
- HUNGARY
- INDIA
- IRELAND
- ITALY

- LUXEMBOURG
- MEXICO
- POLAND
- PORTUGAL
- PUERTO RICO
- ROMANIA
- RUSSIA
- SINGAPORE
- SOUTH AFRICA
- SOUTH KOREA
- SPAIN

- SRI LANKA
- SWEDEN
- SWITZERLAND
- THE NETHERLANDS
- TURKEY
- UKRAINE
- UNITED KINGDOM
- UNITED STATES

Our 18 production plants

ITALY Alba	1946
GERMANY Stadtallendorf	1956
FRANCE Villers-Escalles	1960
ITALY Pozzuolo Martesana	1965
AUSTRALIA Lithgow	1974
IRELAND Cork	1975
ECUADOR Quito	1975
ITALY Balvano	1985
ITALY Sant'Angelo dei Lombardi	1985
BELGIUM Arlon	1989
POLAND Belsk	1992
ARGENTINA La Pastora	1992
BRAZIL Pocos de Caldas	1994
CANADA Brantford	2006
CAMEROON Yaoundé*	2006
INDIA Baramati*	2007
SOUTH AFRICA Johannesburg*	2007
RUSSIA Vladimir	2009

*Ferrero's Social Enterprise

The Group has made the necessary investments for the opening of two new plants in:

- Mexico (San José Iturbide, Guanajuato)
- Turkey (Manisa)

For the first time in this third edition, along with the global data of the Group on all issues relevant to CSR, we have made a close examination of our presence in Belgium and France, on the basis of GRI parameters (see Appendix at the end of the report).

FERRERO MEN AND WOMEN

AVERAGE STAFF OF THE GROUP	2009-2010	2010-2011
N° of people	21,736	21,913

RAW MATERIALS

The total agricultural and packaging raw materials used by the Group in 2010 corresponds to 1,347,165 tons.



THE CORPORATE GOVERNANCE OF THE GROUP

Since 1946, the Group's governance has evolved over time, accompanying its global expansion. The key factors that distinguish the history and growth of the Ferrero Group are: **the continuity of a family-owned business, its expansion into new markets, the creation of new production plants with special attention to the high quality of our products, and constant innovation.**

As of 31st August 2010, the Group was composed of more than 70 companies under Ferrero International, a holding company based in Luxembourg (Findel Business Centre, Rue de Trèves L-2632), and established as a company under Luxembourg law (for list of headquarters, operational sites, and production plants see the introduction of this report).

Among the innovations during the reporting year, was the decision to invest in two new production plants in Turkey and Mexico.

Ferrero International adopts a traditional model of corporate governance, in which the **Shareholders' meeting and Board of Directors (Board)** play a central role. The Chairman of the Board does not have an executive role, but a guiding one. The Board also includes members not belonging to the Ferrero family, among whom is the Vice - President. The executive members of the Board, chosen according to their skills and competencies, are subject to an assessment based on merit.

The Board avails itself of the **Group Leadership Team**, an executive committee established in 2011, composed of top managers from major business functions. It plays a supporting role in decision making and in the implementation of corporate strategies, defined by the Board.

The **Board** avails itself of the work carried out by the management committees. Moreover, the **Board** has established a network of audit committees, active at both Group and local level in the Group's controlled companies, made up of a majority of external and distinguished professionals. These audit committees provide advice and recommendations to the Board on internal controls' system. Thanks to the support of the audit committees, the **Board** defines the guidelines to strengthen the effectiveness of internal control systems, also referring to international best-practices.

The Audit Committee of Ferrero International also monitors the process of preparation and audit of the individual and consolidated financial statements. It also supervises the effectiveness and the efficiency of the external auditors' activities and of the internal audit function.

The Careers and Remuneration Committee, which determines the general remuneration policy and the career plans of top managers, is currently under revision.



Regarding the organization of the production chain, the Ferrero Group manages directly all core processes, and in particular:

- ▣ **product research and development, production processes and techniques, including toys;**
- ▣ **design of equipment/machinery of strategic importance (about 50%);**
- ▣ **production and processing activities;**
- ▣ **strategic marketing and institutional activities, and development policies.**

In addition, **specific vertical integration initiatives** are under way, in particular:

- ▣ **the development of an agricultural production chain of hazelnuts, with the aim of meeting at least part of the demand through our own plantations;**
- ▣ **the development of energy production and commercial activities, in order to cover some of the needs of the Group's facilities with investments in high-efficiency plants and in renewable energy.**

The following activities are managed through outsourcing:

- ▣ **single product/promotion packaging for approximately 25-30% of the Group's production volume;**
- ▣ **some commercial and/or distribution activities for selected products in some countries, amounting to a market share of approximately 10-15%;**
- ▣ **some administrative and accounting services.**



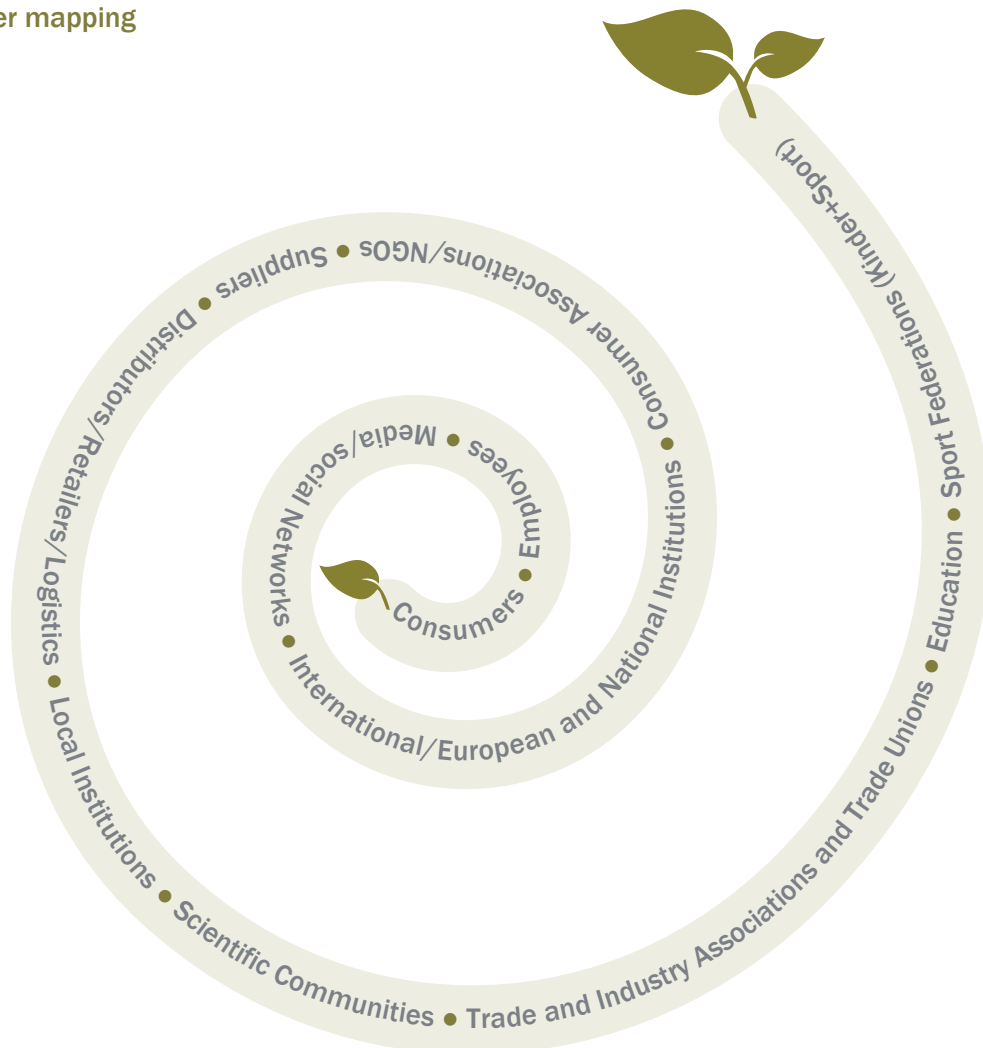
THE CORPORATE SOCIAL RESPONSIBILITY

In order to develop and manage the Group's policy on social responsibility (CSR), Ferrero avails itself of a CSR office (e-mail: csr@ferrero.com) and of some committees, which have been set up and coordinated by the Vice-President of the Group (for their description see the previous CSR reports, available online). The above-mentioned CSR Committees have continued to reflect on the most relevant social responsibility issues. Those issues were selected on the basis of company principles and values and with the involvement of key stakeholders while sharing goals and strategies.

The Ferrero Group has officially adhered to the **Ten Principles of the Global Compact of the United Nations**, concerning respect for human rights, labour practices, environmental protection and fight against corruption, which are an integral part of Ferrero's strategy. Each year, the Group will report on the commitments made to that effect.

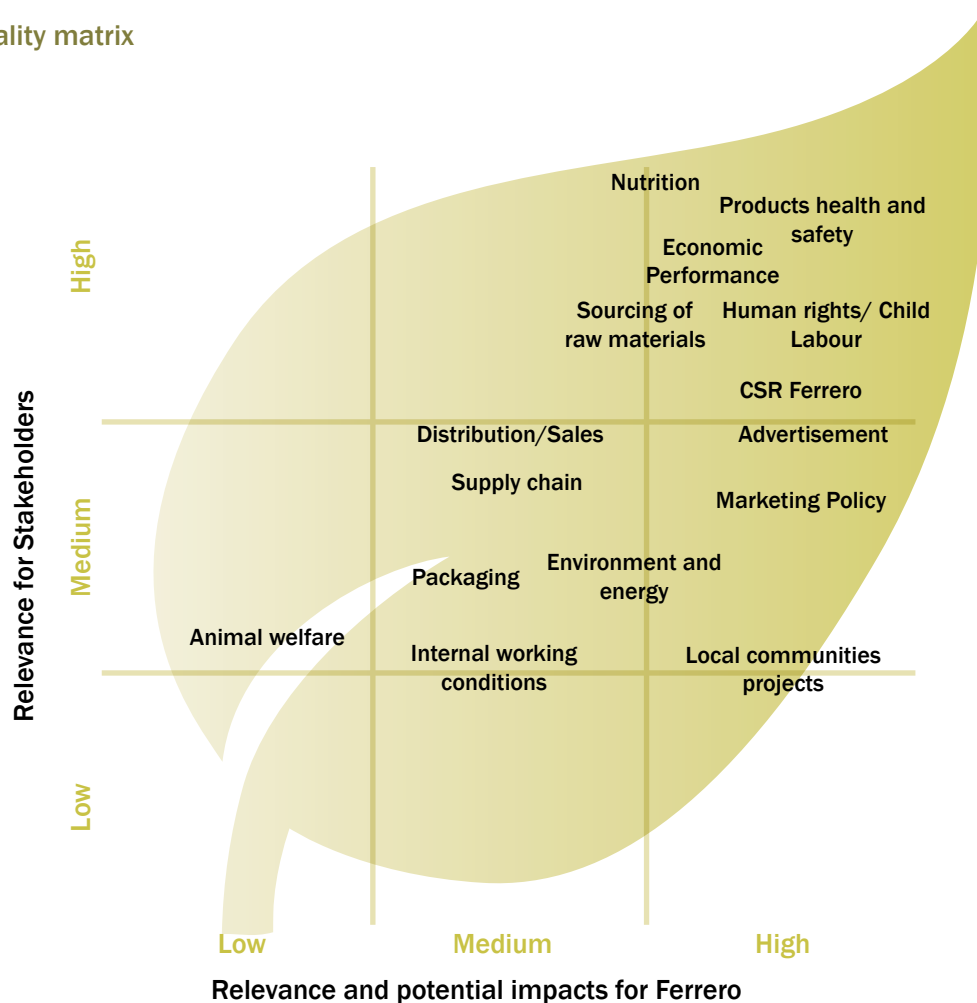
Many representatives of different countries of the Group were involved during the report preparation phase with the aim of updating the mapping of internal and external stakeholders as well as the analysis of relevant issues of materiality. Here are the results of this process.

Stakeholder mapping



As already highlighted on the occasion of the first CSR report and further detailed in the second one, the central positioning of the consumer among Ferrero's stakeholders is still evident in this third edition, while the importance attributed to employees is in second place.

Materiality matrix



As the “materiality matrix” shows, some issues are of great relevance both for Ferrero and for Ferrero stakeholders, namely: Ferrero strategy for nutrition, food safety, the economic performance, the defense of human rights, including the issue of child labour, and sourcing of raw materials. These topics are covered in this report with dedicated chapters.

As regards the different ways of involving stakeholders, Ferrero actively participates in discussions and working groups of Trade and Industry Associations of which it is a member at the international, European and national levels (see list below). In addition, the Group has developed a structured dialogue with some NGOs that are active in the field of CSR. Among the issues often dealt with:

- nutrition and product safety. The first is often debated in Trade and Industry Associations at European and global level. The position of Ferrero in that area is described in a separate chapter of this report;
- the implementation of social responsibility along the Ferrero value chain, as described in the text below dedicated to the ABCDE Plan (A Business Code Dialogue Engagement).



THE MAIN ASSOCIATIONS IN WHICH FERRERO IS ACTIVE AT INTERNATIONAL AND EUROPEAN LEVEL

AEF - Advertising Education Forum, not-for-profit organization providing information on the regulation of advertising at international level, with particular attention to children (www.aeforum.org).

AIM - European Brands Association, bringing together the main EU Brand Industries (www.aim.be).

CAOBISCO - European Association of Chocolate, Biscuit & Confectionery Industries, representing around 2000 chocolate, confectionery and biscuits companies in the EU (www.caobisco.com).

FDE - European Federation of Food & Drink Industries, representing and promoting the interests of the food & beverages companies in the EU (www.fooddrinkeurope.eu).

EUFIC - European Food Information Council, not-for-profit organization supported by food & beverage companies and by the European Commission, providing information and conducting research on food safety and quality (www.eufic.org).

IFBA - International Food & Beverage Alliance composed by the leading food and beverage global companies sharing the common goal of promoting a balanced diet and healthy lifestyles for consumers (www.ifballiance.org).

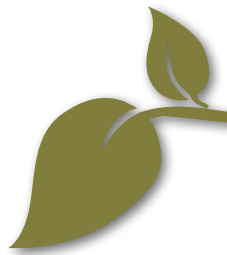
TIE - Toy Industries Europe, association representing the interests of toy manufacturers in the European Union (www.tietoy.org).

WFA - World Federation of Advertisers, global organization representing national advertising associations and advertising companies (www.wfanet.org).

THE ABCDE PLAN (A Business Code Dialogue Engagement)

As indicated by the CEO in June 2011 (please refer to the letter opening the second CSR report, available on www.ferrero.com), the Ferrero Group has started the practical implementation of the ABCDE Plan (A Business Code Dialogue Engagement) with the goal of sharing the Code of Business Conduct with all stakeholders across the value chain.

That Code (published in the second CSR report edition and available in different languages on www.ferrero.com) is based on Ferrero's business principles and it complies with the Ferrero Code of Ethics (both available on www.ferrero.com) and with the "Principles of Good Practice" of AIM (Association of Industries Brand).



The Code of Business Conduct sets out Ferrero's practices in the following areas:

1. Excellent product quality and safety
2. Human rights commitment
3. Environmental protection and sustainability
4. Workplace environment
5. Business integrity practices

During 2011, according to the ABCDE Plan, the Group organized specific internal information sessions involving various relevant areas, including sourcing departments, sales and legal, with the aim to:

- Map all stakeholders of the Ferrero value chain
- Assess the importance and the risk profile in case of non compliance or partial application of the Code along the value chain
- Define the different ways of action including inspections and monitoring of the Code's compliance

to be completed by 2013.

These internal operations were complemented by the diffusion of the Code of Business Conduct in meetings with the Group's key stakeholders. Moreover, targeted meetings on specific issues are promptly organized on need.

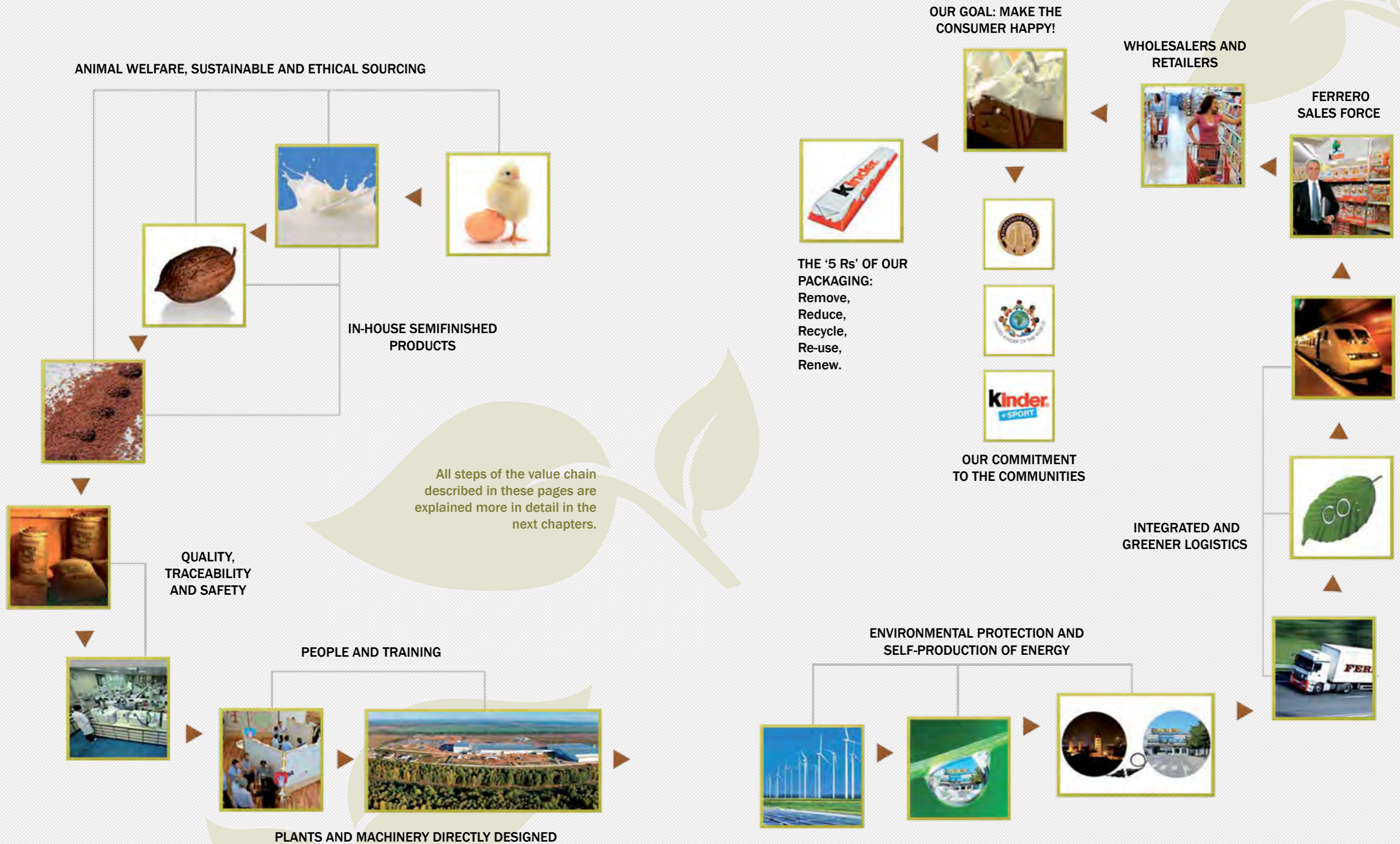
The external assurance of the ABCDE Plan has been assigned to Deloitte.

Concerning the Ferrero value chain, we thought it useful to provide a graphic representation on the next page.

The Ferrero sourcing policy, based on the Code of Business Conduct, is in compliance with Ferrero's values, with the Code of Ethics, the MPG Code (Magic Production Group) and "Ferrero Ethical, Social and Environmental Requirements for Suppliers of Kinder Toys", the international standard on systems management for food quality and food safety (ISO, IFS), the specific standards for the sustainability of agricultural raw materials and various environmental standards (ISO and EMAS). In reference to the reporting year, audit activities of suppliers were carried out in the following areas: management of quality and food safety systems, specific certifications of agricultural raw materials, MPG Code for toys (for more details, see following chapters of this report).

In addition to the audit procedures already in place, we expect by 2013, through the ABCDE Plan, to conduct inspections of suppliers to ensure that the Group's purchases are complying with the practices of the Code of Business Conduct.

FERRERO VALUE CHAIN: RESPONSIBLE FOOTSTEPS!





Below is an overview of the percentage of local suppliers in key European sites¹:

Countries	Local suppliers
Italy*	93%
Germany	85%
France	95%
Poland*	86%
Belgium	52%

- This figure includes the production sites as well as all the Ferrero branches on the national territory.

For more information on Belgium and France we refer to the appendix to this report.

The assessment of potential significant impacts of the Ferrero sites on the local communities is a key element of our strategy. We regularly assess our potential impact at the economic, social and environmental levels and we have developed our policies based on these assessments.

Certain chapters of this report describe an accurate monitoring of the impact of our presence on those communities.

For a more detailed explanation which includes ethical and social aspects, have a look at the chapter “Enhancing local communities”. The chapter on “Sustainable agricultural practices” focuses on the ethical, social and environmental aspects, while the chapter “Minimising environmental impact” focuses on our sites.

¹ This figure was calculated based on all suppliers active on 24 May 2012 in Italy, Germany and Poland and on 31 August 2011 in France. The figure for Belgium was calculated based on the value of the purchases made up until 31 August 2011. Intra-group supplies and centralised supplies (e.g. raw materials and packages) are excluded.

FERRERO'S ADDED VALUE

With “Added Value” we present the economic value generated by the Ferrero Group.

The “Net Added Value” expresses the economic value generated in the reporting period, less depreciation and operating costs, which includes payments to suppliers (mainly purchases of raw materials and services).

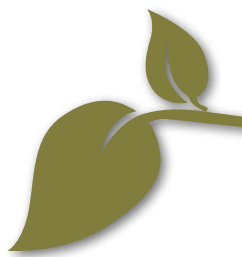
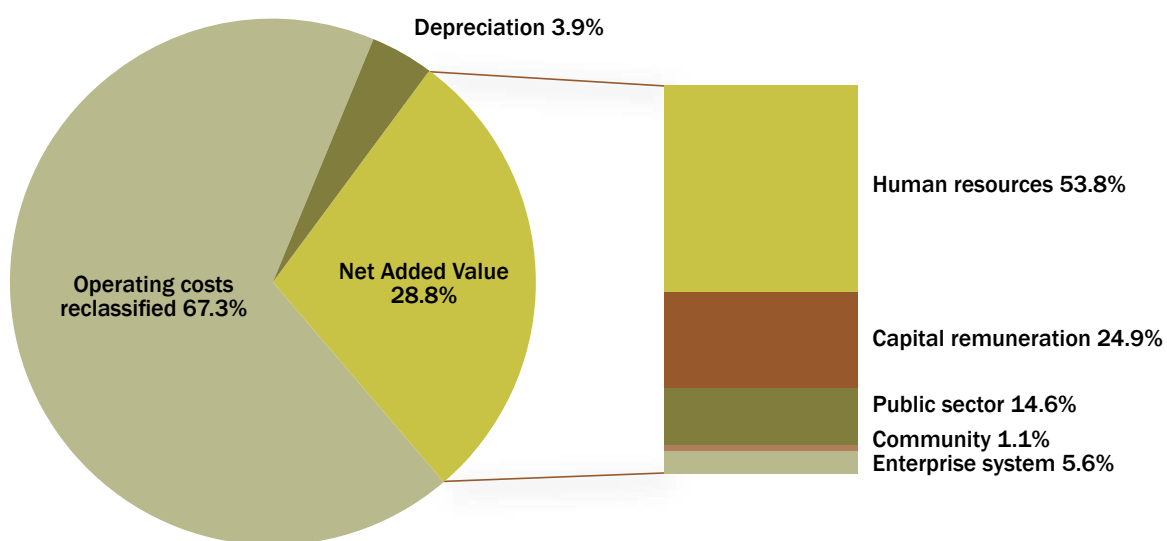
As shown in the chart below, Ferrero’s “Net Added Value”, for the period considered in this CSR report, is distributed in different ways to various internal and external stakeholders.

The item “Human resources” includes all types of wages, benefits, and remuneration given in exchange of services by employees, including social and welfare expenses. The item “Capital remuneration” includes dividends and interests paid.

The item “Public sector” represents the amount due to governments in terms of income taxes and other taxes directly connected to company assets, excluding the taxes and other additional costs related to operating activities (duties and tax burden).

The item “Community” includes investments of funds in social programs and partnerships with Universities and Research centers.

The item “Enterprise system” represents the economic value retained in the Group, calculated as the difference between economic value generated and economic value distributed.





CONFORMITY WITH LAWS AND REGULATIONS

During the reporting period, no significant sanctions were registered for failure to comply with laws and regulations. Moreover, there were no significant penalties in the form of sanctions and fines for failure to fulfil environmental and social obligations.

There were no significant cases of non-conformity to regulations and voluntary codes on the impact of products on health and safety throughout their lifecycle, nor significant sanctions for failure to comply with laws and/or regulations about the supply and use of products.

During the year in question we have not registered any episodes linked to discriminatory practices involving key internal or external players, nor cases of corruption.

An internal monitoring is carried out in some companies of the Group to assess the risks of fraud and corruption. Information sessions about these subjects are also organised. At the moment the information systems of the Group do not allow us to extract detailed data on training on anti-corruption policies and procedures. This data will be available in 2013/2014.

Based on the information available, we are not receiving any financial contributions from governments which are capable of having a material impact on our position. We shall continue to develop our internal data collection system in view of the 2012 CSR report, which will be available in mid-2013.

Ferrero respects and protects the personal data privacy of its staff, consumers, customers and other stakeholders, fairly and according to the laws in force in the jurisdictions where the company operates. Safety is our main concern in the selection, definition and use of procedures, including IT procedures, for the processing of personal data and confidential information, in order to protect the rights, fundamental freedoms and dignity of the person concerned. For more information please see the Group's Code of Ethics.



THE SAFETY OF OUR TOYS FROM THE DESIGN PHASE

THE MPG CODE

The strict “MPG Code¹” foresees that “Kinder toys” fully comply with:

- the updated version of the Toy Safety Directive 2009/48/EC;
- the European toy safety standards (EN71);
- the international standard ISO 8124 on toy safety;
- those national standards which are in some ways more restrictive;
- the projects of changing such standards, anticipating the compliance of the “Kinder surprises” in future legislation;
- the strict chemical requirements, borrowed from other regulations (e.g. regulations cosmetics);
- the environmental standards;
- the requirements of a voluntary nature which are stricter than those in the standard EN 71 (for instance concerning the maximum limits on the migration of heavy metals).

The application of the strict MPG Code has meant that we have never had to recall any of our products due to safety reasons. Since the entry into force of the Directive on Toy Safety in 1998 and, through the application of our strict Code, **35 billion toys have been sold in total and absolute security.**

In addition to our controls on toys, we check our European suppliers and packaging companies regarding all aspects of health security and we carry out local checks on our Asian suppliers locally.

Ferrero also charges external certification bodies to conduct external audits - at least once a year - of the “**Ferrero Quality System**” and to **collect product warehouses, both on the market and in Ferrero stores, to check the quality of the “Kinder toys.”** The Ferrero Group also has a “Code of Conduct” for the ethical and environmental aspects concerning the production of toys, which are also binding for producers.

This is the “**Ferrero Ethical Social and Environmental Requirements for Suppliers of Kinder Toys**”, which are based on the most advanced codes of ethics applicable to the sector. In 2008, the Group decided to appoint an external agency to check on the implementation of this Code.

Ferrero has entrusted the **SGS Group**, world leader in certification, to set up and carry out an audit programme, aimed at assessing the compliance of Ferrero toy manufacturers with the principles and requirements set out in the “Code of Conduct”.

The results showed that no form of child labour is used in the production plants.

Manufacturers of toys used by Ferrero continue to make progress in implementing corrective measures for the optimization and the correct application of the Ferrero “Code of Conduct”.

The Ferrero “Code of Conduct” is monitored annually.



¹ Magic Production Group - company belonging to the Ferrero Group entirely dedicated to toys.



AWARDS AND HONOURS

April 2011

FERRERO RANKS FIRST OF ALL ITALIAN COMPANIES IN THE 2011 TOP 100 OF MOST REPUTABLE COMPANIES WORLDWIDE.

According to the 2011 “Global RepTrak™ 100” of the Reputation Institute, Ferrero was chosen as the Italian company with the best reputation internationally, ranking 22nd on the list led by the American company, Google.

The reputation survey was carried out in April 2011 through questionnaires among 48.000 consumers in 15 countries. The participants were asked to express their opinions on the reputation of a list of the 100 main companies worldwide.

Among the seven reputation indicators taken into consideration for the ranking, Ferrero stands out for its reliability in terms of products and innovation, ethics, social responsibility, economic performance and labour.



September 2010-August 2011

NATIONAL AWARD FOR CORPORATE CITIZENSHIP

Ferrero France received the first “National Award for Corporate citizenship”. The award ceremony was held in the French Senate, under the high patronage of the President of the Senate. The prize was awarded to the programme “Kinder s’engage pour l’enfance”.

June 2011

TOP BRAND 2011

Ferrero Germany once again received the “Top Brand” award for Giotto and Kinder chocolate products. The prize was awarded by “Lebensmittel Zeitung” based on the “GfK Consumer Panel” which involved 30.000 families. The award recognises the most successful brands in the food industry.



November 2010

FALCK FAMILY-OWNED BUSINESS AWARD

“The Ferrero family is a great example of an Italian entrepreneurial family that in a few decades’ time was able to conquer a world-leading position in its field – confectionery – taking roots in many countries.” This was one of the motivations quoted to explain why the Ferrero Group was assigned the 2010 Falck – Family-Owned Business Award.

The award is given every year by the Italian Association of Family-Owned Businesses (Associazione Italiana delle Aziende Familiari - AIDAF), the Association that addresses the specific issues confronting small, medium and large family-owned enterprises, promotes their growth and underscores the values they embody: entrepreneurial ethics, meritocracy, social responsibility and sustainability.



FERRERO.



October 2010

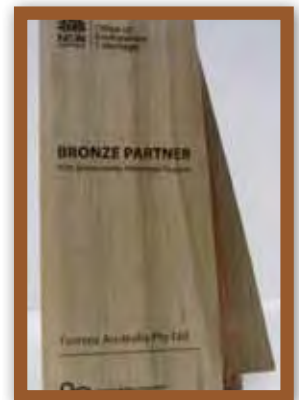
AWARD FOR BEST DESIGN

The Tic Tac tree counter display was awarded the “Bronze Award” by the “Institute Design of the Times”, which promotes excellence in design and in the creation of displays for retail outlets. The prize was handed to Ferrero USA during the “Shopper Marketing Expo” in Chicago.

June 2011

“AWARD FOR BRONZE PARTNER”

Ferrero Australia received the “Award for Bronze Partner” as part of the eco-sustainability programme in New South Wales. The prize was handed over by the Australian Minister for the Environment and the Minister for Cultural Assets to honour the company for the environmental goals achieved.



July 2010-June 2011

INTERNATIONAL “QUALITY CROWN” AWARD

Ferrero South America received the “International Quality Crown Award” from the international organisation “Business Initiative Directions”, which was set up in 1986 with the aim of developing the culture of quality throughout the world. The company received this prize based on the following criteria: “leadership”, company management, image and prestige, stakeholder satisfaction and results achieved.



January-April 2011

BEST PROMOTION OF MERCOSUR

Ferrero Brazil received the “Best Promotion of Mercosur” award for its campaign “Promoção Tic Tac canela”. The award ceremony took place during the 12th “Ibero-American Festival of Promotions and Events”, where over 2,500 communication campaigns from 16 countries were presented to the public.





May 2011

“BEST CYLINDER EXECUTION 2010/2011” AWARD

Ferrero Turkey received the “Best Cylinder Execution 2010/2011” award for its campaign “The breakfast star”. The award was granted by “MediaCat”, which was launched in 1993 as a magazine and has developed into an information exchange platform focusing on marketing and communication. The selection criteria were creativity, uniqueness and innovation.

May 2011

BEST SALES TEAM IN THE “CHOCOLATE AND SNACKS” CATEGORY

In the 6th edition of the “Best SalesTeam Award”, organised by StoreCheck magazine titled “What do distributors think of their suppliers?”, Ferrero Belgium’s “Field Proximity” Team won the “Best sales team award” for the category chocolate and snacks. The selection criteria were: excellent product knowledge, useful tips for the development of the category, consideration for the benefits of the distributor, implementation of commitments and problem analysis.





ENHANCING LOCAL COMMUNITIES



THE FERRERO FOUNDATION

Work, Create, Donate are the guiding values of the “Piera, Pietro and Giovanni Ferrero Foundation” and of the entire Ferrero Group.

Founded in 1983 as “Opera Sociale”, a ‘community program’, and headed by its indefatigable **President, Mrs. Maria Franca Ferrero**, the Foundation engages in social, philanthropic, cultural and artistic activities mainly for the benefit of Ferrero’s retired employees and for children. (For a further description of the Ferrero Foundation, see the chapter dedicated to it in the first and second CSR reports or on the website www.fondazioneferrero.it).



The Ferrero Foundation, Alba

It should be noted that the Ferrero Foundation is not a “Granting Foundation”, that is, it does not provide loans or contributions to other organizations or to social, cultural or humanitarian institutions. Rather, it is an “**Acting Foundation**”, which means it develops, on its own, various social and cultural initiatives (the latter specifically related to the local Alba community or Piedmont region). These activities require substantial financial resources from the Ferrero Group, so they cannot be redirected to other activities, even if they are worthy.



Valentina Vezzali, Olympic fencing champion with Ferrero retired employees at the Foundation

CULTURAL ACTIVITIES



Ferrero Foundation, Cassiopea room, Alba

The Ferrero Foundation invests ideas and resources for new cultural projects that develop knowledge and education. Particular importance is placed to the people and to significant moments in the history of Alba, more so to the Piedmont region, and more so with an international perspective.

