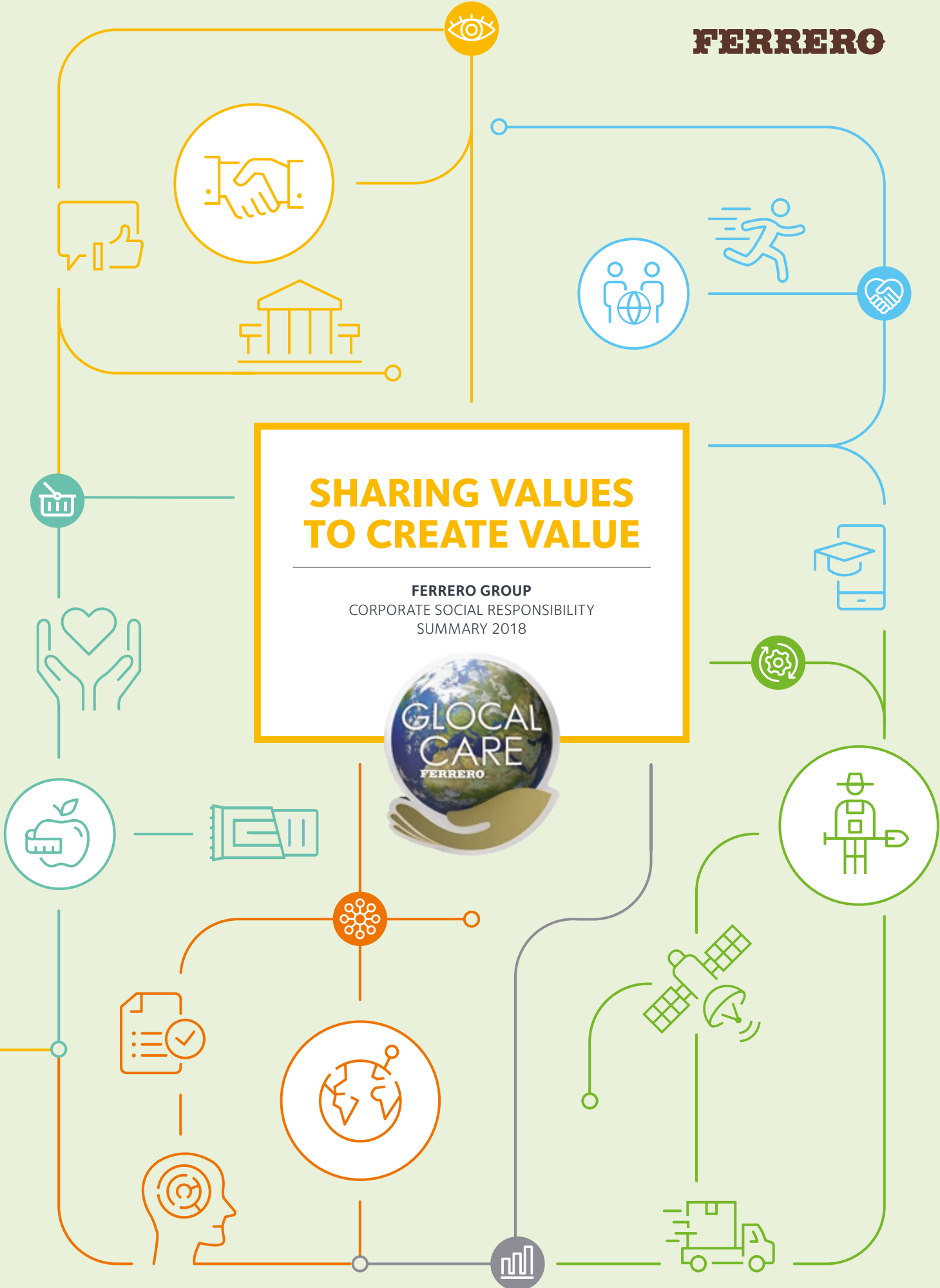


**SHARING VALUES
TO CREATE VALUE**

FERRERO GROUP
CORPORATE SOCIAL RESPONSIBILITY
SUMMARY 2018





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ABOUT THIS REPORT

This summary report explains our corporate responsibility strategy and global activities during Fiscal Year (FY) 2017/2018 (from September 1st, 2017 to August 31st, 2018). The issues in this 10th edition have been selected via a materiality process, based on their level of importance to our Group, with constant input from key stakeholders.