The exhibition “**Morandi. L’essenza del paesaggio**”, under the patronage of the President of the Italian Republic, has been promoted by the Piera, Pietro and Giovanni Foundation, the Fondazione Cassa di Risparmio of Cuneo, the Piedmont Region and it was set up in collaboration with the Foundation of Art History Studies Roberto Longhi in Florence. Moreover, the exhibition benefited from a scientific committee composed of experts such as, Mina Gregori, Antonio Paolucci, Giovanni Romano, Claudio Spadoni, Bruno Toscano.

The free exhibition, on location at the Ferrero Foundation between **October 16, 2010 and January 16, 2011**, was seen by **61,298** visitors in Alba.

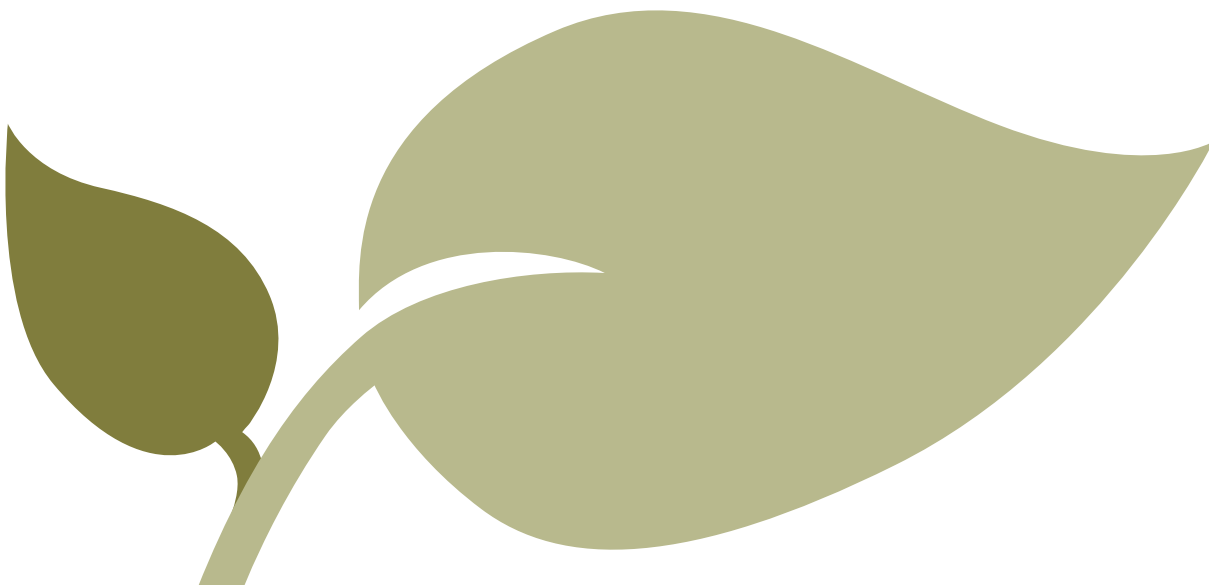


Ferrero Foundation, the exhibition on Morandi, Alba



Poster of the exhibition on Morandi

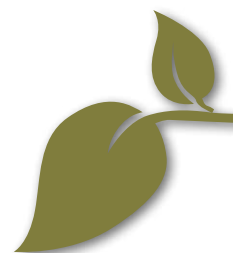
It was the most comprehensive exhibition in the world dedicated to Giorgio Morandi's fundamental subject: the landscape. The curator of the exhibition, Mrs. Maria Cristina Bandera, chose works of art of undisputed quality, some of which were addressed by Morandi to: Brandi, Briganti, Longhi, Magnani, Raghianti, Vitali and to his most important collectors. A total of **70 works of art** were exhibited, in particular paintings on canvas and a limited number of watercolors.





Children visiting the exhibition on Morandi

More than seven thousand students visited the exhibition – from preschool, primary and secondary schools – from Piedmont and neighboring regions. More than five thousand children attended the informative lectures. The exhibition was a fun lesson, beginning with the museum and finishing with the workshops, where the students, with the aid of a guide, could test various techniques and materials. Additionally, the catalogue was greatly appreciated by visitors for its scientific content, its polished style, and the featured works of art. It had to be reprinted three times.



The Fitzcarraldo Foundation in Turin made an analysis of the socio-cultural and economic impact of the exhibition in Alba. The results were very interesting:

- Over 60 thousand spectators were registered. This is a significant figure considering that Alba is not a destination of cultural tourism;
- The exhibition was on the top of the list for the number of visitors per day for a Morandi exhibition during the last ten years. It was also one of the most visited exhibitions in the region between 2009-2010;
- The exhibition was also a significant attraction for Alba, as most of the visitors came from outside the town (about 80%, or approximately 40,000 people). Nearly half of them came to Alba solely to see the Morandi exhibit. These visitors spent a total of 5,000 nights in local hotels.

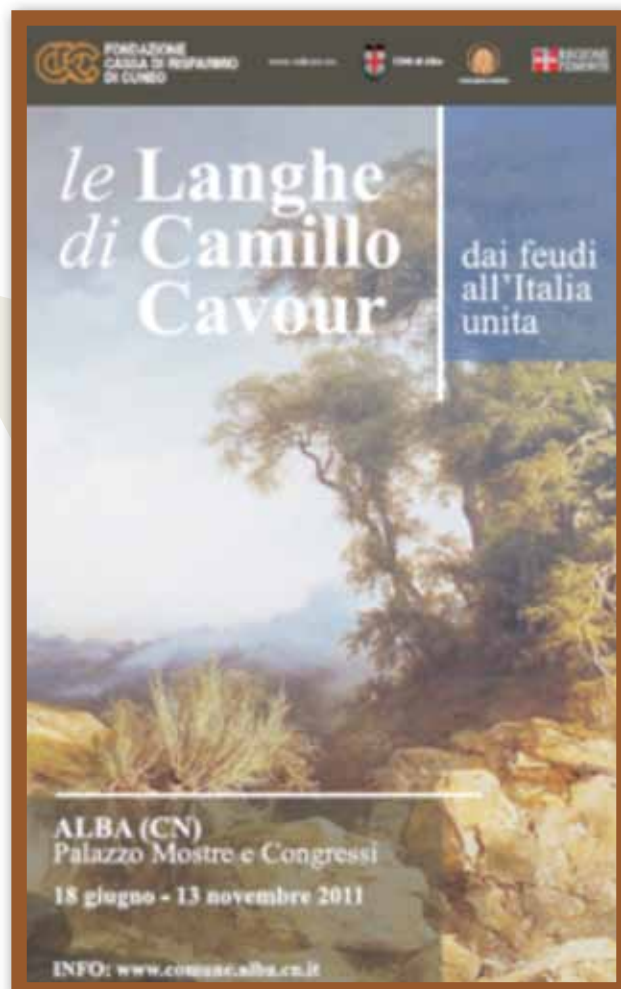
In terms of cultural effect, it's notable that approximately **250 retired employees from the Ferrero Foundation** were actively involved with different organizational functions, such as room or visitor assistance, logging a total of **8,700 hours**.

FOR THE 150th ANNIVERSARY OF THE UNIFICATION OF ITALY

To celebrate the 150th anniversary of the Unification of Italy, in collaboration with “Fondazione Cassa di Risparmio di Cuneo” and the town of Alba, the Ferrero Foundation contributed to the exhibition “**Le Langhe of Camillo Cavour, from the feuds to the Unification of Italy**”. The exhibition was displayed in the Palazzo Mostre e Congressi in Alba between June 18, 2011 to November 13, 2011.

Camillo Cavour began his relationship with the Langhe region when he was not yet “the great weaver”, but only the youngest and restless son of the Marquis of Cavour. Meanwhile, the Langhe was seen as a marginal and poor land obscured between Piedmont and Liguria. In 1832 the twenty-two year old Camillo was appointed mayor of Grinzane, a village of 350 people and where his family owned a considerable amount of land. In an almost feudal era, the young man grew to love farming and learned the limits of the system of government of Savoy.

The exhibition retraced this story through **more than two hundred works of art and documents of great beauty and historical value**. The exhibition also retraced the history of Europe as well as the local history of the Langhe hills before the well-known historical events occurred.



Poster of the exhibition on Cavour

Principal guests of the **monthly conferences** in the Ferrero Foundation included: Professor Massimo Fini, Scientific Director of the Institute for Hospitalization and Scientific Care Institute San Raffaele in Rome and Professor of geriatrics at the Postgraduate School of the University of Rome I and II, who spoke about **“Aging is still the only instrument we have to live longer... or how growing old in a successful way”**; the writer-director Ferzann Ozpetek, who at the conclusion of the exhibition dedicated to Giorgio Morandi, analyzed the link between the art of the painter from Bologna and movies and photography; Dr. Salvatore Camera, surgeon and specialist in general and vascular surgery, told the History of the Catholic Hospital of **Wamba in Kenya**, a place that has promoted human dignity for over 40 years; Dr. Alberto Piazza, professor of human genetics at the medical faculty of the University of Turin, who animated the meeting: **“Human Genetics. Against race, for health”**.

Regarding musical events, the collaboration continued with the “Unione Musicale” of Turin and Italy & USA Alba Music Festival, under the direction of musicians Giuseppe Nova, Jeffrey Silberschlag and Larry E. Vote.



Ferrero Foundation, choral's performance

SOCIAL ACTIVITIES

As described in the first and second CSR reports, the Foundation continues to organize cultural, artistic and relational activities. There are about **40 activity groups** for the retirees, for example: tailoring, pottery, photography, embroidery, internet, foreign languages, drawing and painting, “eco-friendly trip”, choral, “grandparents and grandchildren”, cooking, pastry-making and many more.

During 2010/2011, over **1,800 men and women** participated in activity groups. Approximately **800 people attend the Foundation daily**. About 70 retired employees benefit from the various activities organized by the Foundation.



Ferrero retired employees doing physical activity



Ferrero retired employees working in a technical laboratory



Ferrero retired employees performing in a play





The retired employees also provide support for the cultural activities of the Foundation, which are increasingly more frequent: the organization of exhibitions, welcoming guests, management of the “bookshop” during exhibitions, etc.



Ferrero Foundation, Publishing exhibition and “bookshop”, Alba

Another interesting activity of the Foundation is the editing of “Filodiretto”, the Company magazine, that is published four times a year and reaches more than twenty thousand people around the world, including employees of the Group and retired employees. The journal is translated into four languages (English, German, French and Spanish), and it summarizes the initiatives of the Ferrero Group and of the Ferrero Foundation.

HEALTH CARE SERVICES

There are various voluntary activities devoted to provide assistance to the sick and needy. Members of the Foundation, in addition to engaging in physical activities to stay fit, also **receive high quality professional health care assistance.**

There is also a network of partnerships with specialized medical Centers including: the Foundation for Macular Degeneration in Genoa, The Institute for Research and Treatment of Cancer in Candiolo, the European Institute of Oncology in Milan, the National Institute for the Study and Treatment of Cancer of Naples, The Scientific Institute of the University of San Raffaele of Milan.



The group “civil defence” of the Ferrero retired employees in activity



Ferrero Foundation, the company nursery

In winter, retired employees can profit from free accommodation offered by the Group in Bordighera and Ospedaletti (Liguria). Each year more than **six hundred** retirees take advantage of this opportunity to escape the hard winter.

The activities in collaboration with “**Movimento per il Bambino**” Foundation continue. The Foundation which is directed by Professor Maria Rita Parsi, has led to the elaboration of a code of conduct, the Charter of Alba, for a conscious use of new media by children.

children, aged between three months and three years, offering an interesting benefit to employees. A certain percentage of places is reserved for children of Alba, chosen by the City (see Chapter “Ferrero Men and Women” of this report).

The **company nursery**, established in the Fall of 2009, also continues. It facilitates **eighty**

FERRERO “OPERA SOCIALE” IN GERMANY

Based on the example of the Ferrero Foundation in Italy, the “Opera Sociale Ferrero”, which is situated at the German production site in Stadtallendorf, offers since September 2008 its programs to currently **more than 420 former employees** of the production plants in Stadtallendorf.

“Opera Sociale” supports retirees in adopting a health-oriented lifestyle during retirement. In this context, health and wellbeing are not just considered the absence of illness, but a combination of different factors: physical and mental fitness and the sense of belonging to a community, which allows people to continue to make a viable contribution to society.



Opera Sociale, Cooking laboratory, Stadtallendorf



Opera Sociale, Retired employees attending a course on oriental culture, Stadtallendorf

Particularly interesting is the “Generation Bridge” project, which gives Ferrero apprentices working in commercial and technical areas, the possibility to talk with Opera Sociale members about “Working at Ferrero”.

There is a broad range of diverse activities, all with the objective of helping retirees to age in a healthy and active way, thus fulfilling the Ferrero Foundation motto “ Work, Create, Donate” with new life and vigor. In particular, the program offers sport activities, training courses, cultural events and trips. In January 2011: members supported a child sponsorship in Ethiopia and in East Timor in order to support education as well as the development of local infrastructures.



Opera Sociale,retired employees doing physical activities, Stadallendorf

Some figures on Ferrero “Opera Sociale”:

▣ total:	424, there of
▣ administration area Stadallendorf:	311
▣ administration area Frankfurt:	113
Users of the programs offered in the reporting year:	2,845
Number of programs / days with organized programs:	96 / 138
Percentage of retirees who have used at least one Opera Sociale offer :	56%
Percentage of retirees from Stadallendorf:	67%
Percentage of retirees from Frankfurt:	31%

NEXT STEPS

In the near future, the Ferrero Foundation will create partnerships and study initiatives with the universities of Turin, Pisa and Siena as well as with local health services, will be put in place.

These projects aim to demonstrate, from a scientific point of view, the validity and effectiveness of the activities offered by the Ferrero Foundation for the retired employees.

In particular, the Ferrero Foundation seeks to quantify and evaluate the positive influence that physical activity and social relations have on the slowing down of the **aging process and cognitive impairment in an elderly person**. These are concepts currently presented in recent and acknowledged scientific literature, and they will be analyzed, in collaboration with the Academy of Medicine of Turin, the University of Turin and Reggio Emilia, in **June 2012**, during the international conference "Lifestyles. Science and practice".

In collaboration with the Foundation for the Study of Art History Roberto Longhi in Florence and the Superintendence of the Historical, Artistic and ethno-anthropological Heritage of Piedmont, the Ferrero Foundation will dedicate, in **autumn 2012**, an exhibition to the **painter Carlo Carrà**, one of the most famous artists in Piedmont.

As with previous exhibitions, also on this occasion, the link between the artist and the city of Alba will be realized through the great art historian Roberto Longhi, who gave a critical reading of the work of Carlo Carrà.

Nearly twenty years after the last major exhibition dedicated to this artist (Carlo Carrà, Rome, Galleria Nazionale d'Arte Moderna, 1994), the anthological exhibition, to be displayed in the Ferrero Foundation, will provide a selection of 60-70 works of art now preserved in some of the most important national and international public institutions as well as in private collections of great importance.

The years 2012-2013 will see the 90th anniversary of the birth and the 50th anniversary of Beppe Fenoglio's death. Festivities will take place at the national level, and the Foundation will participate in realizing various projects in the literary, audio-visual and theatrical fields.



Ferrero Foundation, Fenoglio room, Alba

Messages from retired employees at the Ferrero Foundation, Alba, June 2011

“When I retired, thanks to the Ferrero Foundation, I discovered that my hands can do something else than typing on pc keyboard. Today, I attend ceramics and drawing activity groups and I am very happy with this “new life” that I’m still discovering. Here at the Foundation, life starts again! “

“Retirement could make you feel isolated and sometimes a little useless; on the contrary, at the Foundation, with colleagues and friends we keep our mind busy!”

“The Foundation for us, as Ferrero retired employees - how can I explain? – It is a second family.”



Ferrero Foundation, Christmas markets set up by Ferrero retired employees, Alba



Ferrero Foundation, retired employees at the end of a cooking competition, Alba



FERRERO SOCIAL ENTERPRISES

The goal of the Social Enterprise project is to extend Ferrero's commitment to improving the living conditions of people in some of the poorest areas of the world. The Enterprise's mission is inspired by both a spirit of ethics and a business model that provides financial resources to enable the Enterprises to continue and increase its activities.



Giovanni and Michele Ferrero visiting the Social Enterprise in South Africa

The mission of the Social Enterprises is based on two main principles:

- ▣ To create jobs in some of the poorest areas of the world, thereby empowering people through local vocational training;
- ▣ To create incentives through specific social projects for the provision of health care and education for children in those areas where the Social Enterprises are active.

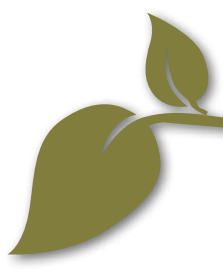
For a full description of the mission of the Ferrero Social Enterprises, please refer to the first and the second CSR reports of the Ferrero Group that can be found online at www.ferrero.com.



Pictures : Arkeni sas - Andrea Masciarino and Davide Bonaiti

Bursting with energy and full of life, the students at the Salesian "Marie Dominique" Centre in Yaoundé in Cameroon invade the playground at break time, after long hours spent in the classroom. Apart from the nursery school and elementary classes, the centre is also home to a vocational training school. Ferrero Social Enterprise has provided many of the graduates of the confectionery courses with real job opportunities.

Today the Ferrero Social Enterprises are established in: **Cameroon (Yaoundé), India (Baramati, Pune) and South Africa (Walkerville, Johannesburg).**



**Cameroon
(Yaoundé)**



**India
(Baramati, Pune)**

Pictures : Arkeni sas - Andreea Mascamiro and Davide Bonatti



**South Africa
(Walkerville, - Johannesburg)**

PROFESSIONAL TRAINING COURSES FOR FERRERO SOCIAL ENTERPRISE EMPLOYEES

In the reporting year, 13 formal courses were conducted in South Africa (with 427 participants); seven formal courses in India (with 119 participants); two formal courses in Cameroon. Besides these, other “informal” vocational courses were organized for “on the job” training.



Pictures : Arkenú sas - Andrea Mascarino and Davide Bonaiti

**Pushpa 35, shift manager,
Kinder Surprise department,
FERRERO SOCIAL ENTERPRISE
BARAMATI-INDIA**

“May 1, 2007: that was the date I started working. I have been with the Ferrero Social Enterprise from day one. This job has allowed me to build an extension to my house, pay for my father’s hospital treatment, and save, of course. But most importantly, it has given me pride in watching the company growing, in seeing its progress, partly thanks to my efforts and hard work. Sometimes I feel so proud, it’s as if the company was mine”.



PRODUCTION TECHNOLOGY AND RAW MATERIALS USED IN THE SOCIAL ENTERPRISES

The technologies that the Ferrero Social Enterprises are implementing in their production sites are:

- Innovative and automated for the food component of the product, to insure the same consistent and durable quality as in the rest of the world.
- Manual for the small surprises in Kinder Joy egg, for some packaging components and for other ancillary activities, in order to provide jobs to the greatest number of people.

Kinder Joy uses the automated “easy line” technology for the food component of the product in all the three factories. The half that contains the toy surprise is hand-made, with the toys being manually inserted into the plastic capsule.

In India, Tic Tac confections are made with automated, proprietary, Ferrero technology, while the packaging phase is semi-manual.

The Ferrero Social Enterprises use for the most part local raw materials, sourced as close as possible to the production site, and which must comply fully with the Group’s quality standards. Additionally, purchasing local raw materials constitutes further means of support for the community, by creating and sustaining further jobs in agriculture and the local industries that work in partnership with the Ferrero Social Enterprises.



Picture : Arkeni sas - Andrea Masciarino and Davide Bonatti

Nyameko 37, quality control manager,
FERRERO SOCIAL ENTERPRISE
WALKERVILLE, SOUTH AFRICA

“You know the motto of South Africa?

“United in diversity”. For me, Ferrero Social Enterprise is like that: a great big family in which each person makes a contribution in his own way, in an environment that encourages collaboration and growth. Every day, I thank Michele Ferrero for having created the social enterprises: I’d like to stay with this company for a long time because I believe in its philosophy, its products and what it does for people. I hope to see it grow, as it has made me grow. I started out from a life of poverty in Soweto and now here I am, with a job and a life that I am proud of”.

In India, production is “vertically integrated” since June 2011, meaning the vast majority of raw materials is purchased locally. In South Africa, production is expected to be “vertically integrated” by May/June 2012 and products will be mostly manufactured from local raw materials.

FERRERO SOCIAL ENTERPRISE DEVELOPMENT IN INDIA, SOUTH AFRICA AND CAMEROON

A new facility started in Baramati, India in June 2011 and opened officially in October 2011. The production system, there, is also “vertically integrated”, using local raw materials and local packaging through to the finished product for both Kinder Joy and Tic Tac. Today around 1,300 people are employed in this new plant. This factory serves the Indian sub-continent and other Asian countries. Studies are underway to start new production in this plant.

Benazir 35,
quality control officer,
FERRERO SOCIAL ENTERPRISE
BARAMATI, INDIA



Picture : Arhenti sas - Andrea Masciarino and Davide Bonaiti

“I had never worked before I got a job at Ferrero Social Enterprise. Every day, I thank my father-in-law, who urged me to apply. Now, I can really help my family: we can send the children to school and even save some money.

I have a plan for the next two or three years: I want to buy a house. At the moment we are renting, but I want a place we can call our own”.

Ferrero began three new industrial initiatives in South Africa in the middle of 2011: the production of “Rocherone” (completed in September 2011); a new Tic Tac packaging process (underway, to be completed by March 2012); a “vertically integrated” production process for Kinder Joy (underway, to be completed by May 2012) and for Tic Tac (underway, scheduled for June 2012).

Pictures : Arlenù sas - Andrea Masciarino and Davide Bonatti



“I was one of the first female workers to join Ferrero Social Enterprise, and I remember celebrating the first batch of products! Now, I have a position of responsibility in the warehouse, while my husband Philip drives the staff bus.

Sending our three children to school, being able to adopt my nieces who lost their parents, and building a nice house: for me, those are the best things about our work. I have hopes and desires for the future: to see this company continue to grow, so that lots of other people can have the same opportunities as me”.



**Violet 35, warehouse manager,
FERRERO SOCIAL ENTERPRISE
WALKERVILLE, SOUTH AFRICA**

In Cameroon, a sales development study for Kinder Joy is underway within CEMAC (a customs union in which Cameroon participates). In October 2011, a new investment was approved to establish a “Cream Laboratory” to produce and test new Ferrero products. This Laboratory started operations in January 2012.



“UNITED KINDER OF THE WORLD” SOCIAL INITIATIVES IN SOUTH AFRICA, CAMEROON, INDIA AND SRI-LANKA

During 2008-2010, the Ferrero Social Enterprises have developed the following projects (described in detail in the second CSR report, accessible at www.ferrero.com):

- In South Africa, the project “Love Matters” is a series of weekly “workshops” that teach young people about healthy lifestyles paying particular attention to AIDS prevention.
- In Cameroon, improvements have been made to the pediatric department at the St. Martin De Porres hospital in Yaoundé.
- In India, the “Don Bosco Shelter Centre” provides training by school missionaries to abandoned children of Mumbai. Ferrero also supports the initiative “A shelter in Mumbai”, providing health care and education to young girls who come from very poor families.

“On the outskirts of the slum in Jamrushi Nagar, a chorus of young voices counting in unison can be heard from the open windows of an old bus: “Twenty-one, twenty-two, twenty-three...” They are the young students of a very special class: the Association “A shelter in Mumbai”, sponsored by the Ferrero Social Enterprise, made the classroom out of a discarded old bus in order to provide impoverished children with a safe, quiet place in which to play and learn”.



Picture : Arkenù sas - Andrea Masciarino and Davide Bonatti

In Sri Lanka, “The House of children of Clarendon”, an orphanage for 70 young girls (3 to 18 years) is run by the Sisters of Maria Immacolata in Mount Lavinia, near Columbo. The building that houses the girls has been completely renovated by Ferrero.

PROGRESS ON THE GOALS PUBLISHED IN PREVIOUS CSR REPORTS

The Social Enterprise goals for 2013 are the following:

- Finalization of the new plant in India, with the creation of over 1,000 jobs.

Achieved in June 2011.

- Diversification of the production in South Africa.
The new production has begun as described in this section.

- Continuation of cultural and professional training, e.g., classes of “Learning Ferrero” for employees in Cameroon, South Africa and India.
Already achieved for India and South Africa. The program will be extended to Cameroon in 2011/12.

- Support of the three annual social projects in South Africa, Cameroon and India benefiting children’s health and education.

In South Africa, Ferrero launched a project to renovate a public school in Walkerville, a rural and impoverished area where the plant is located. This school is attended by over 400 children, and it needed to be renovated: a new heating system for the classrooms, new hygienic services and furniture, sports facilities and equipment. The structure also needed to be fitted for children with disabilities. This project will be completed by the end of June 2012, and it will be part of the public program for the restoration of 94 public schools all over South Africa, as a gift for Nelson Mandela’s 94th birthday.

In India and Cameroon Ferrero is exploring, together with the local authorities, the priority needs of the local community for children’s health and education. Once the priorities are identified, we will launch tailored projects to be completed by 2013 as per Ferrero’s guidelines.

- Evaluating other options to develop social and business initiatives benefiting people in other disadvantaged areas of the world.

Ferrero has already launched projects for establishing Social Enterprises in Mexico and Turkey, to be completed in 2013.



*Latika, 25 line worker
FERRERO SOCIAL ENTERPRISE
BARAMATI, INDIA*



Picture : Arkeni sas - Andrea Mascarino and Davide Bonati

“I started working when Pradhmesh was two years old. I did it for him, my son. When I saw the notice outside the factory advertising for staff, I realized that Ferrero Social Enterprise was offering me an opportunity. I am happy that my husband supported me in this decision, because now I feel able to build my child’s future: I want him to be able to study, and become a doctor or engineer one day ”.

“FACE TO FACE” INITIATIVE

Since 2009 Ferrero has organized educational summer camps for children of Ferrero’s employees, which includes a session on “diversity”. Called “Face to Face”, it has relied on the collaboration of the Ferrero Social Enterprise since 2010. The children of the employees of the social enterprises meet and play with other young participants. The goal of the project is to help understand and respect diversity, irrespective of differences.



**FERRERO MEN
AND WOMEN**



FERRERO MEN AND WOMEN

“Without your generous and capable contributions, the Group’s results would not have been possible: my appreciation and my thanks to you, to your constructive attitude and to your dedication.”

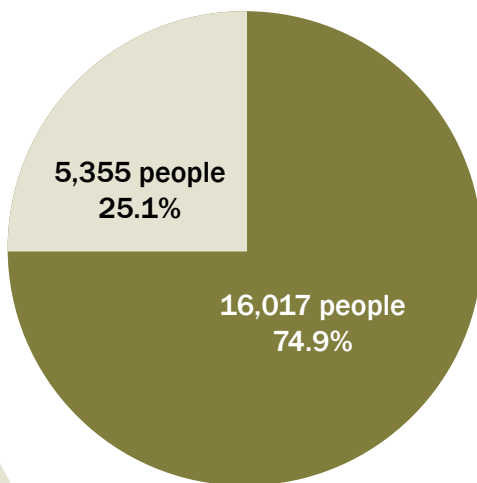
From Michele Ferrero’s 2010 Christmas greetings message

A LARGE PRESENCE IN EUROPE

The Ferrero Group maintains a large presence in Europe, both in terms of number of staff and business activities, although there has been a slight increase in its presence outside of Europe (from 25% in 2009/10 to 27.5% in 2010/11). The total workforce as of 31 August 2011 was 22,400 people.

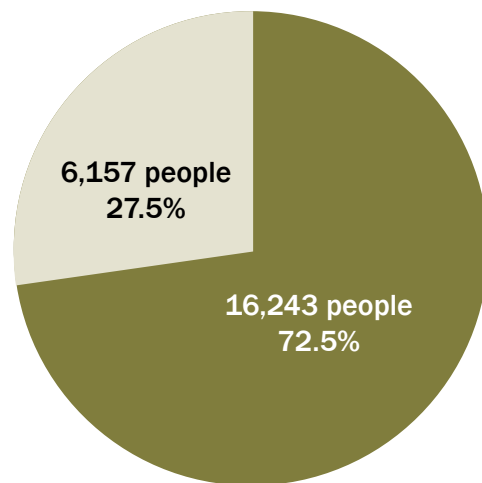
Group’s total workforce as of 31 August by geographic area

2009/10

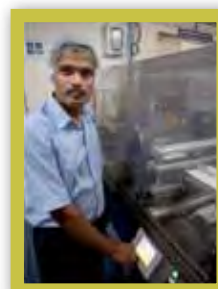


■ Europe
■ extra-Europe

2010/11



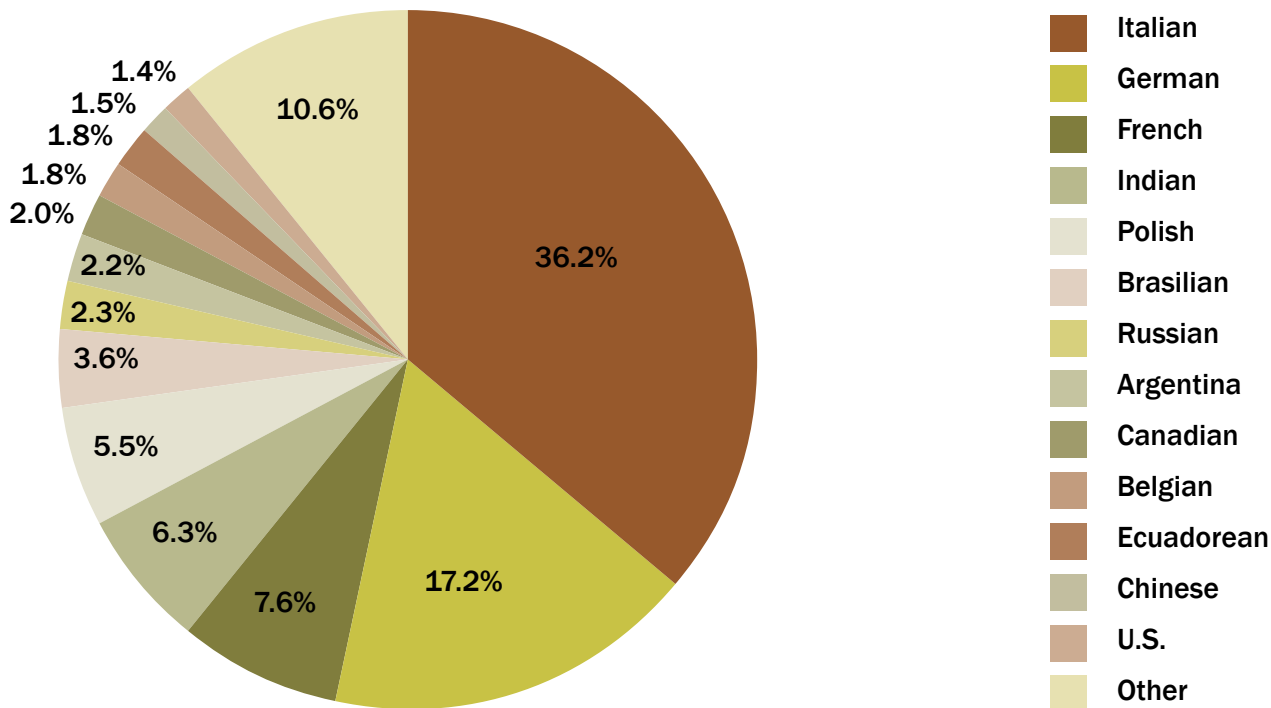
■ Europe
■ extra-Europe



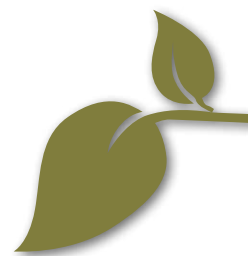
¹ Europe implies the 27 Member States of the European Union.

The following are the nationalities of the Group's total workforce as of 31.08.2011.

Group employees' nationalities as of 31.08.2011



Only four years after the opening of the Ferrero's Social Enterprise in India, India nationals have become the fourth largest group and the largest non-European group. The leading three nationalities correspond to the historical development of the company's production establishments in Europe (Italy, Germany, France).





FERRERO STAFF IN FIGURES

Group's total workforce

Total workforce *	as of 31/08/2010	as of 31/08/2011
No. of employees		
Total	21,372	22,400
Women	43%	43.6%

* The total workforce counts exclusively the human resources working as of that date.

The total workforce as of 31 August 2011 represents an increase from the prior fiscal year, which is due to the increase in both permanent employees and seasonal employees.

The particular nature of Ferrero products, which are mainly chocolate-based, strongly conditions trends in market demand, which peak considerably in particular periods of the year and during holiday periods. As a direct result, approximately 70% of production is concentrated in 7 to 8 months of the year (the winter season). This situation makes it necessary for Ferrero to rely on seasonal labour.

Group's total workforce by type of employment

Type of employment	as of 31/08/2010		as of 31/08/2011	
	No. of employees	%	No. of employees	%
Temporary *	4,283	20%	4,658	20.8%
Permanent	17,089	80%	17,742	79.2%
Total	21,372	100%	22,400	100%

*In 2010/2011: 5% temporary employees, 2% apprentices, 14% seasonal employees. In 2009/2010: 6% temporary employees, 11% seasonal employees (the figure for apprentices was not indicated).

Part-time/Full-time %	as of 31/08/2010	as of 31/08/2011
Part-time	7%	7%
Full-time	93%	93%

It is useful to add that there is a widespread use of vertical part-time help at Italian facilities for 8 months out of the year, which makes it possible to balance the company's seasonal needs and requirements with employees' needs and requirements outside work.



Group's total workforce by employee category

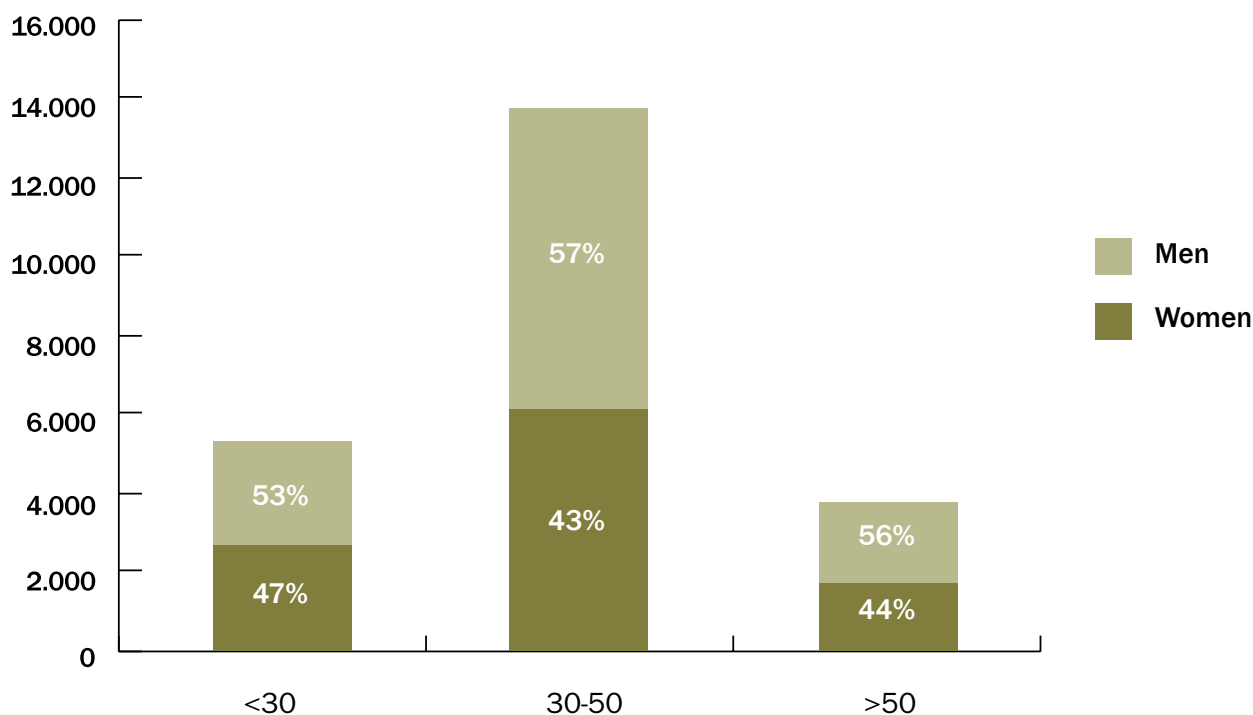
Employee category	as of 31/08/2010		as of 31/08/2011	
	No, of employees	%	No, of employees	%
Workers	12,791	60.0%	13,429	60.0%
Employees	6,035	28.0%	6,333	28.2%
Middle managers	1,725	8.0%	1,826	8.2%
Senior managers	821	4.0%	812	3.6%
Total	21,372	100%	22,400	100%

Senior Managers perform roles in the company which are characterized by a high degree of professionalism and independent decision-making, and they contribute to the development and orientation of corporate strategy.

AGE BRACKETS

The following chart represents the distribution of Group staff by age bracket.

Group total workforce as of 31 August 2011 by employee age and gender*



*The itemization by gender does not include: India, Cameroon, and South Africa Imsofer (Ferrero Social Enterprises), due to reasons connected to implementation of the information system.



Group total workforce by employee age

Age groups	as of 31/08/2010	as of 31/08/2011
	%	%
<30	19.0%	22.4%
30 – 50	64.0%	60.6%
> 50	17.0%	17.0%
Total	21,372	22,400

In the reporting year, there was an increase in workers below the age of 30, a figure which is also attributable to the increase in seasonal employment, which represents the entry level in production areas.

The committee members described in the paragraph “Group Governance and Organizational Structure” consist of 78 senior managers, 55% of which belong to the “over 60” age group, 35% are in the “between 50 and 60” age group, and 10% in the “between 40 and 50” age group, which also includes the Group CEO. There are two women in those committees, including the Chairman of the Board of Directors.

MEN AND WOMEN IN NUMBERS

Female employment in the Group is gradually increasing (from 43% in 2009/10 to 43.6% in 2010/11), particularly in the “employees” and “middle manager” categories.

as of 31/08/2011	Total	Men	Women
	No. of employees	%	%
<i>Geographic area</i>			
Europe	16,243	58.5%	41.5%
extra-Europe	6,157	50.9%	49.1%
<i>Employee category</i>			
Workers	13,429	52.4%	47.6%
Employees	6,333	56.8%	43.2%
Middle managers	1,826	70.8%	29.2%
Senior managers	812	88.4%	11.6%
<i>Type of employment</i>			
Permanent	17,742	60.4%	39.6%
Temporary	4,658	41.5%	58.5%
<i>Part-time/Full-time</i>			
Part-time	1,655	19.2%	80.8%
Full-time	20,745	59.4%	40.6%
Total workforce	22,400	56.4%	43.6%

The Group's commitment to a gradual increase of women over the long term is clear for new hires (50% of which were women), described in the following paragraph.

PERSONNEL TURNOVER

The following table introduces the figures on male and female turnover in the total staff, by geographic area and age group. The figures for terminations represent retirements, voluntary resignations, or the expiration of temporary contracts, while the figures on new employees represent new hires in the Group. It should be noted that during the 2010/11 period, Ferrero had 2,321 new hires, 1,195 of which were men (51.4%) and 1,126 were women (48.6%).

Turnover in terms of terminations and new hires by employee age - Europe

Europe 2010/11	Turnover due to terminations			Turnover due to new hires		
	Women	Men	Total	Women	Men	Total
<30	56	69	125	338	345	683
30 - 50	87	140	227	121	160	281
>50	72	121	193	11	5	16
Total	215	330	545	470	510	980
%	3.19%	3.47%	3.36%	6.98%	5.36%	6.03%

Turnover in terms of terminations and new hires by employee age - extra-Europe

extra-Europe 2010/11	Turnover due to terminations			Turnover due to new hires		
	Women	Men	Total	Women	Men	Total
<30	177	166	343	322	315	637
30 - 50	204	255	459	280	308	588
>50	15	19	34	54	62	116
Total	396	440	836	656	685	1,341
%	13.10%	14.04%	13.58%	21.71%	21.85%	21.78%

Turnover in terms of terminations and new hires by employee age - Group

Group 2010/11	Turnover due to terminations			Turnover due to new hires		
	Women	Men	Total	Women	Men	Total
<30	233	235	468	660	660	1,320
30 - 50	291	395	686	401	468	869
>50	87	140	227	65	67	132
Total	611	770	1,381	1,126	1,195	2,321
%	6.26%	6.09%	6.17%	11.54%	9.45%	10.36%



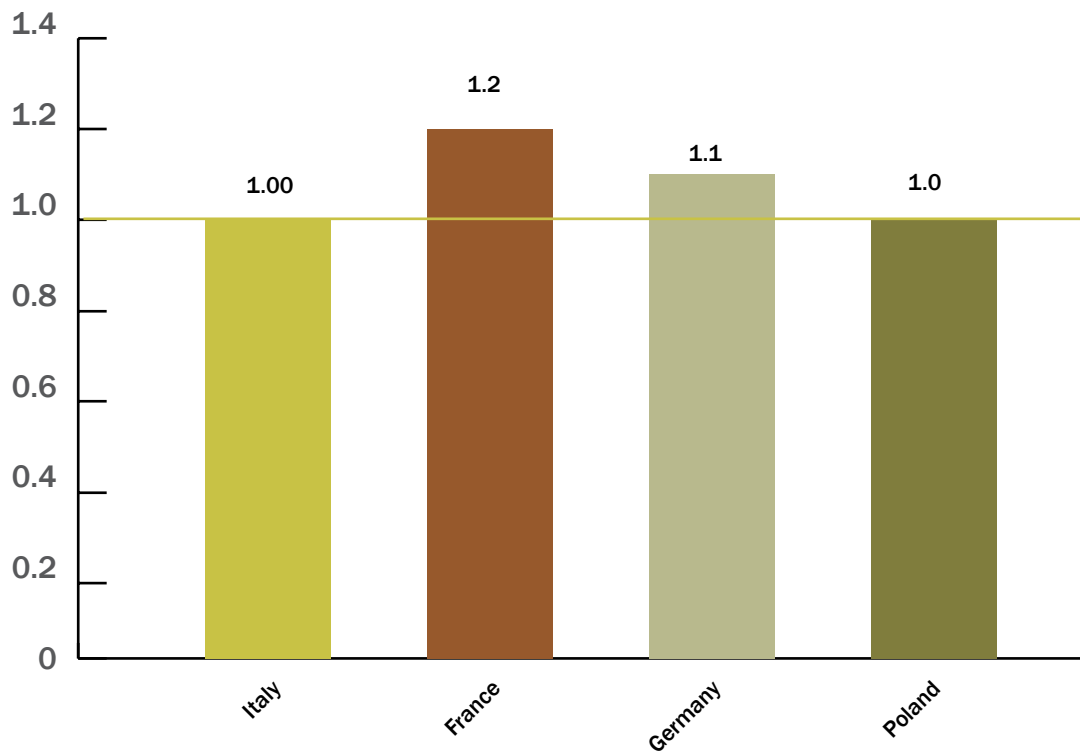
The figures regarding the return to work and retention rates after parental leave for Ferrero women and men will be available in 2014/15.

REMUNERATION

In all corporate entities, Ferrero complies with the wage and salary standards established by law and national collective bargaining agreements, where present. Furthermore, in the main countries, supplementary company agreements are signed which are aimed at establishing more favorable remuneration and compensation, i.e., performance bonuses, according to local practices.

The following graph presents several examples from key countries of the ratio of entry level wages and the local minimum wage established by legislation in the different countries.

Ratio of entry level wage and the local minimum wage as of 31.08.2011*



*Entry level wage consists of the minimum gross annual compensation of personnel newly hired as production workers. The figure does not take into account overtime pay, production bonuses, or individual bonuses.

Group remuneration are determined on the basis of compensation policies that take into account job positions, experience and performance evaluations, with no distinction based on gender.

The following table represents the ratio² between the average salary and remuneration of female to male employees in the Group's key countries. Given that information for Group-wide remuneration figures will be available in 2014/15, presently we are able to provide those statistics only for: Italy, Germany, France and Poland, which represent approximately 60% of the Group's total staff.

Ratio of average remuneration of women to men by employee category as of 31.08.2011

LEVEL	Ratio of remuneration women vs men
France	
Workers	93.5
Employees	101.6
Middle managers	84.7
Senior managers	83.5
Germany	
Workers	76.7
Employees	82.2
Middle managers	90.5
Senior managers	85.9
Italy	
Workers	91.5
Employees	93.6
Middle managers	94.7
Senior managers	72.1
Poland	
Workers	68.8
Employees	90.5
Middle managers	113.8
Senior managers	55.4

In the above average statistics, several of the disparities are caused by a higher number of men who were historically hired and now enjoy greater seniority, and consequently, higher average remuneration. This is particularly evident in the figures on senior managers.

Every year, Group middle managers and senior managers are involved in an individual performance evaluation process, for the purpose of monitoring achieved objectives and organizational behavior. That process also identifies skills and expertise to be enhanced and developed for career development purposes.

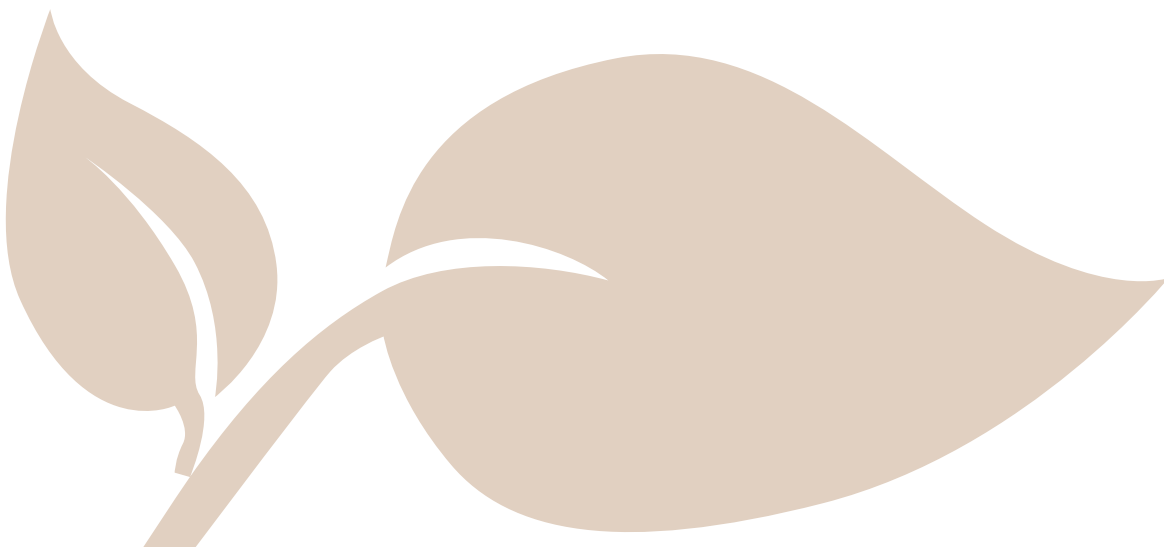
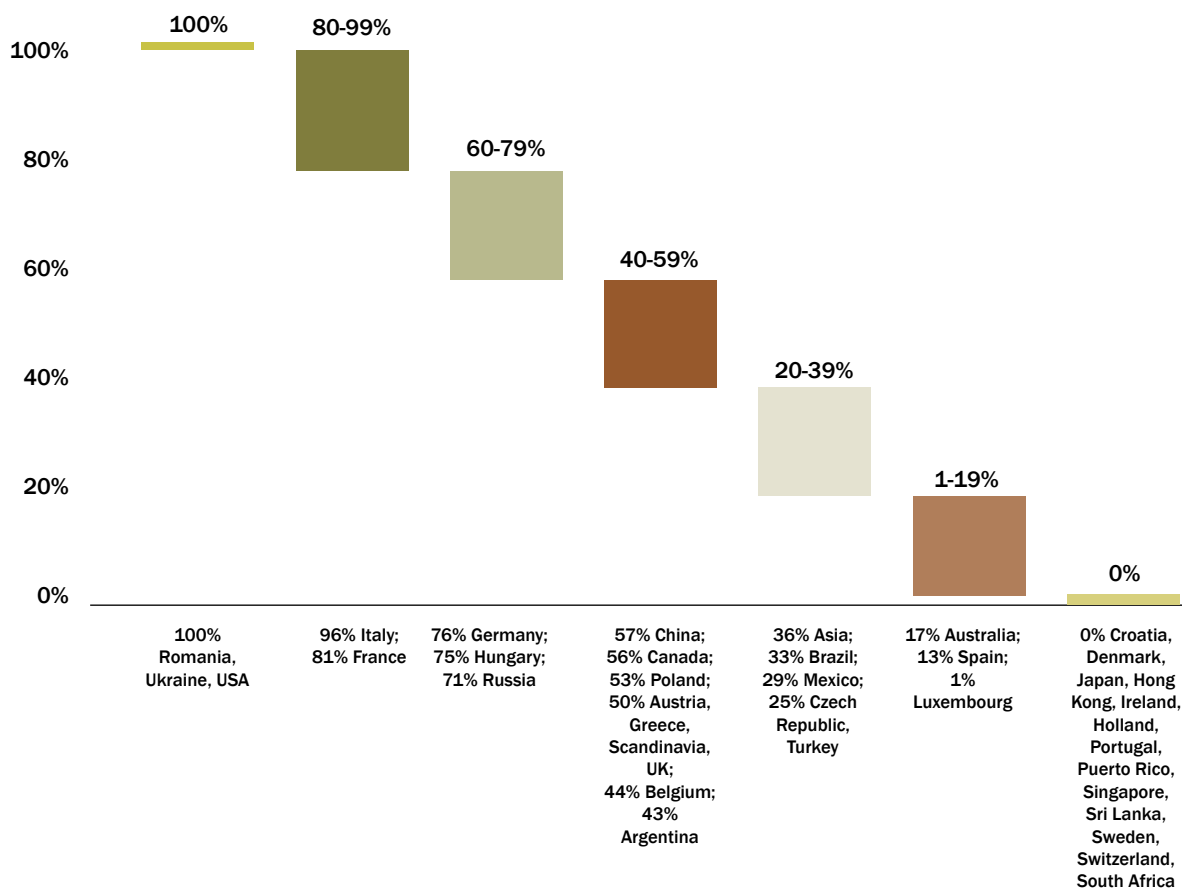
² This ratio was calculated using the following formula:
 men's average remuneration : 100 = women's average remuneration : x.



LOCAL HIRING

The following is a presentation of the percentage of senior managers hired locally, in other words, those who are nationals of the country for which they are hired. This figure covers 812 Group senior managers. It is necessary to take into consideration the fact that in several smaller countries the senior managers present amount to 1 or 2 people. No senior managers are present in the countries that are not shown.

Percentage of senior managers hired locally as of 31.08.2011



INDUSTRIAL RELATIONS

Internally Ferrero maintains a highly positive atmosphere in the field of industrial relations (with employees, union, union federations, etc.) aimed at constructive dialogue and establishing mutually satisfactory agreements.

Company agreements are mainly concerned with regulating the work organization (e.g. hours of work, shifts), production bonuses and “company welfare”, as well as to improve the balance between work time and “social” time for the benefit of employees. To date, there has been no need or requirement to regulate worker participation procedures for company restructuring or reorganization. The minimum advance notice period applied by the Group, in the event of significant operational changes, complies with national or regional collective bargaining agreements, and ranges from a minimum of 15 days to a maximum of 6 months.

The only strike initiative occurred in France, at the Villeres–Ecalles plant, from April 12 through 15, 2011, called by the union organization “Force Ouvriere”, without the support of other unions. Following annual negotiations for the adjustment of pay and compensation, the strike was aimed at obtaining wage increases and restoring mechanisms eliminated by law. The negotiations ended with an agreement between the company and the various organizations representing workers.

EUROPEAN – CAE – FERRERO CORPORATE COMMITTEE ACTIVITIES

On April 13, 2011, the Ferrero European Works Council Institution Agreement was renewed, to bring it into compliance with the new European Works Council regulations introduced by Directive 2009/38/EC. However, most of the innovations introduced by the new directive such as, for example, attendance at Committee meetings by company union representatives and an expert and joint training, had already been anticipated by the Ferrero European Works Council.

Enhancement of the interaction between national (and local) worker representatives with European worker representatives, consisting of the European Works Council, constitutes one of the founding principles of the new Community regulations, the purpose of which is to ensure ongoing information and consultation between the two levels, thereby promoting an exchange of knowledge and the formulation of shared opinions which are to be contributed to the dialogue.

In order to effectively meet this interaction requirement, in the fall of 2010, a joint training plan was initiated, which received the support of the European Commission, and which provided for holding six national workshops and a final European workshop. The national workshops began in January 2011, and were held in every country where a company establishment is located (January 13 in Arlon, January 27 in Belsk, February 10 in Villers-Ecalles, February 24 in Cork, March 10 in Stadtallendorf, and March 18 in Alba). The final workshop was held in Dresden from April 13 to April 15.

The national workshops involved European Works Council representatives and worker representatives for each country, and represented an opportunity to provide information regarding the legal bases and the operational bases for European Works Councils. The fifteen plus years that the Ferrero European Works Council has been operating were reconstructed, and there was also an in-depth examination of the issues of flexible work hours and employment contracts, as an example of the information gathering and examination methodology in progress at the European Works Council.

Presently, the European Works Council represents 72% of Group workers worldwide and almost all those working in the European territory.



Coverage of the organization's defined benefit plans obligations

The Group develops defined contribution retirement benefit plans for all employees of its subsidiaries. Where employees leave the Company prior to full vesting of the contributions, the amounts payable by the Group are reduced by the amount of forfeited contributions. The only obligations of the Group, with respect to the retirement benefit plan, is to pay the accrued contributions.

Certain groups of employees receive leaving indemnities in accordance with the applicable laws of the respective countries in which the Group operates. The Group's obligations are quantified using actuarial calculations and are covered by appropriate provisions and accruals recorded in the financial statements. The benefits due to the employees are fully vested at year-end and represent the present value of the Group's liability to employees, net of advance payments.

PROTECTION OF HEALTH AND SAFETY

The Ferrero Group considers the protection of health and the mental and physical well-being of its employees to be an absolute priority.

Worker health and safety protection initiatives are not seen as discrete programs that are accessory to work activities, and they are instead closely integrated with work activities.

For this reason, the Group is committed to identifying and eliminating hazardous situations which may occur in its operations and improving, where possible, work environment conditions and the pertinent safety levels.

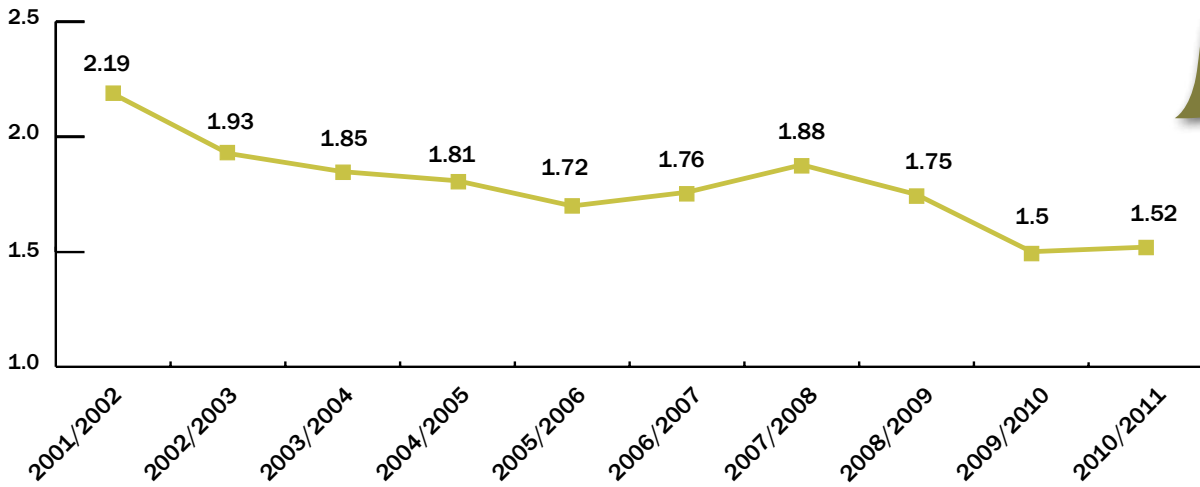
Besides ongoing training and consultation in health, safety, and prevention matters, aimed at both managers and supervisors at the various levels as well as workers, in order to make everyone aware of their roles and responsibilities in these matters, numerous initiatives have been undertaken in this regard.

On the occasion of the renewal of company agreements in Italy, Ferrero instituted a Work Safety Committee, which scheduled an "occupational safety week" and created a competition open to participation by all employees for the purpose of developing solutions aimed at improving safety conditions in the workplace.

The following two graphs show the frequency index and gravity index for accidents which have occurred at Group plants of: Alba, Pozzuolo Martesana, Balvano, Sant'Angelo dei Lombardi, Stadtallendorf, Villers-Ecalles, Cork, Arlon, Belsk, Quito, Lightow, La Pastora, Pocos de Caldas, Bradford, Vladimir, as of 31 August.

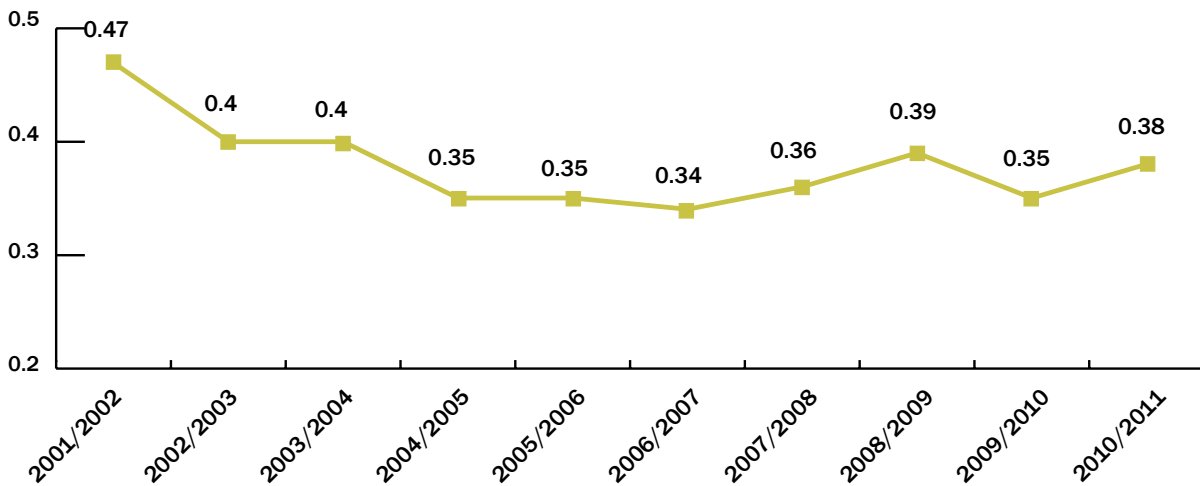


Group's accident frequency index*



*The accident frequency index represents, for the period in question, the total number of accidents per 100,000 hours worked.

Group's accident gravity index*



*The accident gravity index represents, for the period in question, the total absences per 1,000 hours worked.



Year	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Frequency index (100,000 hours)	2.19	1.93	1.85	1.81	1.72	1.76	1.88	1.75	1.5	1.52
Gravity index (1,000 hours)	0.47	0.4	0.4	0.35	0.35	0.34	0.36	0.39	0.35	0.38

The figures published in the previous CSR report cover accidents that occurred at the Group level (and not only at European facilities); now they cover the operating year for the sake of uniformity.

Figures on occupational diseases, lost days, and absenteeism, by gender and geographic area, will be available by 2014/15.

DEVELOPMENT AND TRAINING

The Ferrero Learning LAB is responsible for managerial and “corporate” training, which is accompanied by technical and professional training carried out at the various company centers (described in this chapter).

In the reporting year, the LAB carried out important training projects aimed mainly at the managerial population, with more than 4,070 participants, for a total of 174 training events and 1,281 days of training. Based on the Group information systems, 346,338 hours of training were recorded in the year in question. Complete figures regarding hours of training, total and per capita, by category and gender, will be available by 2013/14.

Ferrero Learning LAB training activities

Year	Number of session	Number of participants	Types of training projects
2006/2007	58	965	20
2007/2008	91	1,433	21
2008/2009	100	1,500	23
2009/2010	157	2,707	25
2010/2011	174	4,070	28

A valuable collaboration by Ferrero experts was achieved by involving 111 managers from the various Group companies.

The areas of training fell into three major areas:

- managerial and institutional (Corporate University);
- professional training in the “Industrial Commercial” and “Management Services” areas;
- professional training in the “Industrial Operations” area.

Institutional Training

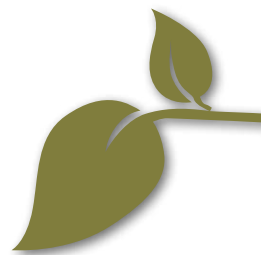
- ▣ **“Capire Ferrero”**: the program designed for recent graduates to be taken in the first two years with the company, it is 7 weeks long, conducted in 5 versions, and has involved 59 recent graduates from around the world.
- ▣ **“Ferrero Academy”**: this training program, dedicated to new Group executives, provides in-depth training in strategic and operational processes as well as business practices. The two versions have involved 45 senior managers from around the world and an in-house “faculty” of more than 20 top managers.
- ▣ **“Nutrition”**: two editions of the program have been conducted, in English and Italian languages. A replanning of strategic content is presently in progress, which is accessible on-line by all the professionals involved.
- ▣ **“Ferrerità”**: 8 versions of the workshop were conducted in Italy, Mexico, Poland, India, Singapore, Australia, and Canada, and involved more than 570 personnel throughout the world. The workshop also included valuable presentations by Ferrero experts.

Managerial Training

Group managerial training has specifically involved Italy, Germany, Spain, and Eastern Europe, several emerging markets, and all the European plants, with an average of 3,7 days per capita. These programs are aimed at managerial development and advancement and specifically at the development of the following abilities:

- ▣ Self Effectiveness
- ▣ Presentation skills
- ▣ Problem Solving
- ▣ Human Resource Management
- ▣ Human Resource Management - Advanced
- ▣ Negotiation skills
- ▣ Fundamentals of Project Management
- ▣ Team Management

Lastly, the Learning Lab implemented in the field and coordinated a great many training programs and initiatives aimed at “change management, coaching, mentoring, tutoring”, reaching many areas of the Group and involving 165 Group senior managers.





Training and development in the “Commercial” and “Management Services” areas

“Commercial”

The **Ferrero Sales Academy** is gradually being implemented in Group countries. Ferrero Learning Lab follows and supports countries in every phase of the process: from planning of training programs to the identification and certification of in-house “trainers” who shall conduct training activities.

The “Train-the-Trainer” approach adopted by the Ferrero Sales Academy provides for the training of local “trainers” (60 in 2010/11), selected from within the sales organization. The five day course is based on a highly interactive approach and alternates methodological content on the role of the “Trainer” and classroom dynamics management, with sessions providing instruction in technical content.

“Management Services”

The Ferrero Learning Lab has created:

- The X-Generation program for the IT Function;

- The FX-Academy and Finance Young Graduate Program (FYGP) programs for the Finance Function. Specifically, the goal of the “Finance Young Graduate Program” is the development of “Finance” professionals with strong technical and managerial expertise and an in-depth knowledge of the company’s products and processes. The three year program consists of classroom training alternated with on-the-job training periods in the Finance area of the various company departments (Commercial Audit and Control, Operations, Management Services, Central Finance departments). The first version of the program was completed in October 2010 with the assignment of permanent positions in the organization, selected on the basis of the company’s needs and requirements and individual skills and expertise.

Training and Development in the “Industrial Operations” Area

Ferrero “Library Operations”

Since 2007 the objective of “Library Operations” has been to collect, organize, and disseminate the “Knowledge” and the “Know How” of the Ferrero industrial world. The program is constantly evolving both in terms of the number of available courses as well as the countries involved. In 2010/11 the Learning Lab developed two new training modules (for a total of 28 courses in the catalogue) and organized training sessions dedicated to the training of in-house trainers. In addition, several Library modules were also made available to plants in Russia, South Africa, and India, in order to share technical expertise, behavior, and common languages within the Group in an increasingly global approach. Lastly, various initiatives were aimed at supporting changes at European and non-European plants, in addition to programs dedicated to the development of skills and expertise in the Packaging and Supply Chain areas.

Research and Development Center

Training has been aimed at an increasingly greater organizational integration of company personnel, functions, work processes, and expertise with Group research and development (Soremartec). It is specifically aimed at increasing and enhancing the technical and specialized knowledge of every professional and enhancing training offerings by means of a curriculum constructed by and with an in-house faculty consisting of more than 40 trainers. The Research and Development Center in Italy has provided 1,160 days of training, and has increased employee participation in training programs by 70%. 350 employees were involved who were able to acquire in-depth knowledge in subjects like “Nutrition”, “Food Legislation”, “Packaging”, “Ferrero Marketing” and “Scenarios”.

Intercultura

In the 2010/11 academic year Ferrero also participated in the Intercultura program, awarding 2 scholarships to the children of employees in Italy, 2 in France, and 3 in Germany.

TECHNICAL AND PROFESSIONAL TRAINING

In addition to projects coordinated by the Learning Lab, many initiatives were undertaken at Group facilities (both industrial and commercial) largely for the purpose of developing technical and professional skills and expertise. The principal initiatives included courses in human resources management, food safety, industrial safety, production management, facilities maintenance, occupational health and safety, information technology applications, and languages.

The following table represents the total and per capita hours of training, for both blue and white-collar workers at the Group’s facilities. Presently, the Group’s information systems will make it possible to track itemized data for all centers in 2013/14.

Annual average hours of training for plants in 2010/11

Country	Total hours	Hours per employee
Argentina	3,075	8
Australia*	169	2
Belgium	3,855	11
Brazil	1,202	8
Canada**	6,075	13.5
Ecuador	5,732	13
France	4,619	13.3
Germany	35,501	10.5
Ireland	6,317	30
Italy	31,232	8
Poland	12,922	13
Russia	1,197	7.5

*Does not include on the job training

**The figures cover only workers



food science, technology and human nutrition
MASTER UNIVERSITARIO DI SECONDO LIVELLO - MICHELE FERRERO
 scienza e tecnologia dell'alimentazione e nutrizione umana

“MICHELE FERRERO” MASTERS PROGRAM

On March 5, 2012, at the “Sala dei Principi” at the University of Turin Rector’s Office, a ceremony was held to award diplomas and awards in the third Michele Ferrero Masters Program in Food Science and Technology and Human Nutrition, conducted in 2010/11.

The Masters program receives financial support from the Ferrero Foundation, and is conducted in collaboration with the University of Turin and the Schools of Agriculture, Economics, Pharmacology, Medicine, Sciences, Veterinary Medicine, and Educational Science.

Participating in instruction in the Masters program and the various seminars organized within that program were several illustrious professors from other important Italian and foreign universities and various Ferrero executives who assisted University instructors in both teaching and in the preparation of the final examination papers.

In preparation for an experimental thesis dedicated to “Chemical, Technological, and Durational Aspects of Lipids,” students underwent a three-month training period at various Ferrero Italian and foreign technical and production facilities.

At the student awards ceremony, Prof. Bier also participated with a “Lectio magistralis” [scholarly lecture] entitled “Sugar: A Politically Incorrect Pediatrician’s View”. Prof. Bier is professor of pediatrics, director of the “USDA Children’s Nutrition Research Center”, and director of the “NIH General Clinical Research Center” program at Baylor College of Medicine in Texas, USA.

The fourth year of the masters program (2012/13) will start in fall 2012.