This summary report was drafted by the Corporate Communications and Sustainability office (email: csr@ferrero.com).

The full report on which this summary is based was the subject of a limited assurance engagement by PricewaterhouseCoopers.

This summary report is also accessible online at www.ferrerocsr.com, where our current and previous nine full CSR Reports are also available. We will continue to publish reports on an annual basis.



View our previous reports at:
www.ferrerocsr.com

LETTER FROM OUR EXECUTIVE CHAIRMAN



Dear Reader,

Ferrero, as a family company, believes that value is created with trust and by taking responsibility for everyone that works with and for our company.

We are not just proud as managers, but above all as human beings, because we can operate as a “force of good”, being not only good Ferrerians, but also good citizens and good inhabitants of our planet. This is about caring for our communities, for our environment and for the future generations.

The Ferrero way of doing things prevails in every step we move forward.

In light of this, we feel honored to highlight the progress we are making on key targets, as outlined in this year’s report.

Today, I am proud to announce our new global commitment to work towards a circular packaging economy, driven by our new packaging objective: 100% packaging to be reusable, recyclable or compostable by 2025. This commitment is further enhancing our approach to sustainable packaging and it fits into our strategy aimed at minimizing our environmental impact, from raw materials to production plants and logistics, along the entire value chain.

Our progress can also be seen in our agricultural supply chain on our key raw materials. Within our cocoa supply chain, in March 2018, Ferrero received the Fairtrade Germany Award for our commitment to the Fairtrade approach in the cocoa supply chain and our long-term partnership with Fairtrade and cooperative union ECOOKIM. Through this collaboration, Ferrero aims at improving the livelihoods of cocoa farmers and offering future perspectives. At the same time, we get closer to fulfilling our promise to source 100% sustainable cocoa beans for all Ferrero products by 2020. We continue to be on track with our objective roadmap, having reached 77% in August 2018.

Furthermore, within our palm oil supply chain, we remain fully committed to securing a 100% deforestation-free and exploitation-free palm oil supply chain and to leading the way in industry transformation through an active cooperation with NGOs, suppliers and other key stakeholders. Ferrero has strengthened compliance with its stringent Palm Oil Charter standards by completing supplier assessments and field visits.

Lastly, within our hazelnut supply chain, the Ferrero Farming Values Program (FFV) for hazelnuts continues to spearhead our drive towards a sustainable and traceable supply. The program aims at improving the conditions of the entire hazelnut community. Our approach encompasses many different aspects: including environmental, agricultural and social good practices to ensure that all parts of the value chain are aligned to pursue 360° sustainability.

This year’s report also re-confirms Ferrero’s dedication to positively contribute to different areas of the community through impactful social projects. These include the Ferrero Foundation in Italy and the Michele Ferrero Entrepreneurial Project in Africa and Asia. Additionally, we remain dedicated to our Kinder + Sport Joy of Moving program, promoting an active lifestyle to young people and families around the world, which we are delighted to confirm has reached 4.4 million children in more than 30 countries so far.

Given this innate sense of responsibility, we remain faithful to our Family Company ethical standards and also to our obligation to improve the lives not only of our consumers but also of all our partners and stakeholders such as farmers, suppliers, commercial counterparts, that interact with the enlarged Ferrero family.

This Report is a testimony to our renewed support for the United Nations Global Compact, the world’s largest corporate sustainability initiative.

I would finally like to thank each and every employee of our Ferrerian family - which has grown to more than 35,000 people from more than 120 countries - for their support, their dedication and for everything we have achieved together throughout the year.

A handwritten signature in black ink, appearing to be 'G. Ferrero', written in a cursive style.