MAIN INITIATIVES FOR THE BENEFIT OF EMPLOYEES

Ferrero Italy Complementary Agreement

The Ferrero Italy Company Collective Bargaining Agreement, which was signed on July 21, 2011 as a continuation of the 2006 agreement, provides for a series of mechanisms and organizational experiments that shall apply to mainly two areas:

■ Balancing Life and Work

The principal feature of the Agreement aims at providing measures for a better balance between work time and social time, for workers who are parents and workers with medical treatment and assistance needs.

These measures include: providing part-time work to workers who are mothers and fathers until their child is 3 years of age (and for workers with serious health problems or who need to care for ill family members), exemption from night shifts for workers who are mothers, going beyond the terms of the law, and the granting of two half days of paid leave for accompanying children on medical visits.

■ Company welfare programs

A series of mechanisms inspired by company welfare principles were implemented in this area, including the provision of free medical and pediatric treatment service for children of employees up to 14 years of age, in agreement with professionals in the region. Also established was the creation of summer camps and training programs at one of the Group's European facilities for children of employees who were selected on the basis of merit.

We also point out other benefits established: the granting of a death indemnity amounting to 3 years of gross pay paid to the legitimate heirs of deceased workers in permanent employment, the granting of education subsidies for children of employees enrolled in universities as a contribution towards their first year university fees, and the initiation of a series of agreements with companies that provide utilities and consumer goods and services (e.g. energy, telephone, banks) for the purpose of obtaining discounted rates for employees.

The Group continues to offer at the various facilities, services and initiatives for the benefit of employees and their families.

For example, the following is a presentation of several of the most significant initiatives at extra-European facilities aimed at making up for the lack of social services in the respective countries.

South Africa: An infirmary was opened at the plant in March 2011 to provide free medical treatment and drugs for employees. Psychotherapy services are also provided.

United States: Ferrero provides dental insurance for its employees, as well as life insurance, the cost of which is paid in full by the company.

Russia: Ferrero guarantees accident and disability insurance coverage for its employees, who have medical insurance which also covers any close family members.

Brazil, Argentina, and Colombia: employees are offered, among the various initiatives, a medical and dental plan, life and accident insurance, and a contribution to child care for working mothers.

The above-indicated initiatives apply to all employees without distinction, regardless of the type of employment, including part-time workers and temporary workers.



THE COMPANY NURSERY

The Company nursery, which was instituted in Alba in 2009, continues to operate today and it can accommodate eighty children, aged three months to three years, with discounted terms for employees. A percentage of the openings are reserved for children in Alba, as recommended by the Municipality.

In the 2010-2011 academic year, the young guests of the four sections of the nursery school were divided into the following groups:

- ▣ little eggs 3-12 months: 9 children
- ▣ little chicks 13-17 months: 18 children
- ▣ robins 18-25 months: 22 children
- ▣ little swallows 16-36 months: 21 children

Nursery activities focus on the subject of the seasons, the passage of time with all its changes in both nature and in the life of the child. Beginning with the observation of changes in the weather, children experience the changing of the seasons by coloring available fruits and vegetables, playing with and manipulating the changing leaves, or the first crops ripening in the garden that they themselves cultivate.

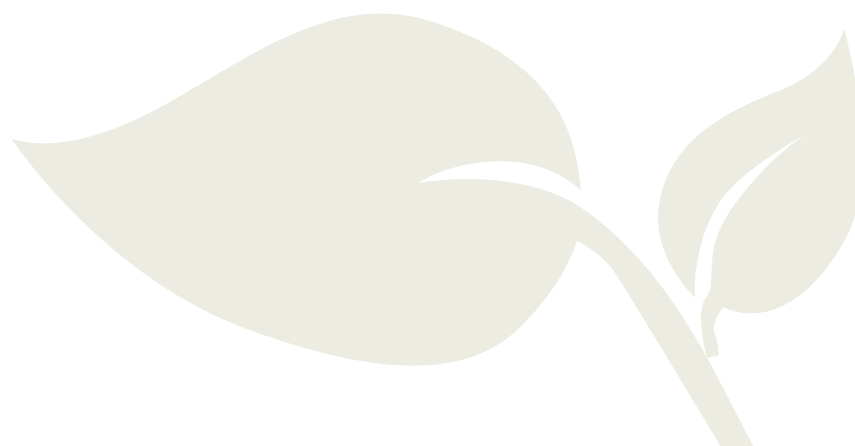
The experimental education projects at the nursery attempt to create an environment that enables the children to exercise their ability to do, explore, know, and relate.

They do things and play games using their bodies and their hands, they make use of all their senses and perceptive abilities. Children are assisted in managing their physical needs, relating to others, and progressing in terms of independence by also promoting the maturation of their own identities.

Particular attention is given to family relationships through individual discussions with parents, assemblies, section meetings, and training programs.

In all educational activities precedence is given to the children's pace of growth, not the rigid pace of the adult world. Through consistently new and original programs, the Ferrero nursery has confirmed itself to be a place for life, growth, and learning. Attention is given to ensuring growth on an emotional, physical, cognitive, ethical, and social level.

The children of Italian employees, aged 6 to 12, can choose from 2 types of company summer camps: the mountains and the seaside.



PERSONS WITH DIFFERENT ABILITIES

In addition to complying with legislative requirements regarding the employment of persons with different abilities that are present in several European countries, including Italy, Germany, France and Spain, there are multiple initiatives within the Group to benefit associations that are active in this field. We list the primary associations below.

In Italy, Ferrero supports several initiatives involving persons with different abilities through a partnership with the Alba Sports Association, a volunteer association that organizes sports and recreational activities for persons with all types of disabilities. The Association involves 350 enrollees, 80 of which are under 18, and organizes 5 to 6 events a year which involve approximately 2,000 persons.

Ferrero France works with the following associations:

- Cap Emploi: a national network specializing in placement of persons with different abilities in the workplace.*
- Handisup: An association which assists higher education students and graduates with disabilities to continue their studies and find work.*
- ADAPT: A historic association founded in 1929 which works to promote the social and occupational integration of persons with different abilities.*
- ALPC: National Association for the Promotion and Development of the French Language, which supports deaf persons. Ferrero has provided financing for the organization of a one week course for non-hearing children and adolescents.*
- COC Judo: An association that educates children with disabilities in the martial arts and other activities such as theater and painting.*
- Loisirs Pluriels: An association that organizes vacations for children and adolescents with different abilities.*

In Belgium, for the packaging of seasonal products or products connected to particular occasions, Ferrero has been working for years with two companies that employ workers with different abilities, referred to as E.T.A. (Adapted Work Enterprises). The company that takes care of parks and gardens is also part of this program.

In Spain, Ferrero has supported associations and foundations committed to integration and assistance for persons with different abilities through donations.

In the United States, Ferrero supports the “Children’s Specialized Hospital”, a rehabilitation hospital near the Ferrero facility in Somerset, New Jersey, which treats children with traumatic brain injuries, dorsal spine injuries, and autism. In 2011, Ferrero employees helped finance the purchase of two special equipment units for children with different abilities.

In Australia, Ferrero works with “Brainwave”, a support organization for children with brain diseases and their families. In 2011, Ferrero made several donations to children with said diseases. A group of Ferrero employees at the Sydney office worked as volunteers for the inauguration of the “Sydney Camp Brainwave”, a camp for the entertainment and amusement of association children and their families.

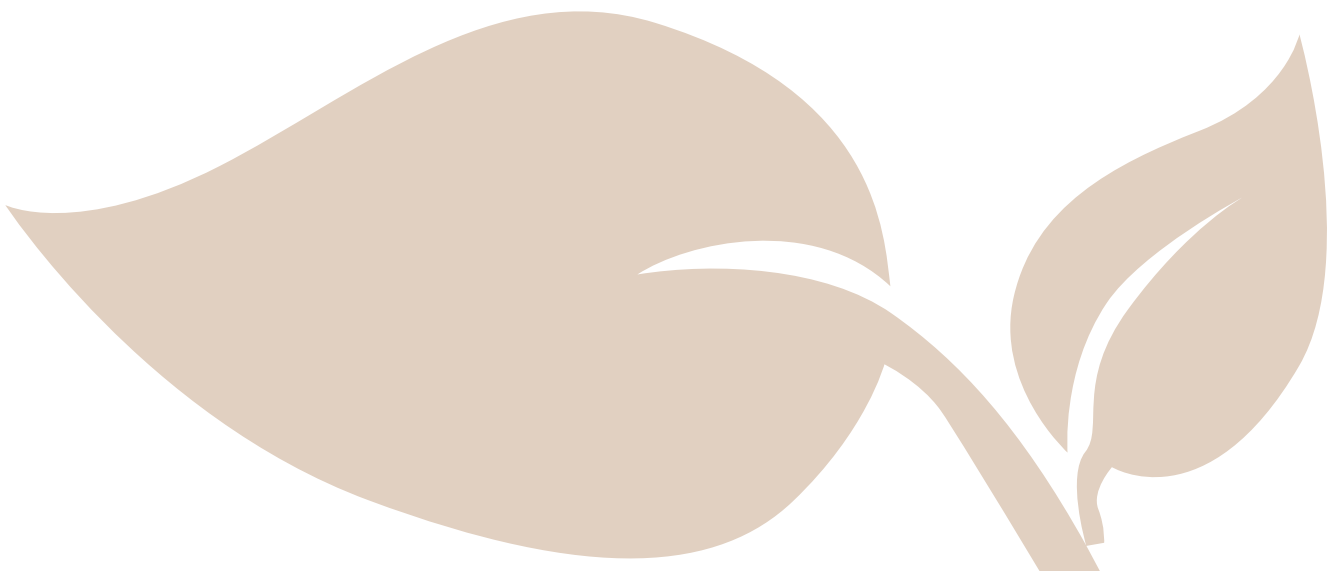
Also in Colombia and Ecuador, Ferrero is constantly involved in programs for the benefit of children with different abilities. Specifically in 2011, Ferrero made donations to associations and foundations that serve more than 180 children.



THE NEXT STEPS – BY 2015

As a continuation of the projects that have been initiated, and in accordance with the objectives established in the previous CSR report, we shall give priority to the following areas:

- Initiatives for the promotion of a “**Culture of Diversity**”, including managerial training courses aimed at, for example, developing intercultural topics, and making the best use of differences in the management of elderly workers;
- Initiatives to promote the occupational placement of **workers with different abilities**, including training projects with schools in the region and partnership projects with third party operators that employ such persons;
- Enhancement of existing **youth employment** programs, including partnership initiatives with Masters programs or universities to promote access to courses for deserving students;
- Organization of work programs aimed at **promoting the education** of workers who are students;
- Development of a **Group welfare policy** that defines common objectives while safeguarding local specificities;
- Expansion of voluntary initiatives in **occupational health and safety**, aimed at promoting a culture of safety and oriented toward greater participation by workers.





SUPPORTING A
HEALTHY LIFESTYLE

A HEALTHY LIFESTYLE

Ferrero offers some of the most well-known confectionery products in the world while respecting and maintaining the craft tradition.

With regard to nutrition and food production, three principles are of the utmost importance to us:

- ▣ There are no good or bad foods, but rather good or bad diets and food habits;
- ▣ We offer big brands in small portions;
- ▣ Regular physical exercise is essential.

In other words, a healthy lifestyle requires the following: having a diverse diet and eating quantities in moderation while getting involved in regular physical exercise.

In this respect, the promotion of Ferrero's products is also based on reinforcing the habit of eating breakfast and avoiding hydrogenated fats and preservatives. In fact, Ferrero products do not contain trans fatty acids (TFA) derived from hydrogenated fats.

The products in the Kinder line, for example, are still offered as single portions with a weight between 12.5 and 43 grams inclusive, which are among the smallest in their category.

In order to encourage consumers to adopt a healthy lifestyle, nutritional education is what is really needed rather than more legislation!



EUROPEAN PLATFORM ON DIET, PHYSICAL ACTIVITY, AND HEALTH

In line with the objectives of the “European Platform on Diet, Physical Activity and Health”, the promotion of Ferrero products refers to:

- ▣ The correct indication of the calorie content per single consumption and an indication of the calorie and nutritional content per 100 g of product;
- ▣ Promotion of food culture through the provision of flexible supporting tools;
- ▣ Affixing of clear nutritional tables on the back of pack for assessment of the content for each package and per 100 g of the ingredients;
- ▣ The adoption of a “conscious and responsible internal code of conduct” to determine the methods and aims of advertising.

From this viewpoint, ongoing market tests have provided the first results enabling the following:

- ▣ Further development towards controlling Kinder snack portions;
- ▣ Praline formations with reduced calories per “bite” of at least 30%.

With regard to what was announced in the second CSR report, the longest (1 year) prospective study to date has been completed concerning the evaluation of the positive effects of having breakfast.



Ferrero does not use hydrogenated fats and therefore its products do not contain trans fatty acids (TFA). Furthermore, Ferrero makes use of artificial sweeteners only in specific commodity groups (sugar free), and always gives preference to the use of natural ingredients. Part of our strategy is to offer small portions; this avoids the need to resort to the reduction of sugar and fat contents in our products. Finally, Ferrero has always tried to develop products containing fibre, vitamins, and minerals that come from the raw materials naturally without resorting to ad hoc addition or the use of preservatives.

OUR TARGETS FOR 2015

- Strengthen our involvement in European and national initiatives that promote virtuous attitudes towards the food/health combination;
- Highlight the metabolic neutrality of typical ingredients in confectionery products of the right quality when used in the correct quantities.

FERRERO PRODUCTS FRESHNESS POLICY

The Ferrero business model is built so as to always guarantee the freshness of products and to avoid as much wastage as possible. We follow the lifecycle of the product right up until it is consumed, including the impact of packaging.

We constantly monitor retailers and withdraw products, at market prices, that do not present the best conditions on touch, sight, and smell, even if the expiration date has not yet been reached. This occurs particularly in hot climates, such as in summer, when the production of heat-sensitive products is suspended.

Our stock management constantly favours product freshness when considering the volumes delivered to the retailers. Our consumers must always be able to find fresh products on the shelves!

A TASTE FOR QUALITY

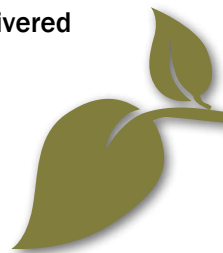
The “known bag”: this is what we call our raw materials when they arrive on site, if they meet the Ferrero’s strict criteria on traceability, safety, and quality.

In fact, a special internal protocol establishes the frequency of the checks and organoleptic, chemical-physical and microbiological analyses to be carried out on samples taken directly during acceptance at the production plants.

With a view to integrating in the best manner possible the Group data relating to the quality process and strengthening the centralised management of this process, we use our special integrated global system. The SAP-QM (Quality Management) system, which ensures integration within Ferrero Group of the data relating to the Quality process and the centralised management of the latter, is operational at 70% of the Ferrero sites around the world.

Therefore, our data is compared and gathered in an increasingly global and coordinated manner.

In addition, in accordance with the new Code of Business Conduct, we carry out checks and audit operations directly at our suppliers’ premises and on the relevant analyses that they are asked to perform on the supplied material.



Industrial and food safety at Ferrero is guaranteed both by an internal procedure system, which is constantly revised and updated, and by certifications granted by independent external bodies.

All Ferrero suppliers throughout the world are selected and evaluated at Group level by “Central Quality” with clear criteria, through an electronic platform that connects all the suppliers to the competent Group offices.

THE QUALITY OF OUR PLANTS AND THE RELEVANT CERTIFICATIONS

The following tables show the status of the certifications at our plants and the relevant objectives. In particular, the first table shows the sites that have ISO 9001:2008 Group certification, meaning that they have a single ISO manual and procedures valid for the entire Group.

Plants with Group ISO	ISO 9002:1994 from	ISO 9001:2000 from	ISO 9001:2008 from	ISO 22000 from	ISO 17025 from	IFS, COSTCO, HACCP from	FSSC 22000 from
Alba	1999	2003	2008 at Group level		2006	2007	
Arlon	1996	2003				2006	
Balvano	1996	2004					
Belsk	2001	2003				2006	
Cork	1994	2004				2011	
Pozzuolo	1998	2002					
S. Angelo	1999	2004				2011	
Stadtallendorf	1994	2003			2007	2006	Planned 2012
Villers-Ecalles	1997	2003			2011		Planned 2012
Vladimir				At Group level as of 2010			2010
Brantford			Obtained in 2011; scheduled at Group level as of 2012			2008	

Sites	ISO 9002:1994 from	ISO 9001:2000 from	ISO 9001:2008 from	ISO 22000 from	ISO 17025 from	IFS, COSTCO, HACCP from	FSSC 22000 from
La Pastora	2000	2003	2010	2008			2011
Lithgow	1999	2002	2010				2011
Poços de Caldas	1999	2002	2010	2007			
Quito	1999	2000	2010			2010	



All the Group sites have and put into practice an HACCP (Hazard Analysis and Critical Control Points) plan, which is compulsory in the European Union.

As indicated in the table, there are currently 13 Ferrero production plants certified by independent third-party bodies, as per food-safety management system standards, which is 4 more units than the previous year. These 13 production plants are: Alba, Arlon, Belsk, Cork, Stadtallendorf (with IFS-International Food Standard certification), Poços de Caldas, La Pastora, Lithgow, and Villers-Ecalles (with FSSC [Food Safety System Certification] 22000 or ISO 22000); Brantford, Vladimir, S. Angelo and Quito (with HACCP system certified by third parties or proprietary standards such as COSTCO certified by third parties; COSTCO is a North American distribution chain that has its own quality standards).

We are highlighting this specific food-safety certification activity, as standard ISO 9001 applies to the entire manufacturing sector and is not highly focused on food-safety aspects.

THE LATEST IN QUALITY ASSURANCE

- The Ferrero Intranet page that contains the quality section has been extended to other business functions to ensure that the quality culture has the necessary capillary distribution.
- The Risk Assessment Procedure for acquired raw materials was subsequently implemented through the application of the Risk Assessment methodology in the scope of the HACCP (Hazard Analysis and Control Points) procedure.
- In 2011, about 210 inspectors assessed the perceived quality of the products at 420,000 sales outlets throughout the world.
- The “Halal” and “Kosher” ethics certifications are becoming increasingly important. In some parts of the world, such certifications are to be considered necessary in order to access the corresponding markets, and in other areas it is becoming increasingly sought after by consumers. The Group sites that provide products to such areas have already obtained the respective certifications.

CASES OF NON-CONFORMITY

a “ISO 9001:2008”: Certification of the Ferrero quality system

In 2010-2011, 10 audits were conducted at the Group sites by external Certification Bodies. They found no “major non-conformities” and only a limited number of “minor non-conformities”.

b IFS: International Food Standards

In 2010-2011, the checks carried out on the “product certification” at the Alba, Arlon, Belsk, Cork, and Stadtallendorf plants emphasised a conformity level of 98.06/100.



TARGETS FOR 2015 AND 2020

The following four targets, already indicated in the previous CSR report, have been confirmed:

1. Set up a single market claims centre where all consumer feedback is brought together in a clear and structured manner to form a worldwide database by 2015.
2. Extend food safety certification ISO 22000 – FSSC to all Group sites by 2015.
3. Obtain ISO certification with a single manual and procedures valid for the entire Ferrero Group worldwide so that our sites throughout the world constitute departments of a single “global virtual production plant” by 2020.
4. Achieve integration of the “food safety audits” for all co-packers (accounts for manufacture) and Supply Chain warehouses to ensure complete coverage by 2020.

FERRERO TASTE TESTS

To ensure that the products maintain the high Ferrero taste standards, the traditional laboratory tests and sensory analyses (which we call “taste tests”) were carried out with a view to forming a complete judgement on the aesthetic appearance, smell, and taste of the product.

The analysis activities include:

1. sampling of raw materials, evaluated in the acceptance phase;
2. line sampling on semi-finished and finished products, evaluated in the production phase;
3. “management” taste tests;
4. “spider web” tests.

Every year, more than 400,000 taste tests are carried out, with a monthly average of 33,900 tests and a panel of 1,700 samplers. The “Management” taste tests are carried out weekly by the managers of the production units mainly with a view to spreading the “taste test culture” within the Group.



NUTRITIONAL EDUCATION THROUGH COMMUNITY INVOLVEMENT

KINDER+SPORT

Kinder+Sport is a project developed by Ferrero to promote a healthy lifestyle through the dissemination of sport as a daily activity, especially in the young generations.

We have provided below some internal data on the Kinder + Sport activities pertaining to 2010-2011:

- ▣ 17 countries involved (Non-EU: China and Russia).
- ▣ 3 new countries contacted through the partnership with ISF (Malta, Brazil, and Puerto Rico).
- ▣ More than 7 million boys and girls involved in the events.
- ▣ More than 14 sports practised, including: Volleyball, Basketball, Athletics, Golf, Sailing, Fencing, Tennis, Skiing, Water Polo, Orienteering, and Swimming.
- ▣ 19 champion observers for the promotion of the sports events and a healthy lifestyle, including: Valentina Vezzali (Fencing), Andrew Howe (Athletics), Alessandra Sensini (Sailing), Ludmila Formanova (Athletics), and Tomáš Dvorák (Decathlon).
- ▣ 22 national federations sponsored, including the Italian Volleyball Federation, the Italian Tennis Federation, the Spanish and Portuguese Athletics Federations, the Polish Volleyball Federation, the Belgian Tennis Federation, and the Luxembourg Football Federation.
- ▣ 2 Olympics committees (CONI – Italy, DOSB – Germany).

In detail, in 2010/2011 Kinder+Sport helped to fund various activities in the countries involved, including the activities indicated below:

- ▣ In collaboration with the Italian Volleyball Federation: “1,2,3 Minivolley” and “Volley”, activities and tournaments in the volleyball schools, organisation of “summer camps” and “Kinderiadi” events.
- ▣ In collaboration with the Italian Athletics Federation: “K+S Cup” (Youth, Junior, and Adult National Championships) and student sports games.
- ▣ In collaboration with the Italian Fencing Federation: “fencing-at-school” project.
- ▣ In collaboration with the Italian Tennis Federation: national tournament involving boys from 9 to 16 years of age.
- ▣ In collaboration with the Spanish and Portuguese Volleyball Federation: “Pequevoley” (Spain) and “giravolei” (Portugal) education programme with 3,500 centres involved.
- ▣ In collaboration with the aquatic sports and athletics federations in Spain and Portugal: education programme with 600 centres involved in Spain and 4,000 in Portugal. Official sponsor of the aquatic sports federation and support for sports activities at the centres.
- ▣ In collaboration with the French Basketball Federation: “mini” basketball festival intended for children from 6 to 12 years of age.
- ▣ In collaboration with the French Hiking Association: organisation of 30 excursions with about 32,000 participants including children and adults.



- Partnership with the German DOSB (Olympic committee): organisation of “K+S Sportabzeichen – Tour” with events in 10 cities.
- Kinderiada event and Teacher’s Project in the Czech Republic and Slovakia: organisation of athletics competitions with 648 teams coming from all over the country; kit for teachers including manual and tools to promote sports at high schools.
- In collaboration with the volleyball federation and with the backing of the ministry of education in Poland: promotion of sport in primary schools with distribution of teaching tools and information material.
- In collaboration with the Tyrolese Skiing Federation: “regional Ski Schools” and sponsorship of the “regional kids Racing Series”.
- In collaboration with the Lugano sailing school: sailing activities and competitions with young boys and girls.
- In collaboration with the Hungarian Waterpolo Federation: sponsor for the development of water polo events.
- In collaboration with the Belgian Tennis Federation VTV & AFT Kids: sport awareness programmes to teach tennis to children (VTV – recruitment), “Welcome to the Club: Tennis Discovery Days” (AFT – Recruitment), “Kinder Tour: Tennis Competition” (AFT + VTV).
- In collaboration with the Luxembourg Football Federation: organisation of various youth events and the national football day.
- Youth Sport Games in Croatia and School League in Slovenia: organisation of various summer sports events; organisation of prisonball in schools.
- Russian Winter Junior Sporting Competition under the sponsorship of the Russian Athletics Federation (IAAF Programme of World Indoor Championships).
- Shanghai Masters Tennis Cup: open day for children on the first day of the event where they were able to visit the facility and participate in training on the courts.

The annual investment in Kinder+Sport for the above-mentioned activities is approximately € 7 million.

Since 2008, Ferrero has been the sole partner of the I.S.F. (International School Sport Federation) in the “Food, confectionery and tea beverages” categories with the Kinder+Sport project and provides support for international student championships organised in several countries for various sports disciplines.

I.S.F. is a federation which has the “mission” to promote sport (and the values that go with it) in schools by organising competitions in various sports disciplines.

It is present and active in 76 countries over 5 continents and, through its relations with its affiliated entities (public education ministries, national and international sports federations, etc.), it reaches about 400 million boys and girls aged 14 to 17.

The ISF actively works with the authorities, federations, and organisations that share the same aims. During 2011, Kinder+Sport, as a sponsor of ISF, was present at the World Championships of Orienteering in Italy, Tennis in France, Floorball in the Czech Republic, Athletics in Poland, Swimming in Malta, Football in Brazil, Beach Volleyball in Puerto Rico, and Basketball in China. A total of more than 4,000 boys and girls coming from all over the world took part in the activities.



ASSESSING THE EFFECTS OF KINDER + SPORT

With the aim of assessing the effects over the medium-long term (5 years) on children attending schools involved in the Kinder+Sport-Mini Volley project, research is being conducted, since 2008/2009, in collaboration with the Italian Ministry of Education, the Turin Institutes of Sports Medicine, the Italian Volleyball Federation, CONI and some local institutions. Ferrero has allocated 250,000 € to this research for the period 2009/2013. In the school year 2010-2011, the number of classes involved has grown, reaching 798 pupils. The full results of the research will be available in the school year 2014-2015; the first results show that children involved in Kinder+ Sport have better coordination and speed skills compared to children of the same age not involved.

EPODE PROJECT

In 2011, in line with the targets set in the previous CSR report, Ferrero confirmed its support of the EPODE project (from the French acronym for “United Against Child Obesity” – www.epode.fr) in 4 European countries (France, Belgium, Spain, and Greece), and also of the European EPODE Network (EEN), by actively contributing to the coordination teamwork. This is one of the commitments assumed as part of the “European Platform on Diet, Physical Activity, and Health”.

The most important result achieved through EPODE was an 8% reduction in the number of overweight children in the city where the EPODE programme was conducted, compared to a very high figure of 17.8% in the control city.

The aim of the European Network for 2012 is to start up a new project to promote equal access to health, with the title “EPHE – EPODE for the Promotion of Health Equity” approved in December 2011 by the Directorate-General for Health and Consumers of the European Commission, which will co-fund it together with private partners.

Ferrero will participate in this new project proposed with a view to promoting greater health equality through local initiatives inspired by the EPODE method, to reduce the impact of obesity in poor socio-economic contexts while focusing its action on a transformation of lifestyles.

Various private and public partners are participating in the project, including the European regional office of the World Health Organization.

FERRERO'S CONTRIBUTION IN:	PROGRAMME	CITIES AND PEOPLE INVOLVED	WEBSITE	YEAR	CONTRIBUTION in Euros
France	VIVONS EN FORME	250 cities involving about 3.5 million people	www.vivons-en-forme.org	2011	100,000
Belgium	VIASANO	16 cities involving about 570,000 people	www.viasano.be	2011	100,000
Spain	THAO	95 cities, 9 autonomous communities, involving 2,937,563 people	www.thaoweb.com	2011	105,000
Greece	PAIDEIATROFI	14 cities involved	www.paideiatrofi.org	2011	50,000
European Union	EUROPEAN EPODE NETWORK	4 Member States	www.epode-european-network.com	2011	150,000

LET THE LABELS SPEAK

In 2010, Ferrero managed to fully implement the recommendations made concerning nutritional labelling of the FoodDrinkEurope Association for all Kinder and Nutella products in the 27 Member States of the European Union. This undertaking provided for the insertion of the following:

- on the front of the packaging: the “Energy logo” (energy intake in absolute value and % of GDA per portion);
- on the back of the packaging: the absolute energy, protein, carbohydrates (and sugar), fats (and saturated fats), fibre, and sodium values per portion, as well as % of GDA per energy portion for energy, sugar, fat, saturated fat, and sodium.

Ferrero shall make efforts to implement the IFBA principles on a global level¹. This will at least be comprised of a gradual extension of the above-mentioned recommendations in the area of nutritional labelling to Kinder and Nutella products even in non-EU countries. Full implementation of the IFBA principles on a global scale is expected for 2015, while priority will be given to their implementation in Mexico and the United States by 2012.

RESPONSIBLE ADVERTISING COMMUNICATION

As indicated in the targets for 2010 and in order to implement the “Global Policy on Marketing and Advertising to Children” of the IFBA (International Food and Beverage Alliance) on a global level, Ferrero has developed special self-regulation principles on advertising to children and on marketing.

As a target for 2012, Ferrero is undertaking, on a global scale, as of 1 January of the same year, not to advertise its products on the television, in the press, or on the Internet to a public predominantly (more than 50%) made up of children under the age of 12. These principles will be published on the website www.ferrero.com and will come into effect as of 1st January 2012.

In order to further reinforce the self-regulation of advertising to children, as of 1st January 2013, Ferrero :

- a) will implement the “IFBA Global Policy on Marketing and Advertising to Children” to audiences consisting of more than 35% children under the age of 12;
- b) will also include its own websites in the framework of the self-regulation implementation.

In line with the above-mentioned “IFBA Policy”, Ferrero also undertakes, on a global scale, not to engage in communication activities relating to its products in primary schools, except where specifically requested or agreed with the competent school administrations and for educational purposes.

As anticipated in the previous CSR report, in March 2011, the second progress report on the initiatives adopted by the IFBA was submitted to the World Health Organization (WHO) in support of the WHO’s “Global Strategy on Diet, Physical Activity, and Health”.

This report sets out the activities that the IFBA member companies, such as Ferrero, are pushing forward in five areas: product innovation and reformulation, nutritional information for consumers, advertising and marketing to children, balanced diet and physical activity, and public-private partnerships.

This second report continues the structured and constructive dialogue between the IFBA and the WHO started in November 2009.

¹ The full text of the IFBA principles “IFBA principles for fact-based nutrition labeling” is available at the following address: [https://www.ifballiance.org/sites/default/files/IFBA%20Nutrition%20Labelling%20Principles%20\(NOV%202010\).pdf](https://www.ifballiance.org/sites/default/files/IFBA%20Nutrition%20Labelling%20Principles%20(NOV%202010).pdf)



MONITORING FOOD ADVERTISING ON A GLOBAL LEVEL

As of 2009, as part of its own participation in the IFBA, Ferrero has subjected its own voluntary commitments to external monitoring to ensure that they are being correctly applied on a national, regional, and global level.

For the third year running, in September 2011, “Accenture Media Management” ruled that television, press, and Internet advertising was compliant with respect to the commitments assumed by the involved companies in their own policies on self-regulation of advertising to children.

For 2011, the conformity rate of the IFBA member companies for television advertising was 97.6% based on a sample of more than one million TV adverts aired in Australia, Brazil, China (Guangzhou region), India, Mexico, New Zealand, Russia, South Africa, Thailand, and Ukraine.

The compliance percentage of the commitments assumed in relation to press and Internet advertising was 100% of the sample used for more than 40 publications and nearly 100 websites analysed in 7 markets (Australia, Brazil, China, New Zealand, Russia, and South Africa).

In the case of Ferrero, monitoring for the current year focused on Australia, Brazil, and Mexico, for which the outcome was full conformity (100%) in Brazil and high rates of conformity in Australia (98.1%) and Mexico (99.3%).

IMPLEMENTATION OF ADVERTISING SELF-REGULATION AT EUROPEAN LEVEL

Since 1st January 2009, Ferrero has actively participated in food advertising self-regulation as part of the “EU Pledge” (www.eu-pledge.eu). During 2011, the commitments assumed under the EU Pledge were monitored by two independent and external companies. The results were as follows:

- 2011 confirms the positive results in line with the previous years. For television advertising, the conformity rate was 99.1% on a sample of almost one million TV adverts aired in France, Republic of Ireland, the Netherlands, Poland, Portugal, Romania, and Slovenia.
- For the press and the Internet, the rate was 100%.
- Compliance of the commitment assumed in relation to communications in schools demonstrated a substantial improvement on the previous year with a conformity rate of 98% in 2011 compared to 92% in 2010.
- Reduced exposure of children to advertising of all products of the European Pledge Members: -36% in 2010 and -21% in 2011 (compared to 2005).
- For the third year running, a decreasing trend has been confirmed in the exposure of children to advertising in children’s programmes (>50% and < 12 years) for products that do not meet the nutritional criteria established by the companies: -60% in 2010 and -79% in 2011 (compared to 2005).

In line with the commitments assumed in the previous year, Ferrero has improved its compliance with the EU Pledge commitments by increasing the conformity rate from 95.04% in 2010 to 99.8% in 2011 (for television advertising) and maintaining the conformity rate at 100% for the press.

In light of the inclusion in the monitoring of company websites in the “EU PLEDGE”, the World Federation of Advertisers asked the European Advertising Standards Alliance (EASA) to conduct an audit on the conformity of commercial communications contained in the company websites in relation to children (<12) by identifying the products advertised to children under the age of 12, with respect to the “Regulatory Framework for Responsible Food Advertising Communication” adopted by the International Chamber of Commerce (ICC Food Framework – International Chamber of Commerce), and also (where applicable) the local and/or sector regulations derived from this.

As regards Ferrero, no violation of national regulations and codes was found on the 21 company websites examined in the 8 countries taken into consideration (the Czech Republic, France, Germany, the Netherlands, Poland, Sweden, and the United Kingdom).

NEXT STEPS:

- Development of a new European EPODE Network project on the promotion of health equality, entitled “EPHE – EPODE for the Promotion of Health Equity” for three years (2012-2014).
- Commitment on a global level, as of 1 January 2012, not to advertise its products on television, in the press, or on the Internet to a public predominantly (more than 50%) made up of children under the age of 12.
- As of 1 January 2013, Ferrero will implement the “IFBA Global Policy on Marketing and Advertising to Children” for audiences consisting of more than 35% children under the age of 12.
- Implementation on a global level, by 2015, of the International Food and Beverage Alliance’s “Principles for a Global Approach to Fact-based Nutritional Labelling” prioritising implementation in Mexico and the United States by the end of 2012.

PROMOTION OF A CRITICAL APPROACH TO ADVERTISING

Consistent with what was achieved in 2010, and also during 2011, Ferrero has continued to support the Media Smart Programme with a view to stimulating a critical approach to advertising in children. The Programme has been implemented in the following countries: the Netherlands, UK, Germany, Portugal, Hungary, Sweden and France.





SUSTAINABLE AGRICULTURAL PRACTICES

SUSTAINABLE AGRICULTURAL PRACTICES

The Ferrero Group has always preferred to establish direct, **long-term commercial relationships** with producers and suppliers of raw materials, based on dialogue and transparency.

As already stressed in our second CSR report, the Ferrero's **Code of Business Conduct** includes clear requirements concerning the excellent quality and freshness of raw materials, and meticulous compliance with the principles of ethics and sustainability (for the full text of the Code of Business Conduct, see www.ferrero.com).

The Code is accompanied by a Plan (to be implemented by the end of 2013) for common practices agreed on by all those – inside or outside the Group itself – who are involved in the supply chain. That plan, known as the **ABCDE Plan** (A Business Code Dialogue Engagement) will further strengthen the Group's relationships with raw material suppliers.

Through the ABCDE Plan and other measures the Ferrero Group will, alongside the farmers and other suppliers of its raw materials, promote a commitment to support **good farming practice**, defined as: “the application of available knowledge to the utilization of the natural resource base 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).

OUR MAIN INGREDIENTS

The fundamental parameters we apply in selecting our raw materials are: the geographical origin as well as sourcing approaches. That is to say that our selection criteria are: **excellence in quality and full respect for human rights and sustainability**.

This chapter highlights the initiatives carried out by Ferrero on each raw material, in accordance with the following goals.

Raw materials	Goals	Time frame
MILK	30% from integrated supply chain	2012
EGGS	100% eggs from barn hens in respect of animal welfare	2014
COFFEE	100% certified as sustainable	2015
PALM OIL	100% certified as sustainable	2015
COCOA	100% certified as sustainable	2020
HAZELNUTS	Implementation of the traceability plan for 100% of hazelnuts	2020

COCOA

Ferrero has reconfirmed its goal of sourcing **100 % sustainable cocoa by 2020** and to achieve independent and credible third-party verification of its cocoa sourcing. This verification will aim to ensure, among other issues, that **trafficking, the worst forms of child labour and forced adult labour will not occur in its cocoa supply chain**.



Additionally, under its **Code of Business Conduct**, Ferrero confirms its strong determination to contribute to the elimination of child labour, starting from its worst forms, and of all forms of slavery, human trafficking, forced or compulsory and prison labour. Ferrero's Code of Business Conduct is based on the principles of the ILO's Minimum Age Convention No. 138 and the Worst Forms of Child Labour Convention No. 182. Through this Code, Ferrero is working with all its partners throughout the supply chain to be compliant with those goals. Ferrero's Code of Business Conduct is available on www.ferrero.com/social-responsibility/code-business-conduct/.

To achieve its goals, Ferrero has set out for the following roadmap:

Percentage of cocoa verified on total volume	Years	Standards & Projects for delivery of verification	Cocoa Producing Countries
20%	2011/2013	UTZ Certified, Rainforest Alliance, Certification Capacity Enhancement, Source Trust and others	Mainly from Ivory Coast, Ghana, Nigeria, Ecuador
40%	2013/2015		
60%	2015/2017		
80%	2017/2019		
100%	2020		

Certification Schemes and partners

Ferrero is working with schemes such as "UTZ, Rainforest Alliance" and "CCE" (Certification Capacity Enhancement, www.gtz.de/en/weltweit/afrika/cote-d-ivoire/33272.htm) together with suppliers, cooperatives and "Source Trust" (www.sourcetrust.org). Other models in helping farmers, such as "Maquita Foundation" (www.fundmcch.com.ec) in Ecuador, continue to be of fundamental importance in South America.

In **2010/11** Ferrero has sourced approximately **15 %** of its cocoa under such schemes:

- ▣ 1,2% cocoa certified UTZ or Rainforest Alliance
- ▣ 1,3% Maquita Foundation scheme
- ▣ 12,2% traceable Cocoa through Source Trust and other traders

For **2011/12** Ferrero will source approx. **20%** of its cocoa under such schemes:

- ▣ 5% cocoa certified UTZ or Rainforest Alliance
- ▣ 4% CCE scheme and Maquita Foundation scheme
- ▣ 12% traceable Cocoa through Source Trust and other traders

In **2012/13** Ferrero plans to source approx. **40%** of its cocoa as:

- ▣ 20% cocoa certified UTZ or Rainforest Alliance
- ▣ 20% CCE, Maquita Foundation and traceable cocoa

Those forecasts could be changed on the basis of the quantities available on the market and according to geopolitical conditions of producing countries.

In addition to these certification schemes, Ferrero continues its engagement through **specific projects**, i.e.:

Ivory Coast

In partnership with “**Noble Resources S.A.**” (www.thisisnoble.com), a major partner in sourcing cocoa, and with “**Coopérative Anonklon de Bianouan**” (COABIA), we will finance the building of a school in a small village in the Ivory Coast. Located in the east, close to the Ghana border, Sinikosso is a rural cocoa community which is home to over 250 farmers within the COABIA cooperative.

To improve access to quality education in the areas where we source cocoa, the development of the above-mentioned school will allow **200 children, previously out of educational system**, to attend daily classes.

Ferrero and Noble Resources S.A. are involved in the UTZ program for farmers in the village who attend trainings on good agricultural practices and safe labour conditions.



Coopérative “Anonklon de Bianouan”

Also through our partnership with Noble Resources S.A., 10% of the cocoa from Ivory Coast will be **carbon neutral** in 2012 and **independently validated by Tuev Nord**, one of the leading certification bodies. As a result, this cocoa will have a zero carbon footprint. All the emissions at farm level during cocoa processing and transportation will be off-set through energy efficient and renewable projects, reducing CO₂ emissions.

Ghana and Nigeria

Together with Source Trust, our engagement is to cover **all aspects** that will help farmers to increase their crop yield and quality as well as to develop their business, including training on good agricultural practices, seedbeds activities, economic supports and equipments on credit, resources for villages “Village Resource Centers” (providing access to IT to farmers, including training), malaria prevention and community infrastructures.



FADU Project

Ferrero will be part of a 15 million Euros investment in sustainable cocoa by leading international companies, in 2012. Within “The Cocoa Productivity and Quality Program (CPQP)” and under the lead of IDH (Sustainable Trade Initiative, www.idhsustainabletrade.com), Ferrero is partnering with Continaf (www.continaf.com) , Petra Foods (www.petrafoods.com) , Oxfam Novib (www.oxfamnovib.nl), Fadu (www.fadu.info) and WAFF (www.waffcompany.com) in a project named the “Fadu Project”, whereby:

- ▣ 7,500 farmers will be involved in training and will be provided with technical assistance;
- ▣ first target is the increase of productivity that, along with the premiums, will guarantee a higher and constant revenue to farmers;
- ▣ Ferrero will source approx. 6,000 tons of high quality, certified and traced sustainable UTZ cocoa.



Through the FADU Project, cocoa farmers will be more professional oriented, increasing productivity from 300 kg/ha to, at least, 1000kg/ha and improving cocoa beans quality. It will transform cocoa farming into a viable and sustainable business for smallholders and, at the same time, it will increase the income of cocoa farmers. The program will focus on the use of fertilizers, on the “professionalization” of cocoa farmers and on financing mechanisms to achieve better quality, productivity, and farmers’ organization.

Traceability

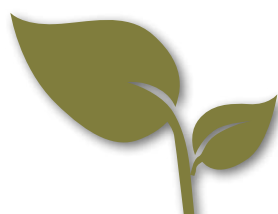
Ferrero has already started in 2008/2009 implementing a program to ensure the traceability of its cocoa sourcing in Ghana. This allows Ferrero to trace back cocoa to small groups of farmers and their communities. Ferrero works with Source Trust, which is a partner of “Cocobod Armajaro Traceable Foundation” (CATF), paying a premium price on “traceable cocoa” to fund programs in those communities/districts where the cocoa is sourced. Source Trust uses Ferrero’s support to improve farmers’ quality of life through programs including farmer training, credit contributions, planting materials for community projects, including “Village Resource Centers”, water wells and sanitary projects. For a detailed overview of the program please visit www.sourcetrust.org/ferrero_projects.html.



Meanwhile we have scaled up sourcing of traceable cocoa also with other cocoa traders. Knowing where cocoa is coming from will allow Ferrero improving towards its goal: independent and credible third-party verification by accredited auditors to guarantee labour conditions and the absence of child labour.

In addition, with Source Trust, we will start the implementation of “Geotraceability” which will allow us to have a greater understanding of farmers and of their geographical position. Geotraceability will be used to monitor and evaluate farmers activities.

This will enable us to provide better support to improve the living conditions of our supplying farmers.



COLLECTIVE APPROACH

Beside our private partnership projects, Ferrero continues to support a “collective industry-wide approach”.

1. Ferrero is member of the World Cocoa Foundation (www.worldcocoafoundation.org) and it has supported the launch of the African Cocoa Initiative (ACI) with the funding agencies “USAID”, “IDH”, 14 cocoa and chocolate companies with a budget of 13.5 million \$, over 5 years, in 4 countries (Cameroon, Ghana, Ivory Coast, Nigeria). The goal is to institutionalize effective public-private alliance models to support sustainable agriculture.
2. As anticipated in previous CSR reports, Ferrero is a board member of International Cocoa Initiative - ICI (www.cocoainitiative.org)

About ICI

ICI is a foundation whose mission is to “oversee and sustain efforts to eliminate the worst forms of child labour and forced labour in the growing and processing of cocoa beans and their derivative products”. ICI is a partnership between civil society, trade unions and the chocolate and cocoa industry, all of whom are represented in the board. ICI works together with the authorities in cocoa-growing countries, with national and international technical agencies, and with the cocoa-growing communities themselves to offer a real and sustainable solution to the elimination of the worst forms of child labour, and forced labour, in the cocoa supply chain. ICI is funded by contributions from cocoa industry board members and the decisions on its program’s strategy are taken by the board as a whole, including its civil society members.

ICI’s program is currently implemented in Ghana and Ivory Coast (which together account for almost 70% of world cocoa production) and in their neighboring countries; there, ICI works at national level to help Governments to maintain their commitment to safeguarding a protective environment for children and workers in cocoa-growing communities. ICI works also at community level to ensure that the project development and implementation is rooted in the populations.

2011 Achievements

In 2011, 290 cocoa-growing communities, of which 157 in Ghana and 133 in Ivory Coast, representing a total population of 689,000 persons were supported by ICI and its implementing partners.

Since 2006, a total of 1,169 actions have been supported by ICI to reduce vulnerability of children towards child labour, including the construction or renovation of 520 classrooms, for the benefit of 38,000 students. In 2011, 260 new initiatives were implemented to improve access to quality education and reduce children’s vulnerability.

Last year, more than 130 communities have benefited from initiatives supported by ICI (mainly aimed at improving the provision of quality education for children living in cocoa growing areas) and implemented directly by local authorities or by beneficiary communities themselves, such as the construction of new classrooms, teachers’ accommodations and new teachers posted. As a result, 133 new classrooms have been constructed in 2011 and 36 teachers have been posted: for the benefit of 1,800 pupils.

“Framework of Action to Support the Implementation of the Harkin-Engel Protocol”

The United States Department of Labour, Senator Tom Harkin, Representative Eliot Engel, the Government of the Republic of Ivory Coast, the Government of the Republic of Ghana and International Chocolate and Cocoa industries have joined together in a partnership to reduce the worst forms of child labour in Ghana and Ivory Coast by 70%, by 2020. That Framework is a “roadmap to remediation,” and it reaffirms our shared commitment to work in a collaborative and transparent manner to eliminate the worst forms of child labour in cocoa growing areas in Ivory Coast and Ghana, including support for the collection of incidence data, the provision of education and other remediation services for vulnerable children, and support for sustainable improvements in the livelihoods of vulnerable children.

In order to accelerate work to achieve these goals, the United States Department of labour committed 10 million \$ in 2010 to a new ILO-IPEC project focused against child labour in cocoa communities. The International Chocolate and Cocoa Industry committed 7 million \$ in new funding over 5 years and with the further possibility of an additional \$3 million. The Governments of Ivory Coast and Ghana committed to allocate the necessary human and financial resources to support their “National Plans of Action” in coordination with Framework stakeholders.

Ferrero’s commitment within the “Framework of Action” will be through its project “Ferrero Cocoa Community Commitment – F3C” partnering with Source Trust:

- 4 year community enrichment program touching 8,800 cocoa-farming families, thus up to 26,000 children, 20% of farmers involved will be women;
- 5,000 to 7,000 tons of cocoa produced by farmers trained with the “Certification Capacity Enhancement (CCE)”, with the value chain in Ghana audited by a recognized certification body;
- up to five times more of the “Ghana Child labour Monitoring System” from 30 pilot communities to 162 communities with innovative community-based farmer organization model, in partnership with the “Ghana National Program for the Elimination of the Worst Forms of Child Labour” (NPECLC);
- training service for farmers with greater focus on good social practices along with the establishment of 8 “Village Resource Centers” to make teaching and learning more effective.

Ferrero will add to all its established initiatives new projects and programs within up-coming years in order to achieve its commitment in 2020.

PALM OIL

In the first two CSR reports, we had already anticipated the goal of food palm oil **certified as sustainable for 100% of our needs by 2015**. In this reporting year, our demand is approximately 140,000 tons per year. We keep on not sourcing palm oil from Indonesia where extensive deforestation is taking place, but rather from Malaysia (almost exclusively from Malacca) as well as Papua New Guinea.

More in detail, we intend to source, where possible, segregated palm oil and/or palm oil certified as sustainable, according to the following time frame updated through constant monitoring:

Time frame	2011/2012	2012/2013	2013/2014	2014/2015
% certified sustainable palm oil	20%	30-50%	50-70%	100%

Ferrero plans to use UTZ scheme and currently the most relevant supplier is “New Britain Palm Oil”, a company founded in 1967 which is set in Papua New Guinea, more precisely in Kimbe (West New Britain).

Palm oil segregation can be represented with the following scheme showing the differences amongst various methods of control of the supply chain available to date:



As seen above, segregation provides the ability to trace the whole supply chain up to palm oil plantations.

The palm oil certified as sustainable is used in Ferrero's products in growing % as in the illustrated table. Ferrero has developed tailor-made technique of palm oil fractionation which allows the organoleptic qualities of the product to remain intact, to increase creaminess and while, at the same time, **avoiding the use of hydrogenated fats**.

Among the few scientific solutions available to date to avoid the use of hydrogenated fats, palm oil offers organoleptic advantages and technological stability, superior to other oils.

PARTICIPATION TO INTERNATIONAL ROUNDTABLES

Since 2005, Ferrero is an active member of the “**Round Table on Sustainable Palm Oil**” (www.rspo.org), which is an organization representing consumers, palm oil processors, traders and retailers, as well as banks, investors, environmental associations and social development entities.

The RSPO’s main objectives are:

- a moratorium on any further wild deforestation due to palm oil cultivation;
- a reliable system of traceability and certification.

Ferrero is continuing its commitment to the “**Deforestation Zero**” campaign designed to stop the destruction of South East Asian rainforest related to the spread of palm oil cultivations. The Ferrero Group, together with the other signatories, will go on backing this campaign in 2011 with the objective, among other things, of bringing together the various individual initiatives to bear on the common goal of sustainable palm oil sourcing by the end of 2015.

EGGS

On the basis of the European legislation on animal welfare and specifically on hens, Ferrero has decided to adopt a roadmap and a voluntary program to source “sustainable” eggs.

The eggs used by Ferrero represent about 0.09% of the total sourcing of Ferrero raw materials; this figure corresponds to less than 0.25% of the total European production.

Ferrero’s roadmap foresees to source from hens living in barn systems, so without cages, in the following way:

- 40% of our needs before September 2012,
- 60% before September 2013 and
- 100% before September 2014.

This plan includes all of our suppliers, who are based only in Europe, and it covers all Ferrero bakery products which are the only ones containing eggs on the total production. We have built our positioning with some NGOs active on animal welfare.



HAZELNUTS

Ferrero is one of the world's largest users of hazelnuts, mainly from **Italy and Turkey**. In **Chile, Argentina, Georgia and South Africa** are currently underway some projects developed by the “**Hazelnut Business Development**” (HBD), established by Ferrero in 2006.

To maintain the highest quality of hazelnuts, we have developed unique roasting processes and technologies in order to allow the aroma and the flavour of this essential ingredient to be developed to the fullest degree.

The principles of Ferrero's sourcing strategy, subscribed also by the Turkish suppliers, are:

- ▣ **ensure excellence in processing** nuts in order to strictly respect freshness, quality and safety standards;
- ▣ **sustain farming practices in respect of the environment and biodiversity**, minimizing the use of chemicals and encouraging eco-sustainable farming practices;
- ▣ **respect and to make their own suppliers respecting work safety and salary in full respect of all applicable laws**, regulations and local rules, in addition to the requirements established by applicable International Conventions;
- ▣ **avoid any use of child labour**, starting from the worst forms, or forced or prison labour;
- ▣ **sustain the stability of farmers income** also through the application, whenever possible, of specific commercial schemes (i.e. long term contracts) ;
- ▣ **encourage fair and transparent pricing policies** for both sides in compliance with the “**Principle of Independence**”: trading partners recognize that they are independent economic entities, respecting each other's right freely to set their own strategy and management policy, in terms of production, distribution, sales, marketing and finance, including the freedom to determine independently whether to engage or not in any agreement.

To fully implement these principles, Ferrero has adopted a plan to achieve, by 2020, 100% of hazelnuts traceability.

This plan provides detailed programs activated in the countries from which we source the most, among which Turkey and Georgia. Here follows the description of such activities.

As anticipated in the previous CSR report, also in the reporting year, Ferrero **has paid special attention to relations with its Turkish hazelnut suppliers** on high quality and safety standards and a number of ethical, social and environmental considerations. We have intensified our discussions with national Authorities to improve actions on the ground to comply with international Conventions against child labour and to promote environmentally sustainable sourcing.



Our plan for sustainable procurement, towards the already described general goal, includes the involvement of “Scientific Certification System” (SCS), a global certification Institute, on the ground, in Turkey. SCS will develop a project according to the following steps:

- **Step 1:** development of the responsible sourcing standard, audit methodology and reporting protocols, based on Ferrero’s suppliers response.
- **Step 2 - implementation phase:** assess labour practices among hazelnuts farmers and processors and encompass environmental performance and economic transparency indicators, through fields visits.

This will take place on time for the hazelnuts harvest period beginning in August 2012.

In this way, SCS will provide third-party validation of Ferrero’s efforts to promote improved labour management and production practices with participating farms.

As far it concerns the description of the “**Hazelnut Business Development**” (HBD), undertaken in **Chile, Argentina, Georgia and South Africa**, please refer to the second CSR report (www.ferrero.com). Also these initiatives are contributing towards the goal of 100% Ferrero hazelnuts traceability, before 2020.

More in details, two programs are underway in Georgia. Please find below a detailed description of them.

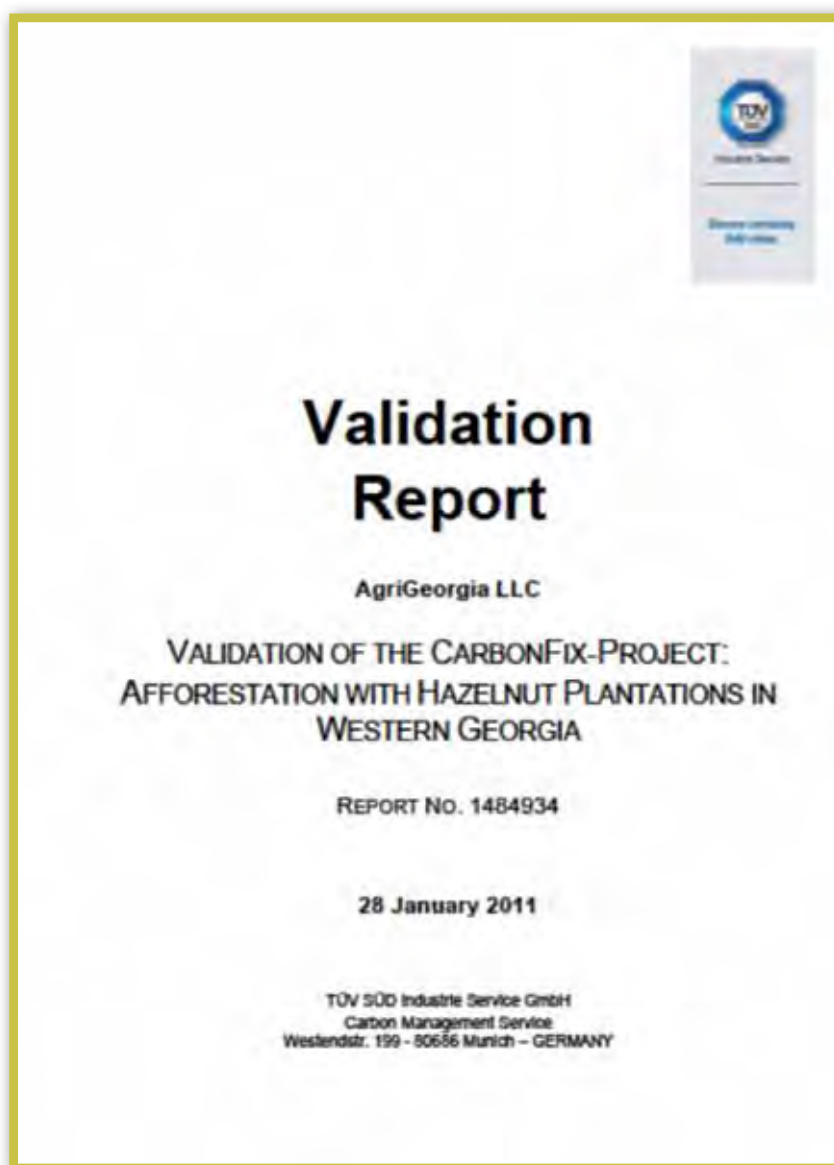
Ferrero supports the Georgia-based “Economic Prosperity Initiative” (EPI): a four-year program funded by the U.S. Agency for International Development (USAID) aimed at increasing Georgia’s competitiveness, also in the hazelnut sector.

With a shared vision to assist the hazelnut sector and increase rural incomes in Georgia, Ferrero and EPI discussed cooperation to design and implement a joint hazelnut training program and formalize a partnership by signing a “Memorandum of Cooperation” to form a “Global Development Alliance” by the first half of 2012. The partnership will aim to help over 2,100 hazelnut farmers increase both the quantity and quality of production, which would result in higher prices for their products and increased incomes for farmers. The idea will be to introduce modern technologies and best practices in hazelnut production throughout critical points in the crop cycle in a way that is tailored to small-holder farmers, who represent most of the sector.

These training efforts will contribute to the growth of one of Georgia’s most strategic sectors.

As anticipated in last year’s CSR report, we confirm the successful validation of the “carbon” project developed by “Agrigeorgia”, a Group’s company. The certification (described below) was obtained by the German organization Tuev Sud, in January 2011 and it provides the Georgian company with approximately 400,000 tons of CO₂ eq that are “seized” by hazelnuts plants being cultivated and by careful farming practices, chosen to decrease the environmental impact. The project also provides an important area where the company is committed to protect and safeguard from any type of disturbance, some 200 ha of secondary forest, for a period of 50 years. The plan has been shared step by step with the local population that could interact with Agrigeorgia and provide opinions and suggestions during specifically scheduled meetings.





COFFEE

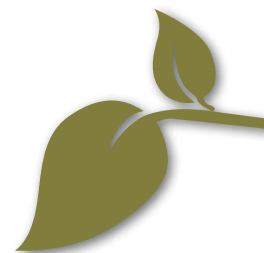
As already anticipated in the second CSR report, our goal is to source only from certified sustainable coffee, before 2015.

Our sustainable sourcing plan foresees the following time frame:

year	% of sustainable sourcing
10/11	more than 5%
11/12	more than 35 %
12/13	more than 50%
13/14	more than 70 %
14/15	100%

To date, our % of sustainable coffee is externally verified and certified by UTZ and by Rainforest Alliance.

“Ferrero’s willingness to commit to and invest in sustainable sourcing shows their long term approach to environmental protection and social impacts in producing countries. We have been proud to partner with them in field projects over the past two years, where farmers are trained to supply sustainable and traceable cocoa,” said **Daan de Vries, Field Director of UTZ Certified**. “We are delighted to hear that Ferrero has now set itself another ambitious goal, which is to buy a major share of their coffee with UTZ Certified, by 2015. With these concrete commitments, Ferrero is taking a leading role in creating a world where sustainable farming is the norm”.



SUGAR

Ferrero has for decades been working with farmers’ cooperatives and sugar producers mainly in Germany, France, Poland, Belgium, Ireland and Canada. In the particular cases of Germany and Italy our supplier relationships go back some four decades.

Recent EU agreements for support to developing countries have made it easier to source sugar from third countries, and the Ferrero Group has put procedures in place for selecting new producers in various parts of the world on the basis of the stringent criteria of quality and environmental sustainability on which it has always insisted. Our sugar purchases break down roughly as 80% beet sugar and 20% refined cane sugar.

In accordance with the Group’s strategic decision not to use Genetically Modified Organisms (GMOs; see the section on our Code of Business Conduct in the introductory part of this Report), the **Group only buys non-GM sugar**.

In 2010 the Group renewed its membership of the “**Bonsucro™** - Better Sugar Cane Initiative”, described in previous CSR report (www.bonsucro.com). The aim of this international campaign is to specify global sustainability indicators for cane sugar production. The founder members (including Ferrero) are working to identify the right criteria for a certification scheme that will lead to economic, environmental and social improvements throughout the supply chain.



MILK

The Group sources its milk from carefully selected and extremely reliable suppliers, established in milk-producing areas. This guarantees the ideal freshness and the finest quality for such a delicate and valued product - especially for children. Long-term relationships we have established with our supplier allow us to implement mutual development and growth programs, thereby developing a supply chain which is both short and sustainable.

We continue, as described in our first CSR report, to support the “**integrated supply chain**” approach designed to foster loyalty throughout the entire supply chain from the breeder to the producer of semi-finished products (whole and skimmed milk powder and anhydrous butter), by supporting them through appropriate prices free from speculative volatility. This has been made possible in particular through specific agreements with certain suppliers (among which **In.al.pi** and **Mittelelbe GmbH**) which enable us to increase the quantity of locally-sourced raw materials closer to our production facilities.

We are now ahead of the timetable set out in the first CSR Report, and expect to be sourcing 30% of our milk derivatives from the Integrated Supply Chain by the end of 2012.

Production plants in EU
from European Union

Brantford (Canada)
from Canada and Usa

La Pastora (Argentina)
from Argentina/Uruguay

Lithgow (Australia)
from Australia

Poços de Caldas (Brazil)
from Brazil

Baramati (India)
from India

Quito (Ecuador)
From Ecuador/Argentina/
Colombia

Vladimir (Russia)
from EU, Russia
and Belarus



MASTER'S DEGREE ON “ QUALITY, FOOD SAFETY AND MILK SUPPLY CHAIN SUSTAINABILITY”

In autumn 2011, in Moretta (CN, Italy) a two-year Master's degree on “Quality, Food Security and Sustainability of the milk supply chain” was launched. The master's degree has been organized by the University of Turin's Faculty of Veterinary Medicine, Agriculture, Medicine and Surgery, in partnership with the zoo prophylactic experimental Institute of Piedmont, Liguria and Valle d'Aosta along with Ferrero's and other companies economic and scientific support, the Piedmont region and some banking Institutions.

It is a joint initiative among universities, companies and institutions who share the common goal to train high-skilled professionals in interdisciplinary skills and to eventually be recruited in the different sectors of one of the most important regional and national supply chains.

The courses are held in Moretta (CN, Italy), which is home to INALPI, our partner in the “project of integrated supply chain” and also a sponsor of the Master's degree.

The first edition of the Master's degree is to end in 2012 and in the same year the second edition will begin in 2012/2014.



MINIMIZING ENVIRONMENTAL IMPACT

MINIMIZING ENVIRONMENTAL IMPACT

As already disclosed in the second CSR report: a detailed analysis had been developed and updated in order to measure the environmental impact along the Ferrero value chain, of:

- ▣ Gross Energy Requirement (GER)
- ▣ Global Warming Potential (GWP) impact due to the direct and indirect emission of greenhouse gases
- ▣ direct and indirect Global Water Consumption (GWC)

for the five main phases of the value chain: agricultural raw materials, packaging, transport of raw materials and packaging, 15 production plants, and the shipping of finished products. This was computed employing methods that comply with ISO standard for the sector.



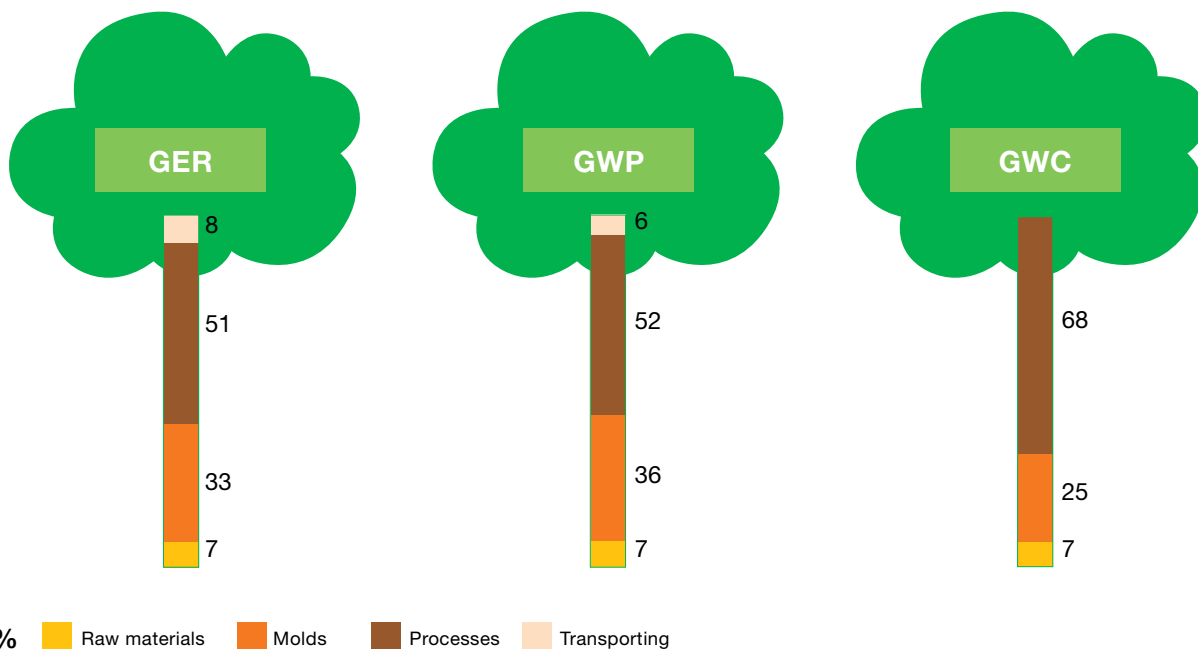
Further details of these results are provided hereinafter in this report, while disclosing the operational performance and the relative 2020 targets for all the areas involved.

¹ Calculated in equivalent CO₂ Kg.





During 2011, and based on what was indicated in the previous CSR report regarding the extension of the scope of environmental activities of the Group, a detailed analysis of the sustainability performance of the “surprises”, Ferrero’s toys, was also developed.



More specifically, the values in the graph refer to year 2009/10 for all the surprises produced, raw materials (including auxiliary materials and packaging), molds, molding processes and transport.

THE ENVIRONMENTAL PERFORMANCE OF OUR PLANTS

The fifteen plants covered by the scope of the analysis are those located in Europe, the Americas, and Oceania (for a complete list of the plants, please see the introduction to this report)².

A new environmental policy for production plants has been issued. The document, which is inspired by the principles stated in the Ferrero Code of Ethics and in the Ferrero Code of Business Conduct, confirms the lines of action for continuous improvement in the environmental performance of production processes. The policy has been distributed to all plants.

In the reporting year, the Argentinean plant received certification of its environmental management system under the standard ISO 14001 (“Environmental management systems – Requirements with guidance for use”), bringing the number of certified plants to 11, with the objective of extending certification to all production plants by 2020.

² For further details about the scope, see the technical annex at the end of this chapter.

At the date of publication of this report, energy reviews were performed in six other plants, comparing what was indicated in the second CSR report and achieving coverage of 60% of the sites. This activity, which is supported by companies specializing in the field, demonstrated a substantial uniformity in the plants, both in terms of distribution of energy flow as well as potential areas for improvement. Measurement criteria and energy management operating indicators were also established.

The Group's objective, published last year, provides for energy reviews to be carried out at all plants by 2020.

Operationally, the concentration of effort to achieve the objectives established last year made it possible to obtain significant improvements in the environmental performance of conversion processes. Next year the commitment will, therefore, be mainly oriented toward consolidation of the results achieved.

These results were achieved due to measures taken in all environmental segments:

- ▣ **efficient energy use:** gradual implementation of the improvement actions recommended by the energy reviews performed, specifically including the installation of high-efficiency engines and inverters, lighting spaces with high-efficiency lamps, the insulation of piping that carries fluids under temperature, the recycling of thermal energy from process and utility facilities, the construction of buildings and work on existing structures applying energy-efficiency criteria;
- ▣ **atmospheric emissions:** continuous application of the principles of prevention at source and management;
- ▣ **water cycle:** improvement of cooling circuits, elimination of losses from distribution systems, actions to optimize existing facilities;
- ▣ **waste and scrap:** continuous application of the principles of prevention at source and management.

CLIMATE CHANGE

Climate change affects the food chain in different ways. The main implications for Ferrero depend, among other things, on the following factors: availability of high quality raw materials, strategies of each country's producers of agricultural raw materials, management of CO₂ emissions, water availability, international strategies on waste and packaging. Ferrero takes part in regional and international discussions to leverage its efforts and face these challenges, implementing specific programs and projects.

Based on these considerations, we established our goals and plans for 2020 (for a further description of our environmental strategy, see the paragraphs that follow and for a further description of our programs on farmers, see the chapter "Sustainable agricultural practices" of this report).

**ENERGY CONSUMPTION AND EMISSIONS**

The table below discloses the data on direct energy consumption, CO₂ emissions, and emissions related to refrigerant gas consumption³.

		2009	2010
Electricity consumption	MWh	747,625	751,452
Electricity consumption index	MWh/t	0.76	0.73
Thermal energy consumption	MWh	965,356	952,752
Thermal energy consumption index	MWh/t	0.98	0.92
Direct CO ₂ emissions related to production plant	tCO ₂	30,135	29,254
Direct CO ₂ emissions related to production plant index	tCO ₂ /t	0.031	0.028
ODP [Ozone Depletion Potential] related to refrigerant gas consumption	g _{R11eq} /t	0.33	0.22
Emissions of CO ₂ equivalents related to refrigerant gas consumption	tCO _{2,eq} /t	0.022	0.019

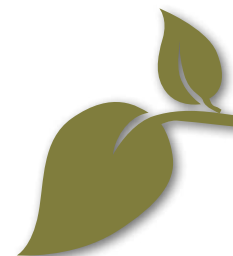
In regards to the targets already published in the second CSR report of a 5% reduction by 2020 of:

- ▣ **electricity consumption per unit of product (from 2009): 80% of the objective was achieved;**
- ▣ **thermal energy consumption per unit of product (from 2009): the target was exceeded.**

For containment of emissions (mainly food dust and volatile organic compounds), the most appropriate abatement technologies have been deployed, such as filters, cyclones and wet scrubbers⁴.

³ Beginning with this year, for completeness, the scope of this chapter was extended to include some outsourced production even if of marginal size and importance, with a consequent re-statement of the data and indexes published in the second CSR Report for 2009. Indexes are calculated based on the actual production volumes for the reference years.

⁴ Cyclones are abatement systems without moving parts, in which the gas flows and assumes a spiral direction. The particles present in the device are deposited on the walls due to centrifugal force and precipitate due to gravity. Wet scrubbers perform a sort of "washing" of the effluent. In the device, water or a watery solution is vaporized so as to remove the impurities contained in the effluent.



WATER CONSERVATION

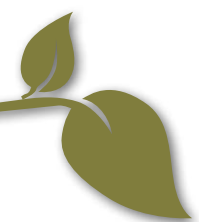
Various water conservation techniques have been deployed at our plants, including the use of cleaning in process (CIP) systems and the installation of automatically activated distribution valves. The use of cooling systems with evaporation towers is well established at production plants; these systems, due to the recirculation of water, enable a reduction in water intake. Other water recycling initiatives have recently been implemented, and in the instance of food production, they can have only a marginal impact.

Water discharges, most of which are via outside treatment plants, have a composition that is typical in food production employing raw materials of mainly vegetal origin, which are easy to purify. Specifically, no toxic substances or substances which inhibit the biological treatment process are present. For these reasons, discharges do not have a significant impact in terms of quantity and quality on receptors.

With respect to water supply, the volumes taken from surface water are not such as to alter the bodies of water in question. There is full compliance with all applicable prescriptions and requirements with respect to water supplies⁵.

		2009	2010
Water consumption	m ³	5,171,117	4,788,176
Drawn from surface water	%	23.3%	27.6%
Groundwater	%	41.2%	32.4%
Public mains supply	%	35.4%	40.0%
Water consumption index	m ³ /t	5.26	4.63
Water discharge	m ³	2,981,574	3,183,841
Into the sewage system	%		94.0 %
Into surface water	%		5.7 %
Into the soil or subsoil	%		0.3%
Water discharge index	m ³ /t	3.03	3.08

Regarding the targets already published in the second CSR report of a 20% reduction in water consumption per unit of product in 2020, in 2010 **60% of the target was achieved.**



⁵ Beginning with this year, for completeness, the scope of this chapter was extended to include some outsourced production even if of marginal size and importance, with a consequent re-statement of the data and indexes published in the second CSR Report for 2009. Indexes are calculated based on the actual production volumes for the reference years.

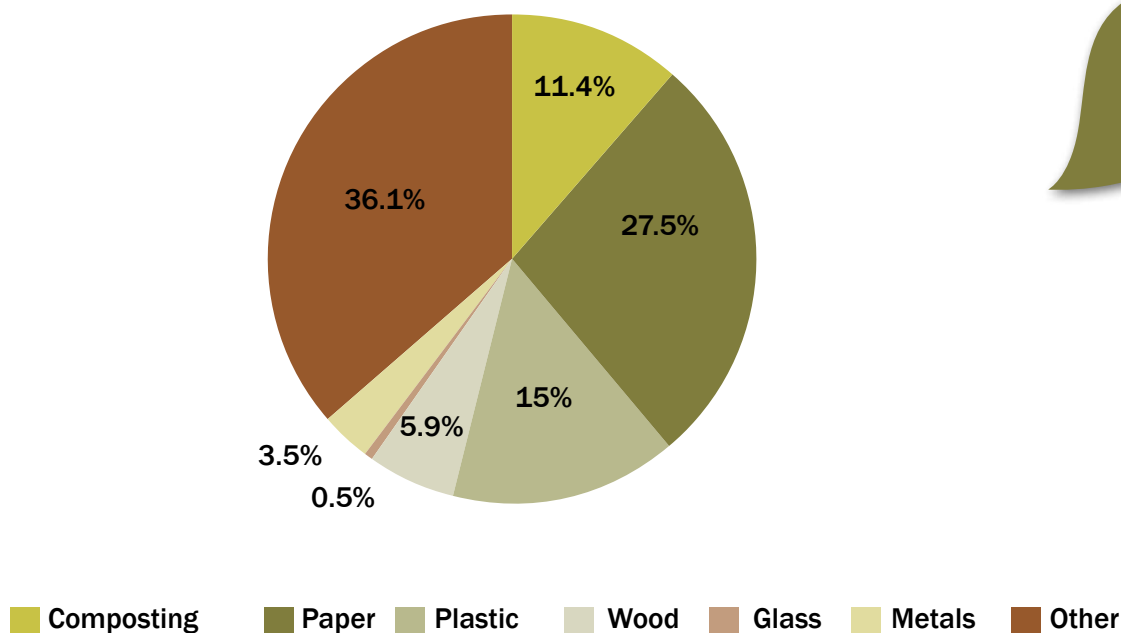
FIGHTING WASTE AND MANAGING USED MATERIALS

In line with the Group’s commitment to reduce all types of waste of resources, constant priority is given at the plants to programs for the prevention and recycling of the waste generated, which are broken down as follows:

- priority use of animal feed in the production line (in instances where it constitutes an alternative to the use of edible raw materials) or the use of production waste in composting;
- recycling of materials in specific supply chains for paper, plastic, metals, glass;
- energy reused.

The distribution of the various types of waste generated by production operations⁶ is shown in the following figure:

Type of waste and waste by weight - year 2010



		2009	2010
Waste generated from the 15 plants	t	52,947	51,116
Waste generation index	kg/t	53.8	49.4
Waste recovery index	%	88.4%	89.6%

No significant spills occurred in the reporting year.

⁶ Beginning with this year, for completeness, the scope of this chapter was extended to include some outsourced production even if of marginal size and importance, with a consequent re-statement of the data and indexes published in the second CSR Report for 2009. Indexes are calculated based on the actual production volumes for the reference years.

BIODIVERSITY

The World Commission on Protected Areas (WCPA)⁷ has defined the following categories of Protected Areas: Ia - strict nature reserve; Ib - wilderness area; II - national park; III - natural monument; IV - habitat/species management area; V - protected landscape/seascape; VI- managed resource protected area.

It should be noted that, based on data contained in the “World Database on Protected Areas”⁸, none of the 18 Ferrero production plants contain protected areas or cause significant environmental impacts on these areas. Only two cases of protected areas adjacent to the Ferrero plants (less than 3 km) are noticed: the “Boucles de la Seine Normandy Regional Nature Park” in France, classified as a protected landscape/seascape (for more information, see the appendix “Focus: Ferrero in France” at the end of this document), the “Brant Conservation Area Authority” in Canada, reported in the World Database on Protected Areas, but not yet classified. The activities of Ferrero do not result in significant environmental impacts on these areas.

OUR ENERGY STRATEGY

Based on the positive results achieved in the year 2010, Energhe⁹ operations were further consolidated in Europe and are gradually being extended to the other countries in which Ferrero production sites are located (for a description of the Energhe organization, please refer to the previous CSR reports).

Development of Energy Generation Facilities

The construction of new generating plants continued, which are exclusively high-efficiency or renewable energy plants, in terms of their environmental benefits.

The following table shows electrical power capacity in MW, itemized by country and by source, for the energy-producing plants currently in operation or under construction as of the date of publication of this report.

List of energy-producing installations at manufacturing plants

	Natural gas cogeneration	Liquid biomass Cogeneration	Photovoltaic	Windpower
Italy	34.6 *	17.2 **	1.3	
Germany	13		0.6	
Poland	5,7			0.03
Belgium	4,2			
Australia	0,7			
Total per source	58.2	17.2	1.9	0.03
Total	77.33			

* Includes 25 MW from Alba Power, which represents 51% of installed power capacity (corresponding to the Ferrero Group's share in that company Albapower).

** 8.4 MW under construction.

⁷ The World Commission on Protected Areas (WCPA) is one of six commissions of the IUCN that promote the establishment and effective management of a world-wide representative network of terrestrial and marine protected areas.

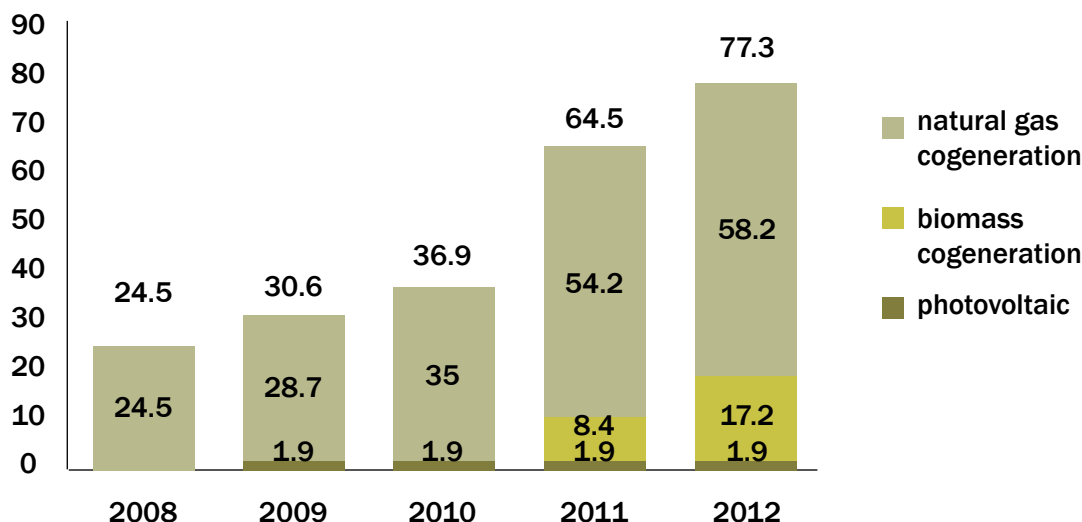
⁸ The “World Database on Protected Areas” is a joint venture between the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and the International Union for Conservation of Nature (IUCN) that contains data from governments and NGOs including: UNESCO World Heritage Sites, UNESCO Man and the Biosphere Programme, The Convention on Wetlands of International Importance Especially as Waterfowl Habitat (Ramsar Convention), EC Birds Directive, EC Habitats Directive and ASEAN Declaration on Heritage Parks.

⁹ Energhe: Company of the Ferrero Group.



The following chart shows internal energy generation, which went into operation on a gradual scale in 2008.

Power capacity of energy-producing plants (MW_{el})



It is planned that by 2013 the following new plants will start their activities:

- ▣ natural gas cogeneration with a power capacity of 4.6 MW (in Canada);
- ▣ windpower with a power capacity of 10 MW (in Italy and Poland);
- ▣ biogas generated by by-products of our industrial processes, for a power capacity of 2 MW (Italy and Germany).

The environmental value of biogas plants is evident because it results in a reduction of CO₂ emissions due to the generation of electrical power from a renewable source, as well as in a reduction of shipping of recycled byproducts.

Additional internal generation plants (cogeneration with natural gas or from renewable sources) are under evaluation for the remaining production sites (including Ireland, India, Turkey, and Mexico), as confirmation of the Group’s interest in seizing all opportunities to reduce the carbon footprint of its processes.

In regard to internal power generation capacity, the 2013 objectives stated in the previous report have been basically confirmed: 90 MW, 30% of which is from renewable sources.

In addition, the Group confirms the goals to be achieved by 2020, which were previously published:

- ▣ 100% of electrical power consumed at all Group plants is to be obtained from energy self-production by cogeneration plants or plants using renewable sources;
- ▣ of which at least 30% has to come from renewable sources.

ALBA POWER AND THE CITY OF ALBA TELE-HEATING

In 2007, Ferrero and Egea, the company that provides local public services in Alba, went into partnership to create the high efficiency cogeneration plant “Alba Power”.

Alba Power obtained “green certificates” and energy efficiency certificates, for the destination of the energy produced for civil “tele-heating” and for the improvement of the energy efficiency of the industrial plant.

Also since 2007, all the energy necessary to heat the city of Alba has been produced by the Alba Power cogeneration plant.

The distribution of heat is carried out using hot water as heat transfer fluid, which provides greater safety and ease management.

The main figures of the tele-heating of Alba are the following: more than 820 buildings, including homes, offices, companies, shopping centers, schools and hospital, which are connected by a network of over 30 km of pipes, almost 4,000,000 of tele-heating cubic meters and about 100 MW of potential installed on users.

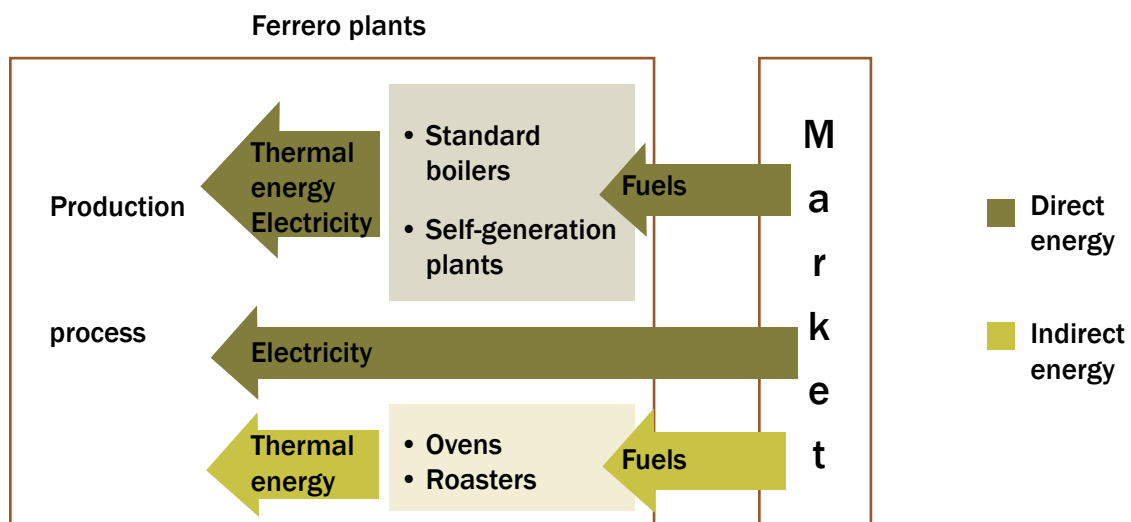
The advantages are evident:

- for the environment, reduction of CO₂ emissions due to the reduction of domestic heating;
- for individual users who are no longer burdened by the responsibilities and costs of their own domestic heating systems (annual inspections, maintenance, replacement every 10 years), which has been replaced by a simple heat exchanger.

Energy generation and purchasing

The following convention was adopted in this report

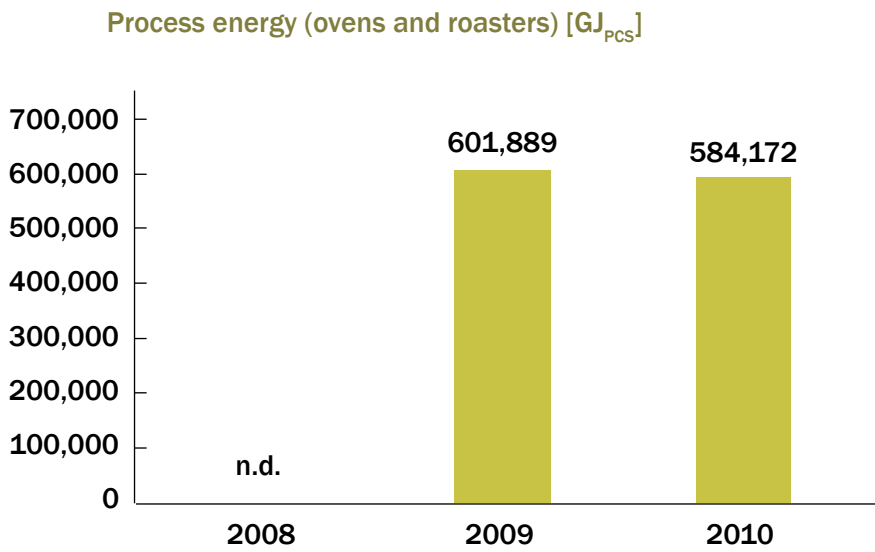
- **direct energy**, exclusively process energy utilized in ovens and roasters;
- **indirect energy**:
 - ◆ **thermal**, in the form of steam and hot water;
 - ◆ **electrical**, part of which is self-generated and part purchased on the market.





Direct Energy

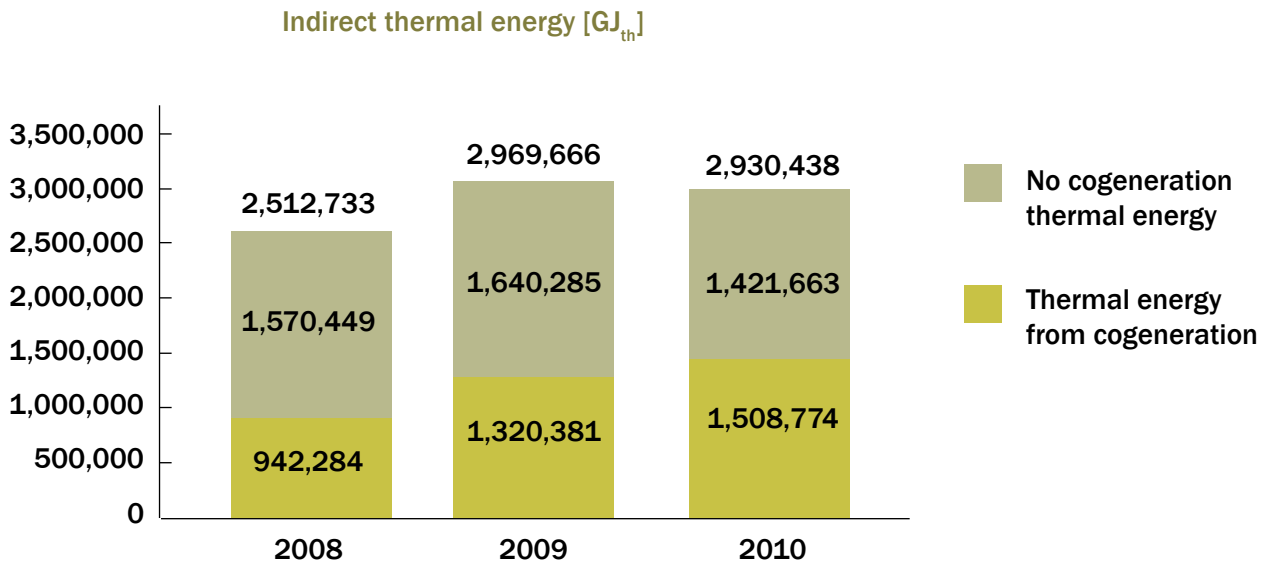
The following graph shows annual direct energy consumption.



- Almost all direct energy is generated by natural gas;
- The portion from LPG is equal to 0.1% of the total.

Indirect thermal energy

Thermal energy, in the form of steam and hot water, is completely self-generated by standard boilers or cogeneration plants.



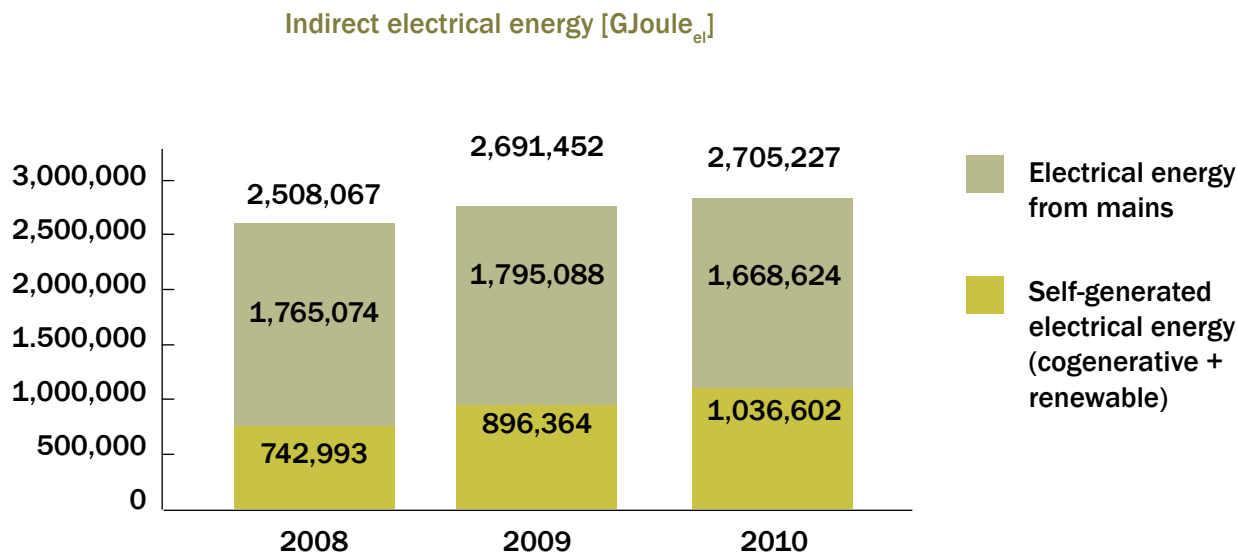
- Consumption for the years 2009 and 2010 also included outsourced production and the Vladimir plant;
- Indirect thermal energy is generated by natural gas. Only a tiny portion (< 1%) is generated by standard boilers that use diesel oil or LPG.

In addition to the gradual increase in thermal energy generated by cogeneration plants, the graph shows a decrease in indirect thermal energy consumption in 2010 compared with 2009, even given a 5% increase in production during the same period.

Indirect electrical energy

One part of electrical energy is self-generated (by cogeneration plants or from a renewable source), and the other part is purchased on the market.

The “environmental characteristics” (CO₂ emissions and primary energy utilized) of the purchased electrical energy vary greatly based on the composition of the generation facilities of each individual country.



- ▣ Energy from renewable sources is < 1% of total self-generated energy;
- ▣ Consumption for the years 2009 and 2010 also included outsourced production and the Vladimir plant.

Besides the gradual increase in electrical energy that is self-generated, the graph shows an increase of only 0.5% in electrical energy consumption in 2010 as compared with 2009, even given a 5% increase in production during that same period.

In 2010 the total portion of indirect energy (electrical + thermal) internally generated by cogeneration plants or from renewable sources represented 45% of total consumption.

The benefits achieved

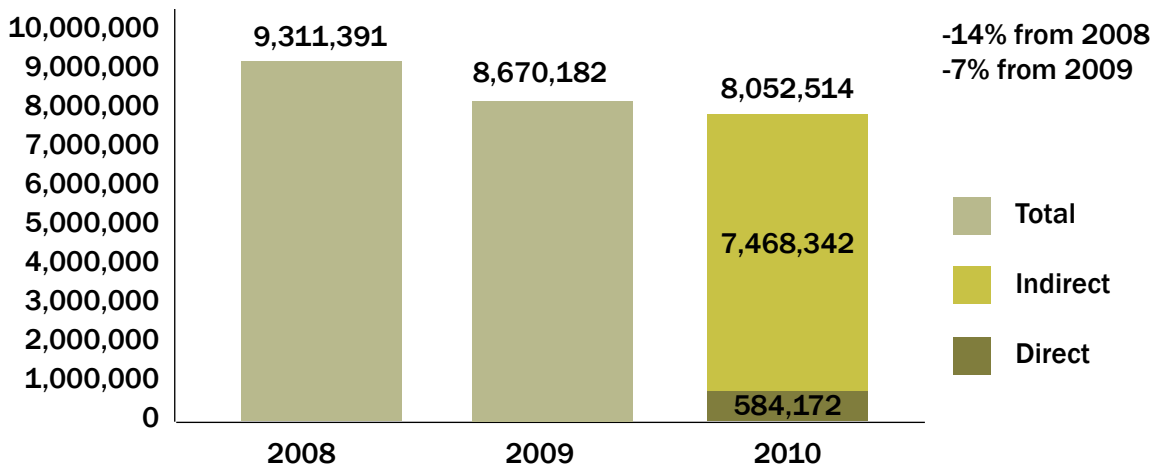
The gradual entry into service of high-efficiency cogeneration plants or plants using renewable sources, along with production process energy efficiency programs, achieved particularly significant results in terms of a reduction in primary energy consumption and consequently a reduction in CO₂ emissions.

In absolute terms, these reductions are even more significant if we consider the increase in production volumes recorded during the same period (+ 4.3% in 2010 from 2009).

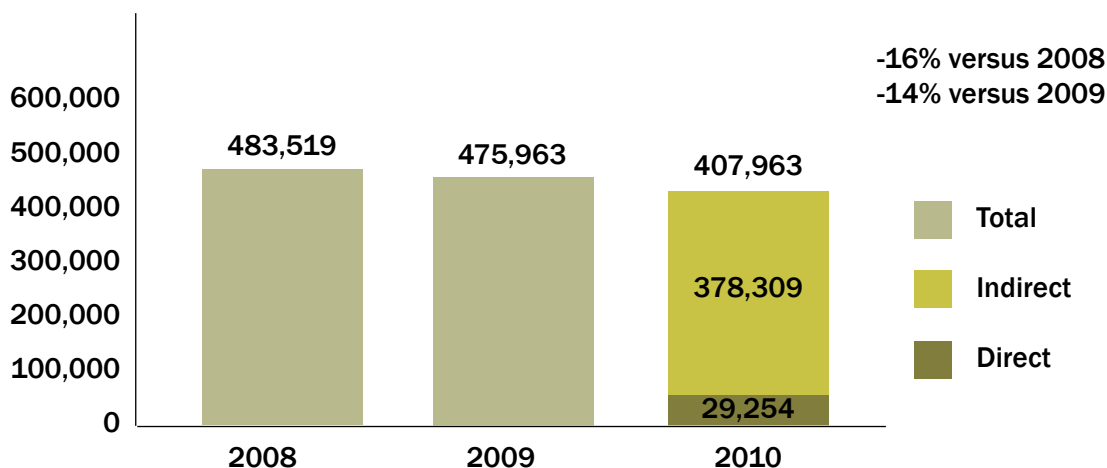




Primary energy consumption [GJ]



CO₂ emissions [t CO₂]



OTHER ACTIONS/INFORMATION

Certifications

The self-generation plants in Stadtallendorf, Belsk, and Arlon were included in the ISO 14001 certification of the respective production plants.

Albapower has received ISO 14001 and EMAS certifications.



Certificato di Registrazione

Registration Certificate



ALBAPOWER S.p.A.

*Corso Piera Cillario, 2/1
12051 Alba (CN)*

N. Registrazione: IT – 001081

Registration Number

Data di registrazione: 30 marzo 2009

Registration date

PRODUZIONE DI ENERGIA ELETTRICA

PRODUCTION OF ELECTRICITY

NACE: 35.11

FORNITURA DI VAPORE E ARIA CONDIZIONATA

STEAM AND AIR CONDITIONING SUPPLY

NACE: 35.30

Questa Organizzazione ha adottato un sistema di gestione ambientale conforme al Regolamento EMAS allo scopo di attuare il miglioramento continuo delle proprie prestazioni ambientali e di pubblicare una dichiarazione ambientale. Il sistema di gestione ambientale è stato verificato e la dichiarazione ambientale è stata convalidata da un verificatore ambientale accreditato. L'Organizzazione è stata registrata secondo lo schema EMAS e pertanto è autorizzata a utilizzare il relativo logo. Il presente certificato ha validità soltanto se l'organizzazione risulta inserita nell'elenco nazionale delle organizzazioni registrate EMAS.

This Organisation has established an environmental management system according to EU-Regulation 761/2001 in order to promote the continuous improvement of its environmental performance and to publish an environmental statement, has an environmental management system verified and the environmental statement validated by a verifier, is registered under EMAS and therefore is entitled to use the EMAS Logo. This certificate is valid only if the Organization is listed into the national EMAS Register.

Roma, 30 marzo 2009
Rome,

Certificato valido fino al: 13 novembre 2011
Expiry date

Comitato Ecolabel - Ecoaudit

Il presidente

Elio Lannutti



Research activities

In collaboration with universities and industry partners, our commitment continues in the project for the evaluation and comparison of the various technologies for the utilization of the byproducts of our industrial processes to generate energy.

We are also carefully following the latest developments in research in the field of liquid vegetal biomass that does not compete with the food sector (Jatropha, algae).

Selection of electrical power providers

In the process of the selection of electrical power providers, we are beginning to assess also their generation mix, and specifically the renewable sources component, also taking into account economic terms and conditions of supply contracts.

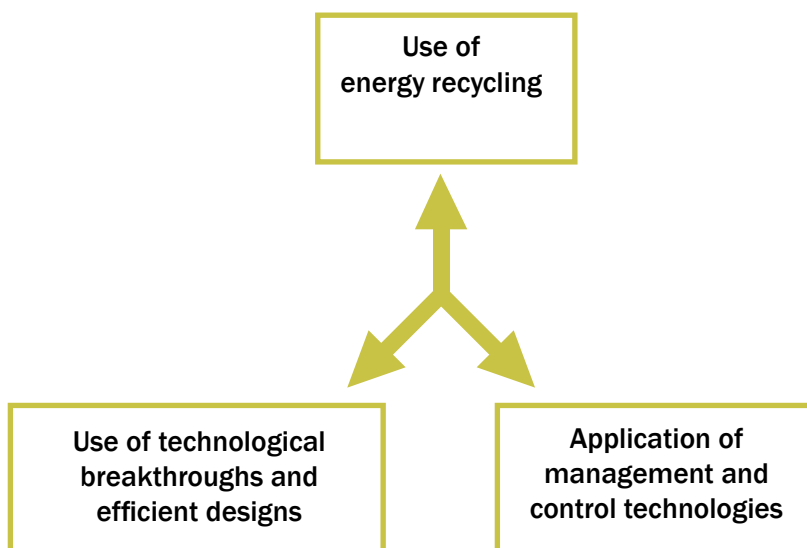
RATIONAL AND EFFICIENT USE OF ENERGY

Ferrero considers the rational and efficient use of energy to be a fundamental objective, to be pursued for both environmental purposes and energy cost reductions.

Therefore, the Group, in carrying out the Energy Efficiency Plan developed through real energy audits, has identified the areas and/or the uses with the highest energy density and has defined the actions aimed at a more rational and effective use of energy which, in addition, enables access to various types of incentives.

These activities were possible due to the involvement of various areas of the company (engineering, plant operations, Energhe, supply chain) which enabled a precise analysis of the initial situation, the development of possible actions, and their implementation.

Specifically, three principal lines of action were identified:



The following is a list of programs broken down by line of action:

Energy Recycling	Technological Breakthroughs and Efficient Design	Recycling from Operations and Technological Standardization
Thermal recycling of oven fumes to generate hot water	EU3 high-efficiency electrical motors	Optimization of production/distribution of heat transfer fluids
Thermal solar for the generation of hot water	Inverters on air treatment unit fan motors	Optimization of compressed air production/distribution
Solar cooling	Inverters on hot and cold fluid pumping systems	Optimization of transmission (chain, transmission belt, etc.)
Improvement of condensate recycling and replacement of condensate discharge ducts	High efficiency lighting systems (LED lamps, etc.)	Selection of high efficiency refrigerant fluids (NH3)
Thermal recycling for the generation of cooling with absorbers	Automatic lighting regulation systems	Optimization of cooling production levels
Improved building insulation	Innovative and low energy intensity process technologies	

The gradual implementation of the above-described measures enabled, in the year 2010, a reduction of thermal energy consumption and maintenance of the same basic level of electrical energy consumption, even given an increase in production volumes.

The pre-established target is to evaluate the benefits achieved by at least several types of actions.

OUR PACKAGING STRATEGY

Packaging has a fundamental role for Ferrero because it must ensure protection of the product, from the production phase to the phases of shipping, distribution, and final consumption. The protection provided by packaging is a crucial and determining factor in safeguarding the highest quality for our consumers, a characteristic which has always set the Ferrero Group apart.

Ferrero has always employed a strategy of careful portioning of the products from the point of view of added value and service for final consumers. Portions of our products, often packaged individually, are the smallest in the applicable categories, which makes possible consumption that is balanced and well integrated into a balanced diet.





The main categories of materials utilized by the company are paper, corrugated and compact cardboard, rigid plastic, film, aluminum, and glass. Due Nutella, one of the specialty sweets most appreciated worldwide, **the principal raw material for packaging in terms of weight is glass, with approximately 140,000 tons consumed. The next is the paper/cardboard category, with approximately 130,000 tons.**

Approximately 35% of the material utilized by the Group in 2010 consisted of recycled materials.

The above-indicated percentage represents an estimation of recycled content present in the Group's total packaging materials. In the instance of paper and cardboard, the figures are generated by an internal computation based on the composition of the materials purchased, while in the instance of glass and aluminum the figures are based on research with vendors, and take into account the various facilities that are the source of the material, because that is connected to the efficiency of collection and recycling in the countries where vendors' plants are located.

PROGRESS ON OUR OBJECTIVES

Besides protecting our products, the role of packaging is also to communicate information on the product and on the procedures for disposal of packaging after consumption. For this reason, because it wishes to contribute to the enhancement of environmental culture and education, Ferrero has developed a label which enables consumers to identify the materials in the principal components of its packaging so as to assist them in the proper handling of the packaging at the end of its useful life.

The label takes into account the needs and requirements of the various products marketed and the different target markets.

According to the established plan, Estathe will be the first brand to use this label in 2013. From this educational perspective, Ferrero also participates in various workgroups, both Italian and international, which are active in environmental issues, by contributing to the definition of guidelines and standards for the benefit of all entities in the packaging supply chain.

From the point of view of improvement and an ongoing challenge, Ferrero has decided to move up the 2014 goal of utilizing paper and cardboard that is 100% from a certified sustainable supply chain based on either virgin fiber or recycled content. Sustainable supply chain means that there is compliance with strict, quantifiable and verifiable standards based upon internationally recognized environmental, social, and economic requirements.

This goal goes beyond the European Community requirement, beginning in 2013, for the creation of a Due Diligence system,¹⁰ a requirement which Ferrero has already met.

Also in progress is the preparation of a simple and clear guideline on the European Regulation, which is to be distributed to all local and central buyers.

¹⁰ As indicated in EU Regulation No. 995/2010, article 4.

THE 5R FERRERO STRATEGY IN PACKAGING

Innovative design and continuous improvement can reduce the environmental impact of packaging. Specifically, in 2010 the use of materials was reduced by approximately 12,000 tons, and in terms of the greater use of renewable resources, approximately 300 tons of materials from fossil sources were replaced by approximately 170 tons of cellulose materials, which are derived from renewable sources. These goals were achieved due to the Group's initiation of numerous programs which followed the Ferrero strategy of the "5 R's" (previously described in the first CSR report).

The 5 R's of Packaging: examples of programs initiated in calendar year 2010¹¹.

R- Removal: elimination of a Kinder Bueno packaging component, with the consequent savings of approximately 11 tons of plastic a year;

R- Reduction: Gran Soleil packs and the 1.5 L and 0.5 L Estathé bottles were re-designed, with resultant savings of approximately 300 tons of plastic a year;

R- Recyclability: continuing to target greater use of rPet (recycled pet) for secondary packaging, the substitution of recycled materials for virgin components with a higher environmental impact went from approximately 1470 tons in 2009 to 2000 tons in 2010;

R- Reuse: besides traditional Nutella glass containers, new ideas for "reusability" are in the process of being studied for other types of packaging;

R- Renew: with the objective of utilizing larger amounts of materials from renewable sources, the display of 12 Rond Noir 4 chocolate candy packages in plastic material was replaced by a paper-based version, thereby also reducing the consumption of resources by approximately 75 tons per year.

Specifically, actions regarding the "recyclability" and "reuse" R's represent the company's commitment to management and utilization of packaging at the end of its useful life, from the perspective of responsibility throughout the life cycle of its products.

Ferrero firmly believes in the development of material from renewable sources, not to the detriment of the food supply chain. For this reason, pursuing the 2020 objective for greater use of materials from renewable sources, Ferrero is active with research centers, prestigious universities, and other industries in various European projects (Namatech, Ecofood and Copaper), with the purpose of developing new biomass materials and improving the properties of existing biopolymers so as to enable large scale use of them.



¹¹ The values represent an estimation calculated on annual volumes.



HOW WE DESIGN AND ENGINEER OUR INFRASTRUCTURE AND OUR MACHINERY

Our objective is also sustainability in the processes of designing and engineering infrastructure and machinery. As was previously stated in the prior CSR report, the programs initiated are as follows:

- implementation of an IT tool for the assessment of the environmental performance of machinery that is in the process of being designed, with the capability of researching and exploring alternative optimization configurations;
- use of analysis instruments and simulation software which enable optimized dimensioning of activation devices and energy conversions (design of the electrical components of machinery, motors, control and actuation systems);
- technical/technological studies oriented toward minimization of waste connected with the operation of machinery (process waste);
- implementation of an IT tool that enables the evaluation of the energy classification of buildings and infrastructure according to international standards;
- systematic use of high-efficiency electrical motors in all new production as well as on the occasion of modifications.

In the instance of building construction, as was previously stated in the prior report, Ferrero has researched a standard building model with a reduced environmental impact.

This model has been applied to the new office building, currently under construction in Alba, in order to meet the requirements mandated by the ITACA Protocol (ESIT® trademark).

ESIT® reference standards assign a rating which is an expression of the specific peculiarities and variety of the Italian regional context, and is linked internationally with the SBA (Sustainable Building Alliance).

These initiatives shall enable us to meet the following objectives by 2020:

- Receiving European environmental compatibility certification (ITACA Protocol) for new buildings of significant size.
- Updating of the dedicated sustainability model, contained in the Ferrero General Technical Specifications, and implementing technical requirements for keeping up with the strictest international standards.
- Significant reductions in the environmental impact facilities of Group industrial operations, with benefits that shall be visible under current performance measurement parameters, in line with what was indicated.
- Completion and extension of the energy consumption data collection and measurement system to existing plant and machinery, which may confirm and make more precise the aforementioned estimate regarding the comparison with new machinery, and inform further programs for the improvement of existing facilities.

FOR A LOGISTICALLY INTEGRATED AND ENVIRONMENTALLY SUSTAINABLE SUPPLY CHAIN

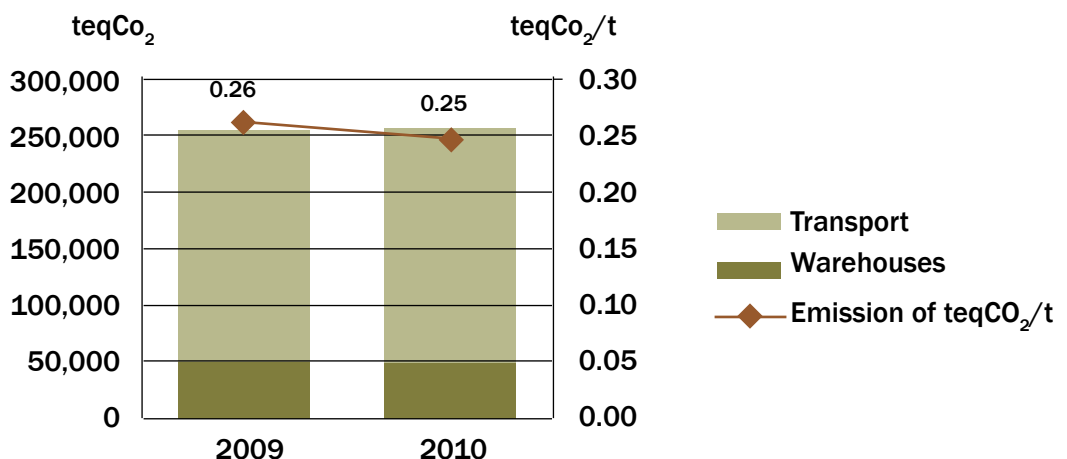
An increasingly green supply chain is one of the objectives that the Ferrero Supply Chain always sets for itself.

The increase in Group volumes saw an increase in shipping and warehouse CO₂ emissions that was less than proportional, as a result of the initiatives implemented, in particular:

- ▣ reduction in the kilometers traveled;
- ▣ increase in the saturation of vehicles;
- ▣ replacement and modernization of air conditioning systems resulting in more efficient management of Ferrero-operated warehouses.

These led to a reduction in emissions of teqCO₂/t of -4%.

Transport and warehouses Global Warming Potential



We list below some of the activities initiated during the time period covered by this report:

- ▣ **Logistical collaboration** with the Hershey Co. in the United States and Canada will contribute, when completely implemented, to an initial reduction in CO₂ emissions of approximately 450,000 kilograms of Co₂ eq per year for Ferrero.
- ▣ **Sustainable shipping service purchasing** by selecting ground shipment vendors that have a fleet of vehicles with a low environmental impact - for example, in France 75%, 100% in Benelux, and in Italy a minimum of 20% of the vehicles utilized are equipped with Euro 5 engines or later versions. For the other countries we are developing a system which makes it possible to replicate a similar model.
- ▣ **Revision of the distribution process**, such as, for example, the “Courier” project in Italy with small to medium-sized local carriers which, through the optimization of delivery and order taking routes for small retailers, of which there is a particularly great proliferation in Italy, has enabled a 17% reduction in the kilometers traveled per year by individual carriers.



Regarding emissions from business travel, Ferrero has launched an internal analysis in order to understand the environmental impact in terms of tons of CO₂ emitted.

For the year 2010/11 the analysis considered journeys made by train and plane of the Luxembourg headquarters employees.

GHG Protocol emission factors¹² used in the estimation provide a uniform coefficient for travel by train, while travel by plane provides different coefficients related to different routes or different class of travel. In the considered year the amount of CO₂ emissions are estimated at 4,638.3 ton CO₂ eq., of which 8.5 tons CO₂ eq. result from journey by train and 4,629.8 tons CO₂ eq. from flights. Of these, 87% is derived from long-haul flights¹³.

GOALS FOR 2020

There was confirmation of the Group's objectives for increasingly greener logistics as of 2020 in comparison with the base figures for 2009, which are set forth below.

- 30% reduction in direct and indirect GHG omissions (teqCo₂/t) generated by shipping and storage operations
 - ◆ the year in question posted a decrease of – 4% from 2009.
- Use of intermodal for 10% of intercompany shipping by 2015, and for 15% by 2020:
 - ◆ Specifically, the use of railway intermodal transport at the Group level reached 6.7% in 2011, and there was concrete exploration of river transportation options (in France, on the Seine between Rouen and Paris) and railway solutions (from China to Europe), as well as combining maritime transportation with air transportation to replace air transportation by itself along routes from China to Europe, for the shipping of some of the toys in the Kinder line.
 - ◆ The main challenge in reaching the objectives for use of increasingly more extensive intermodal shipping, concerns the difficulty in managing and maintaining the freshness chain during railway shipping. This chain is necessary to assure consumers of the freshness and quality that they expect from our products, and which presently is difficult to implement due to the low availability of the equipment required for this modality.
- ISO 14001 certification, which is one of the Group's certification objectives for all directly-operated storage sites, is presently between 20% and 26% of the total. In regard to all others, in selecting our vendors we apply our commercial code of conduct, which requires, among other things, a cost benefit analysis of environmental sustainability aspects (the aforementioned Code is available on the Internet at www.ferrero.com)
- Use of energy from renewable sources or from high-efficiency cogeneration plants for all directly operated warehouses¹⁴.

¹² GHG Protocol Tool 2009.

¹³ As long-haul flights were considered routes longer than 2,000 km.

¹⁴ This goal was already counted in the more general goal published in the previous paragraph related to the self-generated energy.

TECHNICAL NOTICE REGARDING THE ENVIRONMENTAL DATA IN THIS CHAPTER

The data contained in this chapter covers the calendar year 2010. The subjects are: raw materials; packaging; fifteen production plants in Europe, the Americas, and Oceania (please see the section “Ferrero around the world” for a complete list of plants); directly-operated warehouses for raw materials, packaging, and finished products; shipping directly operated by Group logistics.

It is planned that over the next two reports there will be an extension of the scope of the analysis to: 1) all current plants; 2) the involvement of the Group’s other subsidiaries; 3) transport and warehouses not directly managed by the Supply Chain Department. Please note that from the previous year, all types of raw material and packaging used by the Group have been included.





APPENDIX

FERRERO IN BELGIUM

Ferrero has been present in Belgium since 1958. This presence currently consists of a “Business Unit” and some corporate offices in Brussels, a warehouse in Ternat and a production plant in Arlon, together with a research center. On total there are 894 employees.



His Royal Highness, King Baldwin of Belgium visiting the production plant in Arlon - from the newspaper Arlon - Carrefour - 21/03/1990

In the plant in Arlon, the following productions lines are active: Kinder Surprise, Kinder Gran Sorpresa, Kinder Schoko Bons, and Raffaello. Ferrero Belgium is the second largest player in Belgium in the chocolate market with 20 premium products sold. In 2010/11 the turnover of Ferrero in Belgium amounted to 358,6 million €.



Arlon Plant

FERRERO MEN AND WOMEN, IN BELGIUM

The total number of Ferrero Belgium employees is **894** as of **31st August 2011**. In 2010, a work environment survey was conducted at all Ferrero Belgian structures to identify eventual areas for action. The results identified 4 priorities:

1. Improvement in work-life balance;
2. Improvement of well-being in the workplace and promotion of a healthy and active lifestyle;
3. Reduction of the business' impact on the environment;
4. Support for non profit organizations attempting to help underprivileged children.

The survey results led to the development of programs in these areas, including initiatives regarding the balance between work life and private life, and promoting a healthy lifestyle.

In 2010 a survey on the ergonomics of the work place was performed on the Raffaello production line. The results of this analysis made it possible to make improvements to work stations, with the direct involvement of employee groups.

Here follows a list of the principal staff initiatives, promoted by the Business Unit:

- extension of medical insurance, which now covers approximately 80% of outpatient medical expenses, for all members of employees' families (up to a maximum annual amount);
- individual and group sessions with a dietitian aimed at promoting a healthy and balanced diet;
- the availability of some computer workstations from home, with a view to balance professional life with private life;
- the “senior” employees have more flexible working hours, thanks to the project “Impulse Team” which provides for the management of small points of sale instead of the more “stressful” modern sales channel;
- biweekly sports activities during the lunch break, with the assistance of a professional Nordic walking and jogging trainer.

Ferrero Mag is the Ferrero Belgium in-house quarterly magazine, which contains news and information regarding the Brussels Business Unit and the Arlon plant.

For several years a Ferrero Europe Inter-Plant soccer tournament has been organized involving Italy, Germany, France , Poland and Belgium. The teams are made up of Plant employees who train during the year for the two day event which is held in June, always at a different company center.

Differently-abled

66 differently-abled persons work at the Ternat warehouse, active in seasonal repackaging (e.g. for special promotions). The percentage of personnel with disabilities employed increased by 55% between 2008 and 2011.

Moreover, the Ferrero plant in Arlon has worked for years with some cooperatives, which also employ workers with disabilities, for the packaging of seasonal products or products associated with occasions, and also for gardening care.



OTHER INITIATIVES UNDERTAKEN BY FERRERO BELGIUM

Supporting a Healthy Lifestyle

The Business Unit of Ferrero in Belgium is a founding member of Viasano, which is part of the EPODE International Network. The purpose of the program is to prevent adult and childhood obesity as well as cardiovascular disease in adults, through activities based on the promotion of a healthy lifestyle and physical exercise. The program, which started in 2007 in two pilot cities (Hasselt and Mouscron), has presently expanded to 16 cities and involves 670,000 inhabitants, almost 10% of which are between the ages of 5 and 12. Ferrero Belgium supports Viasano through an annual contribution of 100,000 euros.



Activities of Viasano program

Enhancing local communities

The production plant supports a French Language Laboratory for children, which is called “Les Petits Orateurs apprennent le français”. The goal of the project is to improve the French of foreign children living in Belgium.

Since 2007, the Arlon Plant also supports the Saint Hubert Musical programme at the Wallonia Festival.

The Business Unit supports the National Food Bank, which provides decent nutrition to indigent persons. The National Food Bank in Belgium supports 115,800 less fortunate persons. Pursuant to these activities, some Ferrero products have been donated to more than 50,000 people.



Saint Hubert Music Festival

LOCAL SUPPLIERS

In supply activities for plant operations, approximately 52% of suppliers are Belgian¹, notwithstanding the geographic location of the plant, which is a few kilometers from the border of Luxembourg, France and Germany.

The Business Unit also maintains direct, long-term commercial relationships with manufacturers and suppliers, approximately 87% of which are domestic.²

MINIMIZING ENVIRONMENTAL IMPACT

For an overall view of the data relative to the environmental performance of Ferrero Belgium, please see the chapter entitled “Minimizing the environmental impact” in this report.

We report here some local data, to be considered along with the data of the Group.

Plant

The following is a list of Arlon plant certifications.

ISO 9001	ISO 14001	IFS	Internal Control System	GMP Certification
since 2003 (ISO 9002 since 1996)	since 2001	since 2006	since 2008	since 2005

The plant has a **cogeneration plant which utilizes natural gas to generate electricity, steam, and hot water**. The plant, which meets more than two thirds of the plant’s energy requirements, has made possible a **16% reduction in CO₂ emissions as compared with 2008** (the year that it was placed in service).

During the reporting year 2010/11, an **energy review of the plant** was performed. The survey, which covered all systems and facilities that convert and utilize energy, enabled an in-depth observation of energy flow at the plant. Because of that study, we will be in a position in coming years to direct investment programs toward a further reduction in energy consumption.

In implementation of Walloon regional laws and regulations, which establish the criteria to be employed in assessments, the **figures for the IGG index** (Greenhouse Gas Index) and **EI index** (Energy Efficiency Index) are properly calculated. This process highlighted an improvement in the plant’s overall performance compared with 2001, taking into account energy consumption, production mix (products with lower or higher energy consumption), and weather conditions.

These indexes, the reference value for which is 100% in 2001, reached 87% in 2005 and 64% in 2010.

In the area of waste management, besides the recycling of production line process waste as animal feed, the plant pursues the maximum recycling of its waste. The plant’s objective is a continuous improvement in this regard as well.

¹ Data are calculated on the basis of the number of suppliers active on 31 August 2011, excluding intragroup supplies, centralised supplies (such as those concerning raw materials and packaging).

² Data are calculated on the basis of the number of suppliers active on 31 August 2011, excluding intragroup supplies.

Biodiversity

The production plant in Arlon, on the basis of the data contained in the “World Database on Protected Areas³”, does not contain any protected or high-biodiversity area nor does it produce significant environmental impacts on these areas.

Warehouse

During the fiscal year 2010/11 a review was also performed at the Ternat warehouse. This analysis provided numerous recommendations for energy improvements, which were implemented in the following actions:

- ▣ Improvement in air conditioning with consumption of less than approximately 100,000 kw/h;
- ▣ Use of new generation lamps which will lead to a reduction of 15,000 kw/h.

The air conditioning improvement operations, along with the “relamping” will result in a saving of about 115,000 kw/h per year, which is equal to 16% of the total energy use (700,000 kw/h).

Business Unit

The Business Unit has implemented waste disposal initiatives since 2007, and since 2008 the use of plastic bottles has been replaced by water jugs.

The Business Unit’s objectives include the implementation of a waste cycling plan for 2014 that will replace the current waste incineration process.

The logistic chain

Some projects have been started by the Business Unit with the aim of:

- ▣ increasing the average saturation level of the trucks;
- ▣ joint use of transportation vehicles by sharing with other food industry partners;
- ▣ use of hybrid technology trucks for the Business Unit, foreseen for 2012.

In addition, the Business Unit has instituted a **new car policy** that has led to an average reduction of 23/gr in the CO₂ emitted per vehicle. In the instance of secondary transportation, 75% of trucks are equipped with Euro 5 engines. The reduction in particulate emissions⁴ was 54% in 2009-10 and 30% in 2010-11 (with a reduction of 6.4 tons), and 30% with respect to carbon monoxide and nitrogen dioxide emissions (41.5 less). In addition, a reduction of 14,000 kilograms of CO₂ was achieved through an improvement in the fuels used by our trucks (- 1.8% versus 2009/2010).

New car policy: improving of the truck’s saturation level.



³ The “World Database on Protected Areas” is a project led by the UNEP (United Nations Environment Programme) and the IUCN World Commission on Protected Areas, containing data supplied by governments and non-governmental organisations such as the UNESCO World Heritage Sites, the UNESCO Man and the Biosphere Programme, the Convention on Wetlands of International Importance Especially as Waterfowl Habitat (Ramsar Convention), the EC Birds Directive, the EC Habitats Directive and the ASEAN Declaration on Heritage Parks.

⁴ For particulate emissions, the reduction is calculated on the basis of the standards set by ADEME (Environment and Energy Management Agency).

FERRERO IN FRANCE

The presence of Ferrero in France began in 1959 when an old weaving mill at Villers-Ecalles was bought, transformed and modernised to launch the production of Mon Chéri.

Production of Nutella started in 1961, later followed by that of Kinder Bueno.

Nowadays, Ferrero's activities in France are centred on three sites around Rouen: the production plant at Villers-Ecalles, the warehouse at Grand-Quevilly and the Business Unit at Mont Saint-Aignan. If we include the sales force spread all over France, Ferrero France has around 1,200 employees.



Old photograph of the "Prevost et Grenier" weaving mill that was purchased in 1959 by Ferrero.

Apart from seasonal products, 22 Ferrero products are marketed in France, including Duplo, Ferrero Rocher, Mon Chéri, Nutella, Raffaello, Tic Tac, Kinder Bueno, Kinder Maxi, Kinder Chocolate, Kinder Country and Kinder Surprise.

In 2010/11, the turnover of Ferrero in France amounted to 975 million Euros¹.

FERRERO MEN AND WOMEN IN FRANCE

The total number of the employees of Ferrero in France as of 31st August 2011 amounted to 1,147².

"FERRERO ENSEMBLE JUSTEMENT"

"Ferrero Ensemble Justement" is a local project that follows the Group's global commitments, with the following objectives:

- ▣ to satisfy local legal practices and customer expectations;
- ▣ to support and enhance the actions of the Group in France, sharing a local contribution;
- ▣ to involve employees directly;
- ▣ to participate in the Group's commitments at local level.

This is a collective project that involves the commitment of all the departments and all the employees of Ferrero France in order to define and implement numerous initiatives.

¹ Turnover for 2010/11 according to the French accounting principles amounts to 1,208 million Euros.

² On 31st December 2011, the total number of Ferrero's employees in France was 1,272.



THE FOUR PILLARS OF “FERRERO ENSEMBLE JUSTEMENT”



LOCAL INITIATIVES FOR EMPLOYEES

The initiatives in favour of a correct life/work balance for the employees of Ferrero in France include: the Social Unit, which analyses 80 to 100 files every year; the company nursery, which receives around 45 children aged from 0 to 4 years old; the Mini Club; the summer camps for children; school coaching offered to 47 children of 39 employees and 15 study grants for higher education. Furthermore, the company reception desk offers, among other services, IT assistance, administrative procedures and postal services.

On 14th December 2010, Ferrero France signed the “**Charte Parentalité**”, which aims to promote better reconciliation of employees’ professional and personal lives.

Furthermore, the project entitled “**congés familiaux pour tous**” plans a series of measures that go beyond the legal provisions in effect, including maintaining pay for paternity leave, making available 6 days of leave for young mothers within the first 6 months of their return to work and an increase in days of leave in the case of children’s illnesses.

Amongst the initiatives in favour of “diversity”, Ferrero France has made provision to promote awareness among “managers” with regard to “diversity” and to equal opportunities, including an internal enquiry followed by an action plan with provision for any corrective action that may be necessary. Following the enquiry, the following areas for work were defined:

1. Professional equality for men and women.
2. Social and ethnic or territorial diversity.
3. The differently-abled.
4. Personal information management.

The priorities for 2012 include optimising our recruitment system in order to limit the risk of discrimination from the very moment of starting a job, signing the “Diversity Charter” and obtaining the “Diversity Label” in 2014.

Numerous initiatives for employees’ well-being have been created over the years, including the “Health Check-Up”. Since 2008, 105 employees have taken advantage of this opportunity, which includes access to advice from nutritionists.



Packaging worker at the Villers-Ecalles production plant

The main initiatives for the health and safety of employees include the following:

1. Ergonomic analysis of workstations

In 2010, Ferrero France conducted an ergonomic analysis of the workstations in order to develop a dedicated action plan. The first workstation analysed was that of the sales force, with over 170 employees. The objectives are to analyse the packaging workstation in 2011 and that of the forklift operators in the warehouses during 2012.

2. Company agreement on stress and psycho-social risks

In order to strengthen the prevention of psycho-social risks at work, Ferrero France and its social partners signed a company agreement on the 7th October 2010. This agreement demonstrates the emphasis placed by the company on preserving the physical and mental health of its employees. Feedback was received from around one hundred people during a diagnostic phase that led to an action plan devised with the employees' representatives during the month of April 2011. Actions planned for 2010/2011 include training 170 sales and promotional staff to manage relations with customers and the diffusion of the Charter entitled "Working better together".

3. Preventive actions for road safety

Many actions have been undertaken by Ferrero France in order to "limit the risks of the company's vehicle fleet on the roads". In particular, the vehicle fleet and their safety equipment are renewed every two years and special analyses of accidents are drawn up (60% of accidents were analysed during 2010/2011). Furthermore, 500 employees received road safety training via 4,000 hours of instruction, including special training for multiple-vehicle collisions. The road accident frequency rate fell from 0.7 to 0.3 in 2011; the objective is to attain a rate lower than 0.2 by 2014 and to have the road safety management system certified.



The differently-abled

Ferrero France continues its policy to promote the employment and integration of differently-abled workers.

The following are the main actions undertaken in 2010/2011:

- ▣ Adapting all the company premises to make them accessible to differently-abled people.
- ▣ Developing a specific internet address (handiemploi.fr@ferrero.com) to facilitate activities for differently-abled persons.
- ▣ Participating in the National Week for people with disabilities.
- ▣ Collaboration schemes and partnerships to hire and integrate differently-abled employees.

Ferrero France collaborates with various organisations that facilitate the employment and integration of differently-abled people:

- ▣ “Cap Emploi”: a national network of specialised employment agencies disseminated all over France that provide a local service for employers and differently-abled persons as regards all questions relating to recruitment and employment pathways (<http://capemploi.net>)
- ▣ “Handisup”: an association created in 1998 to help differently-abled secondary and high school pupils and young people with diplomas in the Haute-Normandie Region to pursue their studies and find a job (<http://www.handisup.asso.fr/>).
- ▣ “ADAPT”: a historic association created in 1929 that works for the social and professional integration of people with disabilities (<http://www.ladapt.net>).

OTHER INITIATIVES UNDERTAKEN BY FERRERO FRANCE

Supporting a healthy lifestyle

- ▣ Partnership with the educational programme entitled “Vivons en forme” (ex EPODE).
- ▣ Partnership with the association ANDES (network of social grocery stores).
- ▣ Partnership with the Mediasmart Programme (Pubmalin in French).
- ▣ Partnership with the “Fonds français alimentation et santé”.



Partnership with “Fonds français alimentation et santé”.



Enhancing local communities

- ▣ “Kinder s’engage pour l’enfance”: Kinder holiday camps offer a week’s holiday for 1,000 underprivileged children.
- ▣ “Tremplin pour réussir”: education and support programme for a return to higher studies for young people in difficult situations.
- ▣ 5 “Maillots pour l’enfance” – support to regional initiatives as part of the struggle against inequality.
- ▣ Food aid: support to food aid organisations also by donating unsold products.
- ▣ Internal Solidarity Committee: jury composed of volunteer employees of Ferrero France to award grants to local organisations working in the area of solidarity.



Photograph of a group of children leaving for a Kinder holiday camp

For municipalities

- ▣ Partnership with the municipality of Rouen and support for its policy in favour of old people.
- ▣ Celebration of the 50th anniversary of Ferrero in Normandy by establishing collaboration schemes in five municipalities: Villers-Ecalles, Mont Saint-Aignan, Grand Quevilly, Saint Pierre Les Elbeufs and Rouen, to support local projects.
- ▣ Sports “sponsorship” at local level: partnership with “SPO Rouen Basket”.

LOCAL SUPPLIERS

In France, Ferrero works with many local suppliers, particularly from Haute-Normandie .

Regarding Ferrero suppliers, 95% of external suppliers are French and 44% of these are located in Haute-Normandie ³. The Business Unit also has commercial relations with suppliers: 92% are in France and, in particular, 37% are in Haute-Normandie .

Ferrero maintains long-term relations with these economic players, considering them to be key partners in their own development and in that of the community. To this end, they are also involved in innovative social or environmental projects.

³ This figure is calculated on the basis of the number of suppliers active on 31st August 2011, excluding intragroup supplies, centralised supplies (such as those concerning raw materials and packaging) and providers of marketing and advertising services.

MINIMIZING THE ENVIRONMENTAL IMPACT

For an overall view of the data relative to the environmental performance of Ferrero France, please see the chapter entitled “Minimizing the environmental impact” of this report.

The production plant

The production site at Villers-Ecalles has been certified according to the standard ISO 14001 since 2005. This certification was renewed in 2008 and 2011.

Ferrero France is committed to minimizing consumption of energy and reducing CO₂ emissions. In particular, the production plant at Villers-Ecalles led a number of projects during 2010/11.

For example, the project to optimise the lighting of the Kinder Bueno packaging lines involved employing “T5” tubes with high luminous efficiency which give better luminosity and also save energy. The following were the main results achieved:

- 60% reduction in rated power;
- Reduction in greenhouse gas emissions (10.5 tons of CO₂ per year);
- Longer life of lighting tubes;
- Improved lighting in the target areas.

Another major project involved insulating hot and cooled water systems, thereby greatly reducing the consumption of energy.

The warehouse

In the warehouse, Ferrero instituted the use of reduced energy consumption forklifts. Their reliability was confirmed by tests conducted at the University of Vienna.

Furthermore, the project aiming to change the air conditioning system at Grand Quevilly obtained significant results:

- 30% reduction in energy consumption;
- 50% reduction in greenhouse gas emissions (from 309 TeqCO₂ to 146 TeqCO₂);
- a 20 decibel reduction in noise levels (from 80 db to 60 db).

Ferrero France acquired 882 EDF (Electricité de France – French Electricity Company) certificates (“EDF balance certificates”) to balance the warehouse energy consumption. This exemplifies the commitment of Ferrero France in favour of the use of energy from renewable sources. The certificates acquired in 2010/11 represent 882,000 KWh of energy from renewable sources. It should be noted that for each certificate being acquired, EDF paid € 1.70 to a research project to develop and produce new low production cost photovoltaic cells.



*The production plant
at Villers-Ecalles*



Business Unit

The Business Unit has led various projects for saving energy and raising awareness among employees with regards to environmental sustainability.

Ferrero France is making efforts to observe the HQE (High Quality Environment) standard as part of the extension and renovation of its Business Unit. The Business Unit building has become the first private building in Haute-Normandie to be built according to the HQE procedure. In February 2011, photovoltaic panels were installed and brought into service with an annual energy production of around 10 MWh.

We shall now list the main initiatives for raising awareness of “eco-gestures” among employees in the workplace.

In 2009, an Environmental Committee was instituted, composed of volunteers among the Ferrero France employees, with the objective of raising awareness of all employees and encouraging “eco-sustainable” forms of behaviour in the workplace.

The Environmental Committee has launched a series of initiatives to raise awareness of “eco-gestures” with:

- dissemination of an information paper;
- distribution of bins for paper;
- placing cups for milk and coffee at employees’ disposal;
- making employees aware of the separate waste collection in the office and paper saving;
- promotion of actions in favour of reducing electricity consumption;
- availability of six bicycles for the staff at Mont Saint-Aignan for short journeys.

In 2011, the Mont Saint-Aignan site also bought 186 EDF balance certificates, corresponding to 186,000 KWh of energy from renewable sources.



Biodiversity

All Ferrero sites in France are integrated into their respective ecosystems and, based on the “World Database on Protected Areas⁴”, they do not contain any protected or high-biodiversity areas. The nearest protected area is the “Boucles de la Seine Normande Regional Nature Park”, situated about one mile from the Ferrero warehouse.

The logistic chain

One of the initiatives to reduce emissions was the project to adapt all commercial vehicles (trucks) to the European standards on emissions. In 2011, 69% of the trucks on the road operating in the name of Ferrero France were in conformity with the Euro-5 standard (meaning that the figure doubled between 2009 and 2011). The objective is to reach 95% by the end of 2012.

We should certainly mention one of the initiatives to reduce emissions caused by the transport of goods and products, namely that concerning rail transport from 2005 to 2010, conducted in collaboration with the STEF-TFE Group. The results of this project can be summarised as follows:

- 2,150,000 km covered by rail;
- 3,050 fewer lorries on the roads;
- CO₂ emissions reduced by 1,935 teq CO₂/ year.

The objective for 2014 is to achieve a 10% reduction in our greenhouse gas emissions associated with the transport of goods and persons (compared with 2010) and to transport over 6% of the total volume by rail or by domestic river transport (e.g. the Seine or the Rhine).

Another long-term objective is also to reduce, by 2014, our emissions of nitrogen oxides (NOx) by 5% and those of other polluting particles by 30%.



⁴ The “World Database on Protected Areas” is a project led by the UNEP (United Nations Environment Programme) and the IUCN World Commission on Protected Areas, containing data supplied by governments and non-governmental organisations such as the UNESCO World Heritage Sites, the UNESCO Man and the Biosphere Programme, the Convention on Wetlands of International Importance Especially as Waterfowl Habitat (Ramsar Convention), the EC Birds Directive, the EC Habitats Directive and the ASEAN Declaration on Heritage Parks.

SOME DATA ON THE SUSTAINABILITY OF NUTELLA

Nutella was created in 1964, based on the recipe for Giandujot of 1946. Since then, it has become one of our most popular products with consumers. General information on the product, including its history and trivia, is available on www.nutella.com.

Today, Nutella is produced worldwide in nine production plants: Lithgow (Australia), Poços de Caldas (Brazil), Brantford (Canada), Villers-Ecalles (France), Stadtallendorf (Germany), Alba (Italy), Sant'Angelo dei Lombardi (Italy), Belsk (Poland) and Vladimir (Russia).

The 5 countries where Nutella is most popular, based on the volume of sales of the reporting period, are the following: France, Germany, Italy, USA and Belgium.

The packaging size of Nutella most sold worldwide, in terms of number of items, is the 400 g. pack¹.

SUSTAINABLE SOURCING

The popular Nutella recipe, which contains no preservatives and colouring agents, uses a mixture of high quality ingredients including: sugar, vegetable oil (palm oil), hazelnuts, defatted cocoa and powdered skimmed milk. The agricultural raw materials used during 2010/11 amount to a total of 323,007 tons. As foreseen in the Ferrero Code of Business Conduct, **the Group does not intentionally use GMOs** in the production chain, and it requires its suppliers and commercial partners to provide all pertinent information, including evidence of the analyses performed.

In a dedicated chapter of the present CSR report, you will find exhaustive information on the origin and the supply conditions of the raw materials, including the projects developed locally as well as traceability and sustainability quantities certified by third parties (see the chapter entitled “Sustainable agricultural practices” of the present report).

ROADMAP FOR SUSTAINABLE RAW MATERIALS IN NUTELLA

If the quantities of cocoa and palm oil certified as sustainable were actually available on the market, and if they were reserved exclusively for Nutella, we could state theoretically, that in **2013/2014, all the palm oil and cocoa used in Nutella would be certified as sustainable.**

This is only a simulation, inasmuch as to date, raw materials certified as sustainable and purchased by the Group are used in all Ferrero products, and also because the provisions are based on volumes of sales projected until 2013/2014². For further information on raw materials sourcing for all Ferrero products and their respective roadmaps, please see the chapter entitled “Sustainable agricultural practices”.

The quantities of raw materials that are certified as sustainable will continue to grow even after 2013/14 until they reach 100% of the raw materials purchased by the Group, according to the roadmaps for each raw material, available in the chapter entitled “Sustainable agricultural practices”, which also lists the countries producing the raw materials employed and the projects carried out with the local communities, as well as the standards applied.

¹ Which is to say packs from 350g. to 450 g.

² These are internal estimates based on the volumes sold in 2010/11 and on those projected for the following years.

ENVIRONMENTAL “PERFORMANCE”

Seven of the nine plants in which Nutella is produced worldwide have obtained certification of their environmental management system according to the ISO 14001 standard. By 2020, all the Group’s production plants will have obtained this certification (for further information, please consult the chapter entitled “Minimizing the environmental impact”).

In particular, the production of Nutella is included in the Group’s objectives to attain 100% of self-produced energy by cogeneration or from renewable sources, thereby fulfilling the needs of all the production plants.

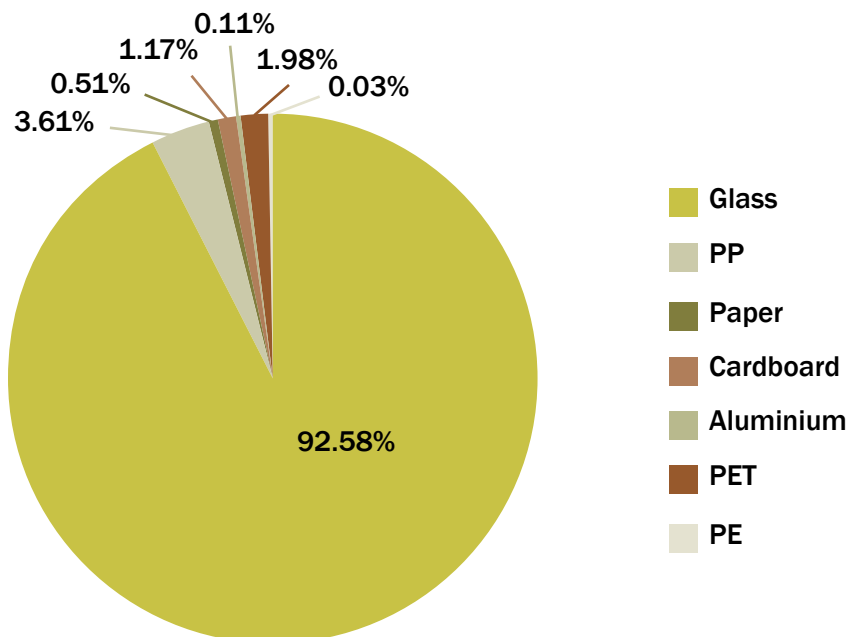
For the details of the power generation facilities installed in the production plants producing Nutella, please consult the chapter entitled “Minimizing the environmental impact” of this CSR report.

SUPPLY CHAIN

The transport of Nutella is combined with other Ferrero products. Consequently, the strategy and objectives for the transport of Nutella form part of the “supply chain” strategies of the Group, as described in the chapter entitled “Minimizing the environmental impact” of this CSR report.

PACKAGING

Below you will find the main materials, by weight, used for packaging Nutella worldwide.*



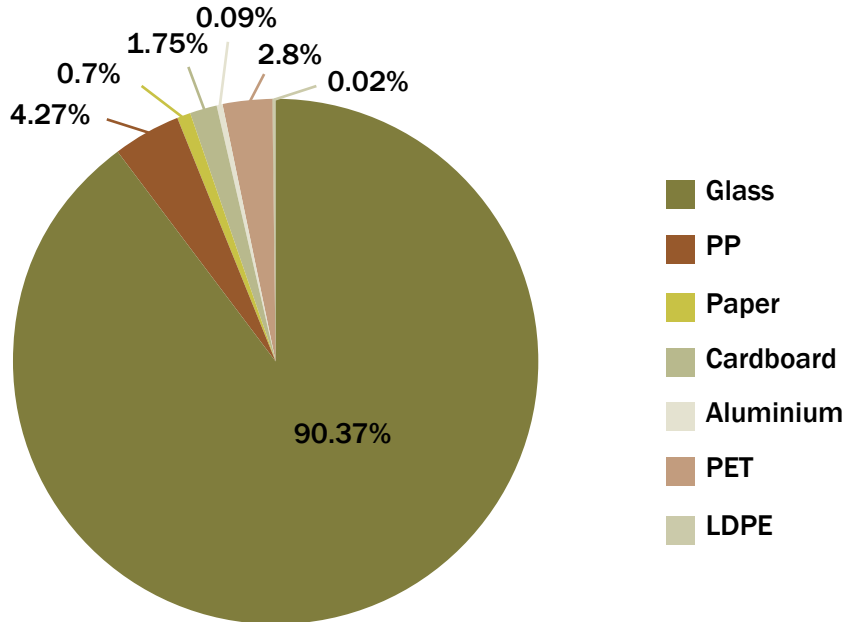
* The data refer to the 2010/11 budget for all Nutella formats of more than 30g. and the packaging percentages refer only to the primary packaging. The packaging weights and components considered have been calculated on the basis of the average versions.

Nutella packaging is composed of 92.58% glass, which represents 100% of the total glass used by the Group in 2010/2011.

The glass is 100% recyclable, and 34% of the glass used by Nutella is recycled glass (from cullets). Nutella uses only colourless glass, which, on account of its transparency, allows the end consumer to appreciate fully the characteristics and the quality of the product. For this reason, we are not planning on increasing the percentage of recycled glass.

As anticipated, the Nutella format most widely sold throughout the world is the one corresponding to around 400 g.

Below you will find the main materials, listed by weight, used in the Nutella packaging for this format.*



* In particular, the data refer to the T400 cluster, which covers formats from 350 to 450 grams.

TRACEABILITY AND SAFETY

For Nutella, as for all its products, Ferrero defines and applies stringent traceability, safety and quality criteria.

All the Ferrero plants producing Nutella are certified by independent third-party bodies, using standards for food safety management systems that are internationally recognised (for further information, please consult the chapter entitled “Supporting a healthy lifestyle” in this CSR report).

To ensure that Nutella conforms to the high standards of taste demanded by Ferrero, the traditional laboratory tests are supplemented by a sense analysis called “taste test”, the purpose of which is to express an overall judgement on the aesthetic appearance, the smell and the taste of the product.

For the 400 g. Nutella format and the number of plants that produce it, around 5,000 taste tests are carried out each year.

The table below summarises the number of complaints received concerning the Nutella product during 2010/11.

Countries	Number of complaints
Argentina, Australia, Brazil, Canada, France, Germany, Italy, Luxembourg, Poland, UK, USA	8,923

The complaints received, compared with the number of packs sold, represent **1.4 complaints per 100,000 glass jars of Nutella of 400 g.**

By 2015, Ferrero plans to establish a single complaints reception centre, which will receive all complaints, including those from countries not mentioned in the table, thereby creating an overall database.



QUALITY AND TASTE

Via selection of the basic ingredients and the industrial process they undergo to obtain the final production, Ferrero has developed original processing approaches that conserve the quality, taste and natural nutrition values of certain micronutrients.

Nutella can also be bought in single portion format (either pre-packed or, in the case of glass jars, suggested portions) that vary from 15 to 30 g. according to the various well-established eating habits in the numerous countries in which it is marketed.



Review report on the corporate social responsibility report

To the board of directors
of Ferrero International S.A.

1. We have reviewed the corporate social responsibility report (the “sustainability report”) of the Ferrero Group (the “Group”) as of August 31st, 2011. The directors of Ferrero International S.A. are responsible for the preparation of the sustainability report in accordance with the “*Sustainability Reporting Guidelines*” (version G3.1, 2011) and “*Food Processing Sector Supplement*” both issued by GRI – *Global Reporting Initiative*, as set out in the paragraph “about this corporate social responsibility report”. The directors are also responsible for the definition of the Group’s objectives regarding the sustainability performance and the reporting of the achieved results. The directors are also responsible for the identification of stakeholders and of significant aspects to report, as well as for the implementation and maintenance of appropriate management and internal control processes with reference to data and information presented in the sustainability report. Our responsibility is to issue this report based on our review.
2. We conducted our work in accordance with the criteria for review engagements established by the “*International Standards Engagement 3000 – Assurance Engagement other than Audits or Reviews of Historical Financial Information*” (“*ISAE 3000*”), issued by the *International Auditing and Assurance Standards Board*. That standard requires the compliance with ethical principles (“*Code of Ethics of Professional Accountants*” issued by the *International Federation of Accountants*), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on the sustainability report consists of making inquiries, primary with persons responsible for the preparation of the information included in the sustainability report, analysing the sustainability report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
 - comparing the economic and financial information and data included in the paragraphs “our products” and “the corporate social responsibility” of the sustainability report with those included in the Group’s consolidated financial statements as of August 31st, 2011, on which Deloitte Audit Société à responsabilité limitée issued the auditor’s report dated February 27th, 2012;
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following procedures:
 - interviews and discussions with delegates of Ferrero Group, to gather information on the information, accounting and reporting systems used in preparing the sustainability report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the sustainability report;

Bologna Bari Firenze Genova Milano Roma Torino Padova

Sede Legale: Via Tortona, 25 – 20144 Milano

Capitale Sociale: sottoscritto e versato Euro 32.000,00 – deliberato Euro 50.000,00

Codice Fiscale/Registro delle Imprese Milano n. 05059250158 – R.E.A. Milano n. 1105593

Partita IVA: IT 05059250158

Member of Deloitte Touche Tohmatsu



- analysis, on a sample basis, of the documentation supporting the preparation of the sustainability report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the sustainability report;
- analysing the compliance of the qualitative information included in the sustainability report and its overall consistency in relation to the guidelines referred to in paragraph 1 of this review report, in particular with reference to the sustainability strategy and policies and the determination of significant aspects for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, through analysis of the minutes of the meetings or any other available information about the significant features identified in the stakeholder involvement process;
- obtaining the representation letter signed by the legal representative of Ferrero International S.A. on the compliance of the sustainability report with the guidelines referred to in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in an audit.

For the data and information relating to the sustainability report of the prior year presented for comparative purposes, reference should be made to our review report dated June 14th, 2011.

3. Based on the procedures performed, nothing has come to our attention that causes us to believe that the sustainability report of the Ferrero Group as of August 31st 2011 is not prepared, in all material respects, in accordance with the “*Sustainability Reporting Guidelines*” (version G3.1, 2011) and “*Food Processing Sector Supplement*” both issued by GRI – *Global Reporting Initiative*, as set out in the paragraph “about this corporate social responsibility report”.

Milan, June 27th, 2012

DELOITTE ERS – Enterprise Risk Services S.r.l.

Franco Amelio

Partner

State Authorised Public Accountant (Italy)

Corporate Responsibility Services

This report has been translated into the English language solely for the convenience of international readers.

GRI-G3.1 INDICATORS

The following is a summary of the main contents of the Corporate Social Responsibility Report 2011, according to the scheme of “Sustainability Reporting Guidelines” (GRI-G3.1) integrated with “Food Processing Sector Supplement” (FPSS). For each indicator there are: a summary of the content, the page reference of the report and the level of coverage: T = Total, P = Partial, NC = No Coverage, NA = Not Applicable (considering the type of activity or location of the business departments).

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
PROFILE				
1. Strategy and Analysis				
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	6.2 Organizational governance	T	2-3
1.2	Description of key impacts, risks, and opportunities.	6.2 Organizational governance	T	2-3; 6-7; 20; 42; 86; 103
2. Organizational Profile				
2.1	Name of the organization	n.a.	T	12
2.2	Primary brands, products, and/or services	n.a.	T	8-9
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	6.2 Organizational governance	T	10-13
2.4	Location of organization's headquarters	n.a.	T	10-11
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	n.a.	T	10-11
2.6	Nature of ownership and legal form	n.a.	T	12
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	n.a.	T	10-11
2.8	Scale of the reporting organization (number of employees; number of operations; net sale)	n.a.	T	8-11; 54
2.9	Significant changes during the reporting period regarding size, structure, or ownership	n.a.	T	4; 11-13
2.10	Awards received in the reporting period	n.a.	T	24-28
3. Report Parameters				
Report Profile				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	n.a.	T	4
3.2	Date of most recent previous report (if any)	n.a.	T	4
3.3	Reporting cycle (annual, biennial, etc.)	n.a.	T	4
3.4	Contact point for questions regarding the report or its contents	n.a.	T	4
Report Scope and Boundary				
3.5	Process for defining report content,	n.a.	T	4; 14-15
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	n.a.	T	4

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
3.7	State any specific limitations on the scope or boundary of the report. If boundary and scope do not address the full range of material economic, environmental, and social impacts of the organization, state the strategy and projected timeline for providing complete coverage.	n.a	T	4; 122
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations..	n.a.	T	11-13
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	n.a	T	58; 63; 102; 122
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	n.a.	T	4; 64; 105-107; 111-112
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	n.a.	T	102-103; 122
GRI content index				
3.12	Table identifying the location of the Standard Disclosures in the report.	n.a.	T	143-155
Assurance				
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	7.5.3 Verification	T	4; 141-142
4. Governance, Commitment, Engagement				
Governance				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	6.2 Organizational governance	T	12; 56
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	6.2 Organizational governance	T	12
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members. State how the organization defines 'independent' and 'non-executive'. This element applies only for organizations that have unitary board structures. See the glossary for a definition of 'independent'.	6.2 Organizational governance	T	12
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	6.2 Organizational governance	T	12
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	6.2 Organizational governance	T	12
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	6.2 Organizational governance	T	12
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	6.2 Organizational governance	T	12

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	6.2 Organizational governance	T	2-3; 16-17; 23; 38; 75; 103; www.ferrero.com/social-responsibility/code-business-conduct/; www.ferrero.com/social-responsibility/code-of-ethics/reliability-trust/
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	6.2 Organizational governance	T	12; 14; 16-17
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	6.2 Organizational governance	T	12
Commitments to external initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	6.2 Organizational governance	T	2-3; 16-17; 20; 62; 76-77; 103; 119
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	6.2 Organizational governance	T	4; 14; 16-17; www.ferrero.com/social-responsibility/code-business-conduct/
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic.	6.2 Organizational governance	T	16
Stakeholder Engagement				
4.14	List of stakeholder groups engaged by the organization.	6.2 Organizational governance	T	14-15
4.15	Basis for identification and selection of stakeholders with whom to engage	6.2 Organizational governance	T	14-17; 95
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	6.2 Organizational governance	T	14-15; 155
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	6.2 Organizational governance	T	14-15; 155

SOURCING PERFORMANCE INDICATORS				
DMA SC	Management and verification policies and system		T	2-3; 6-7; 16-19; 86-87; 91; 94-96; 98-100; 102-103; 109; 115; 121; www.ferrero.com/social-responsibility/code-business-conduct/
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy.	6.3 Human rights 6.4 Labour practices 6.6 Fair operating practices 6.6.6 Promoting social responsibility in the value chain	T	16-17; 23
FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	6.3 Human rights 6.4 Labour practices 6.6 Fair operating practices 6.6.6 Promoting social responsibility in the value chain	T	16-17; 23

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
ECONOMIC PERFORMANCE INDICATORS				
DMA EC	Management and verification policies and system	6.2 Governo dell'organizzazione 6.8 Coinvolgimento e sviluppo della comunità	T	2-3; 9-11; 20-21; 30-31; 36-37; 40; 42; 46-47; 49; 58; 60; 70; 86; 88-90; 97; 104; 110; 127; 133
Economic performance indicators				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	6.8 Community involvement and development 6.8.3 Community involvement 6.8.7 Wealth and income creation 6.8.9 Social investment	T	21
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	6.5.5 Climate change mitigation and action	T	104
EC3	Coverage of the organization's defined benefit plan obligations.	n.a	T	62
EC4	Significant financial assistance received from government.	n.a	P	22; Based on existing information, we do not currently receive significant financial assistance from government that would materially affect our position. We are developing our data collection processes for reporting in the CSR Report 2012.
Market Presence				
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	6.3.7 Discrimination and vulnerable groups 6.4.4 Conditions of work and social protection 6.8 Community involvement and development	P	58; Existing information systems do not provide the data for all significant locations of operation and by gender. We are developing our data collection processes for reporting in the CSR Report 2015.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	6.6.6 Promoting social responsibility in the value chain 6.8 Community involvement and development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation	T	20; 45-46; 127; 133
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	6.8 Community involvement and development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation	T	60
Indirect Economic impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement	6.3.9 Economic, social and cultural rights 6.8 Community involvement and development 6.8.3 Community involvement 6.8.4 Education and culture 6.8.5 Employment creation and skills development 6.8.6 Technology development and access 6.8.7 Wealth and income creation 6.8.9 Social investment	T	30-31; 36-38; 40; 42; 48; 68; 70; 79; 81; 88-90; 97; 110

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	6.3.9 Economic, social and cultural rights 6.6.6 Promoting social responsibility in the value chain 6.6.7 Respect for property rights 6.7.8 Access to essential services 6.8 Community involvement and development 6.8.5 Employment creation and skills development 6.8.6 Technology development and access 6.8.7 Wealth and income creation 6.8.9 Social investment	P	20; 33; 42; 46-47; 89-90; 97; 110; 127; 133

ENVIRONMENTAL PERFORMANCE INDICATORS				
DMA EN	Management and verification policies and system	6.2 Organizational governance 6.5 The Environment	T	2-3; 18-20; 86; 88; 102-104; 106-109; 113; 115-117; 119-121; 127-128; 134-136; 138; www.ferrero.com/social-responsibility/code-business-conduct/
Materials				
EN1	Materials used by weight or volume.	6.5 The Environment 6.5.4 Sustainable resource use	T	11; 137;
EN2	Percentage of materials used that are recycled input materials.	6.5 The Environment 6.5.4 Sustainable resource use	T	117; 138
Energy				
EN3	Direct energy consumption by primary energy source.	6.5 The Environment 6.5.4 Sustainable resource use	T	105; 111-113
EN4	Indirect energy consumption by primary source	6.5 The Environment 6.5.4 Sustainable resource use	T	105; 111-113
EN5	Energy saved due to conservation and efficiency improvements	6.5 The Environment 6.5.4 Sustainable resource use	T	104-105; 110-113; 115-116; 119; 127-128; 134-135
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	6.5 The Environment 6.5.4 Sustainable resource use	T	108-109; 112; 115; 118-119; 121; 128; 135-136; 138
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	6.5 The Environment 6.5.4 Sustainable resource use	T	104-105; 109; 112-113; 115; 127-128; 134-135
Water				
EN8	Total water withdrawal by source	6.5 The Environment 6.5.4 Sustainable resource use	T	106
EN9	Water sources significantly affected by withdrawal of water.	6.5 The Environment 6.5.4 Sustainable resource use	T	106
EN10	Percentage and total volume of water recycled and reused	6.5 The Environment 6.5.4 Sustainable resource use	T	106
Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	6.5 The Environment 6.5.6 Protection of the environment & biodiversity, and restoration of natural habitats	T	108; 127; 136
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	6.5 The Environment 6.5.6 Protection of the environment & biodiversity, and restoration of natural habitats	T	108; 127; 136

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
Emissions, effluents and waste				
EN16	Total direct and indirect greenhouse gas emissions by weight	6.5 The Environment 6.5.5 Climate change mitigation and action	T	105; 113
EN17	Other relevant indirect greenhouse gas emissions by weight	6.5 The Environment 6.5.5 Climate change mitigation and action	T	120-121
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	6.5 The Environment 6.5.5 Climate change mitigation and action	T	88; 103-105; 109; 112-113; 115-116; 119-121; 127-128; 134; 136
EN19	Emissions of ozone-depleting substances by weight	6.5 The Environment 6.5.3 Prevention of pollution	T	105
EN20	NO, SO, and other significant air emissions by type and weight	6.5 The Environment 6.5.3 Prevention of pollution	NA	Ferrero doesn't produce other significant air emissions
EN21	Total water discharge by quality and destination	6.5 The Environment 6.5.3 Prevention of pollution	T	106
EN22	Total weight of waste by type and disposal method	6.5 The Environment 6.5.3 Prevention of pollution	T	107; 127-128
EN23	Total number and volume of significant spills	6.5 The Environment 6.5.3 Prevention of pollution	T	107
Products and Services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	6.5 The Environment 6.5.4 Sustainable resource use 6.6.6 Promoting social responsibility in the value chain 6.7.5 Sustainable consumption	T	117-118; 128; 138-139
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	6.5 The Environment 6.5.3 Prevention of pollution 6.5.4 Sustainable resource use 6.7.5 Sustainable consumption	T	118; 138
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	6.5 The Environment	T	22
Transports				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	6.5 The Environment 6.5.4 Sustainable resource use 6.6.6 Promoting social responsibility in the value chain	T	120-121; 128; 136

SOCIAL PERFORMANCE INDICATORS

Labour Practices and Decent Work

DMA LA	Management and verification policies and system	6.2 Organizational governance 6.4 Labour Practices 6.3.10 Fundamental principles and rights at work-	T	2-3; 18-19; 50; 52; 54; 57-62; 64; 67-69; 71-72; 124-125; 130; 132; www.ferrero.com/social-responsibility/code-business-conduct/ ; www.ferrero.com/social-responsibility/code-of-ethics/reliability-trust/
Employment				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	6.4 Labour Practices 6.4.3 Employment and employment relationships	T	11; 52; 54-56; 124; 129

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	6.4 Labour Practices 6.4.3 Employment and employment relationships	T	57
LA15	Return to work and retention rates after parental leave, by gender.	6.4 Labour Practices 6.4.4 Conditions of work and social protection	NC	58; Existing information systems do not provide the data. We are developing our data collection processes for reporting in the CSR Report 2015.
Labour/Management Relations				
LA4	Percentage of employees covered by collective bargaining agreements.	6.4 Labour Practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection 6.4.5 Social dialogue 6.3.10 Fundamental principles and rights at work	T	61
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	6.4 Labour Practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection 6.4.5 Social dialogue	T	61
FP3	Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country	6.4 Labour Practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection 6.4.5 Social dialogue	T	61
Health and Safety				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender.	6.4 Labour Practices 6.4.6 Health and safety at work	P	63-64; Existing information systems do not provide the data about occupational diseases, lost days, and absenteeism by region and by gender. We are developing our data collection processes for reporting in the CSR Report 2015..
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	6.4 Labour Practices 6.4.6 Health and safety at work 6.8 Community involvement and development 6.8.3 Community involvement 6.8.4 Education and culture 6.8.8 Health	T	37; 62; 67; 69; 125; 131
Training and Education				
LA10	Average hours of training per year per employee by gender, and by employee category.	6.4 Labour Practices 6.4.7 Human development and training in the workplace	P	44; 64; 67; Existing information systems do not provide consolidated data about average hours of training by gender, and by employee category. We are developing our data collection processes for reporting in the CSR Report 2014.

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	6.4 Labour Practices 6.4.7 Human development and training in the workplace 6.8.5 Employment creation and skills development	T	30-31; 36; 38-40; 44; 64-67; 131
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	6.4 Labour Practices 6.4.7 Human development and training in the workplace	T	59
Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4 Labour Practices 6.4.3 Employment and employment relationships	T	55-56; 71; 125; 132
Equal Remuneration for Women and Men				
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4 Labour Practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection	P	59; Existing information systems do not provide the data for all significant locations of operation. We are developing our data collection processes for reporting in the CSR Report 2015.
Human Rights				
DMA HR	Management and verification policies and system	6.2 Organizational governance 6.3 Human Rights 6.3.3 Due Diligence 6.3.4 Human rights risk situations 6.3.6 Resolving grievances 6.6.6 Promoting social responsibility in the value chain	T	2-3; 16-17; 20; 23; 86-87; 92-94; 96-99; www.ferrero.com/social-responsibility/code-business-conduct/; www.ferrero.com/social-responsibility/code-of-ethics/reliability-trust/
Investments and procurement practices				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	6.3 Human Rights 6.3.3 Due diligence 6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain	T	16-17; 87; 96
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	6.3 Human Rights 6.3.3 Due diligence 6.3.5 Avoidance of complicity 6.4.3 Employment and employment relationships 6.6.6 Promoting social responsibility in the value chain	T	16-17; 23; 87; 96-97
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	6.3 Human Rights 6.3.5 Avoidance of complicity	P	22; 64; Existing information systems do not provide consolidated data about Total hours of employee training concerning aspect of human right. We are developing our data collection processes for reporting in the CSR Report 2014.

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
Non-discrimination				
HR4	Total number of incidents of discrimination and corrective actions taken.	6.3 Human Rights 6.3.6 Resolving grievances 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships	T	22
Freedom of Association and collective Bargaining				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	6.3 Human Rights 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.8 Civil and political rights 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships 6.4.5 Social dialogue	T	16-17; 23; 61
Child Labour				
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	6.3 Human Rights 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.6.6 Promoting social responsibility in the value chain	T	16-17; 23; 86-87; 91-94; 96-99
Forced and Compulsory Labour				
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	6.3 Human Rights 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.6.6 Promoting social responsibility in the value chain	T	16-17; 23; 86-87; 91-94; 96-99
Assessment				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	6.3 Human Rights 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity	T	16-17; 23; 86; 97; 99
Remediation				
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	6.3 Human Rights 6.3.6 Resolving grievances	T	16-17; 22-23
Society Performance Indicators				
DMA SO	Management and verification policies and system	6.2 Organizational governance 6.6 Fair Operating Practices 6.8 Community involvement and development	T	2-3; 16-19; 22; 30-31; 36-38; 42-44; 48-49; 74-75; 79-81; 88-90; 93-97; www.ferrero.com/social-responsibility/code-business-conduct/

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
Local Communities				
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	6.3.9 Economic, social and cultural rights 6.8 Community involvement and development 6.8.3 Community involvement 6.8.9 Social Investment	T	20; 30-31; 36-39; 42; 48-49; 68; 70; 79; 81; 88-91; 93; 96-97; 100; 110; 119; 126; 132-133
S09	Operations with significant potential or actual negative impacts on local communities.	6.3.9 Economic, social and cultural rights 6.5.3 Prevention of pollution 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats 6.8 Community involvement and development	T	20
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	6.3.9 Economic, social and cultural rights 6.5.3 Prevention of pollution 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats 6.8 Community involvement and development	T	20
FP4	Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need	6.8.8 Health	T	48; 74; 79-81; 125-126; 132; 140
Corruption				
S02	Percentage and total number of business units analyzed for risks related to corruption.	6.6 Fair Operating Practices 6.6.3 Anti-corruption	T	22
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	6.6 Fair Operating Practices 6.6.3 Anti-corruption	P	22; Existing information systems do not provide consolidated data about Percentage of employee training concerning anti-corruption policies and procedures. We are developing our data collection processes for reporting in the CSR Report 2013.
S04	Actions taken in response to incidents of corruption.	6.6 Fair Operating Practices 6.6.3 Anti-corruption	T	22
Public Policy				
S05	Public policy positions and participation in public policy development and lobbying.	6.6 Fair Operating Practices 6.6.4 Responsible political involvement 6.8.3 Community involvement	T	15-16; 74; 88; 90; 92-93; 95-97; 99

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	6.6 Fair Operating Practices 6.6.4 Responsible political involvement 6.8.3 Community involvement	T	www.ferrero.com/social-responsibility/code-business-conduct/ 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.
Compliance				
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	6.6 Fair Operating Practices 6.6.3 Anti-Corruption 6.6.7 Respect for property rights 6.8.7 Wealth and income creation	T	22
Products Responsibility Performance Indicators				
DMA PR	Management and verification policies and system	6.2 Organizational governance 6.6 Fair Operating Practices 6.7 Consumer Issues	T	2-3; 22; 74-75; 82-84
Customer Health and Safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	6.3.9 Economic, social and cultural rights 6.6.6 Promoting social responsibility in the value chain 6.7 Consumer Issues 6.7.4 Protecting consumers' health & safety 6.7.5 Sustainable consumption	T	16-20; 22; 75-78; 116; www.ferrero.com/social-responsibility/code-business-conduct/
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	6.3.9 Economic, social and cultural rights 6.6.6 Promoting social responsibility in the value chain 6.7 Consumer Issues 6.7.4 Protecting consumers' health & safety 6.7.5 Sustainable consumption	T	22-23; 77
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	6.7.4 Protecting consumers' health & safety	T	76-77
FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	6.7.5 Sustainable consumption	T	75
FP7	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives.	6.7.5 Sustainable consumption	T	75
Product and Service Labeling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	6.7 Consumer Issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.4 Protecting consumers' health & safety 6.7.5 Sustainable consumption 6.7.6 Consumer service, support and complaint and dispute resolution 6.7.9 Education and awareness	T	82; 117

GRI-G3.1 & FPSS Disclosure on Management Approach (DMA) or Performance Indicators		ISO 26000 Core Social Responsibility Subjects & Themes	Level of coverage GRI-G3.1 & FPSS	REFERENCE
FP8	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements.	6.7.5 Sustainable consumption	T	82
Marketing communication				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	6.7 Consumer Issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.6 Consumer service, support and complaint and dispute resolution 6.7.9 Education and awareness	T	82-84
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	6.7 Consumer Issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.6 Consumer service, support and complaint and dispute resolution 6.7.9 Education and awareness	T	23; 82-84
Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	6.7 Consumer Issues 6.7.6 Consumer service, support and complaint and dispute resolution	T	22-23

ANIMAL WELFARE PERFORMANCE INDICATORS				
DMA AW	Management and verification policies and system	4.4 Ethical behavior 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats 6.7.5 Sustainable consumption	T	16-19; 95; www.ferrero.com/social-responsibility/code-business-conduct/
Breeding and Genetics				
FP9	Percentage and total of animals raised and/or processed, by species and breed type.	4.4 Ethical behavior 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats 6.7.5 Sustainable consumption	NA	Ferrero doesn't roast or process animals.
Animal Husbandry				
FP10	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	4.4 Ethical behavior 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats 6.7.5 Sustainable consumption	NA	Ferrero doesn't roast or process animals.
FP11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type.	4.4 Ethical behavior 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats 6.7.5 Sustainable consumption	NA	Ferrero doesn't roast or process animals.
FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type.	4.4 Ethical behavior 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats 6.7.5 Sustainable consumption	NA	Ferrero doesn't roast or process animals.
Transportation, Handling, and Slaughter				
FP13	Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals.	4.4 Ethical behavior 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats 6.7.5 Sustainable consumption	NA	Ferrero doesn't roast or process animals.

Please find hereby a non-exhaustive list of page references to some of our stakeholders	
Consumer Associations / NGOs	16-17; 88-93; 95
Trade and Industry Associations and Trade Union	14-16; 61; 81; 91; 95
Children	23; 33; 42; 48-49; 69; 74; 79-84
Scientific Communities	14-15; 30-35; 37; 40; 68; 74; 100; 115; 117
Consumers	14-15; 18-19; 22; 74-75; 79-82; 117; 121
Employees	2-3; 14-15; 21; 30-31; 36-39; 44; 52-72
Distributors / Retailers / Logistics	14-17; 75; 120-121
Sport Federations (Kinder + Sport)	79-80
Suppliers	14-17; 75; 86-100; 115; 120-121
International/European and National Institutions	14-15; 22; 81; 93; 95-97
Local Institution	14-15; 31; 34; 46; 88-93; 96-97; 110
Education	31-35; 48; 64-68; 74-75; 79-80; 100
Media/Social Networks	14-15; 82-84

Please find hereby a non-exhaustive list of page references to some key topics, raised also after stakeholders feedback	
Key objectives for 2020 identified	6-7
Structures dedicated to CSR, frequency and identification of subjects topics	14-15
Topics raised by stakeholders have been taken into account in the Code of Business Conduct	14-17
Key topics and concerns raised by internal stakeholders	14-15
Ferrero publishes its GMOs policy making reference to stakeholders concerns	99; 137; www.ferrero.com/social-responsibility/code-business-conduct/
Children health and Ferrero initiatives in some poor countries	33; 42-49; 69; 74; 79-82; 88-93; 96-97
Product responsibility	74-78; 82-84; 86; 116-118; 137-140
Engagement towards children through self-regulation of advertisement	82-84
Ferrero engagement to source sustainable certified cocoa to address consumer's need	7; 86-93
Against child labour in hazelnuts sourcing	96-97
Sustainable palm oil sourcing	94-95
Milk origin	100
Using eggs from free range hens	95
Self-production of energy from renewable sources	108-110
Packaging from renewable materials and strategy for remove, reduce, recycle, renew and reuse of packaging	118
Efficient Logistics	120-121



Statement GRI Application Level Check

GRI hereby states that **Ferrero International S.A.** has presented its report "Sharing values to create value 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 26 June 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **Ferrero International S.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 18 June 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