Giovanni Ferrero
Executive Chairman – Ferrero Group

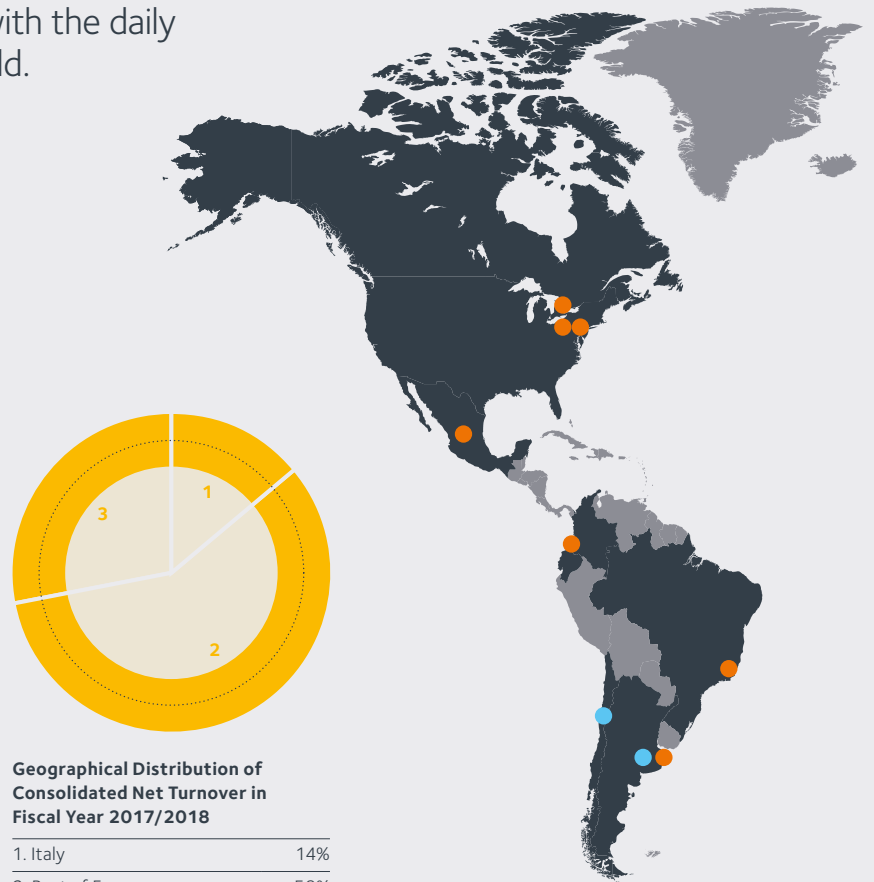
FERRERO AT A GLANCE

An extensive and constantly increasing presence that attests to the quality of our products, the Group's ability to adapt and respond quickly to the needs of different markets, as well as to the fact that the Group and its products are in tune with the daily needs of consumers around the world.

PRESENCE IN THE WORLD

Our products are present and sold, directly or through authorized retailers, in more than **170** countries. Our Group is present in more than **50** countries:

Argentina	Kazakhstan
Australia	Luxembourg
Austria	Malaysia
Belgium	Mexico
Brazil	Monaco
Bulgaria	Netherlands
Cameroon	Norway
Canada	Poland
Chile	Portugal
China	Puerto Rico
Colombia	Romania
Croatia	Russia
Czech Republic	Serbia
Denmark	Singapore
Ecuador	Slovakia
Finland	South Africa
France	South Korea
Georgia	Spain
Germany	Sri Lanka
Greece	Sweden
Hungary	Switzerland
India	Turkey
Indonesia	Ukraine
Ireland	United Arab Emirates
Israel	United Kingdom
Italy	United States of America
Japan	



Geographical Distribution of Consolidated Net Turnover in Fiscal Year 2017/2018

1. Italy	14%
2. Rest of Europe	58%
3. Outside Europe	28%

KEY NUMBERS

Total Production (Tonnes)

+2.44%

2017/2018 1,308,297

2016/2017 1,277,126

Consolidated Net Turnover (€/000)

+2.14%

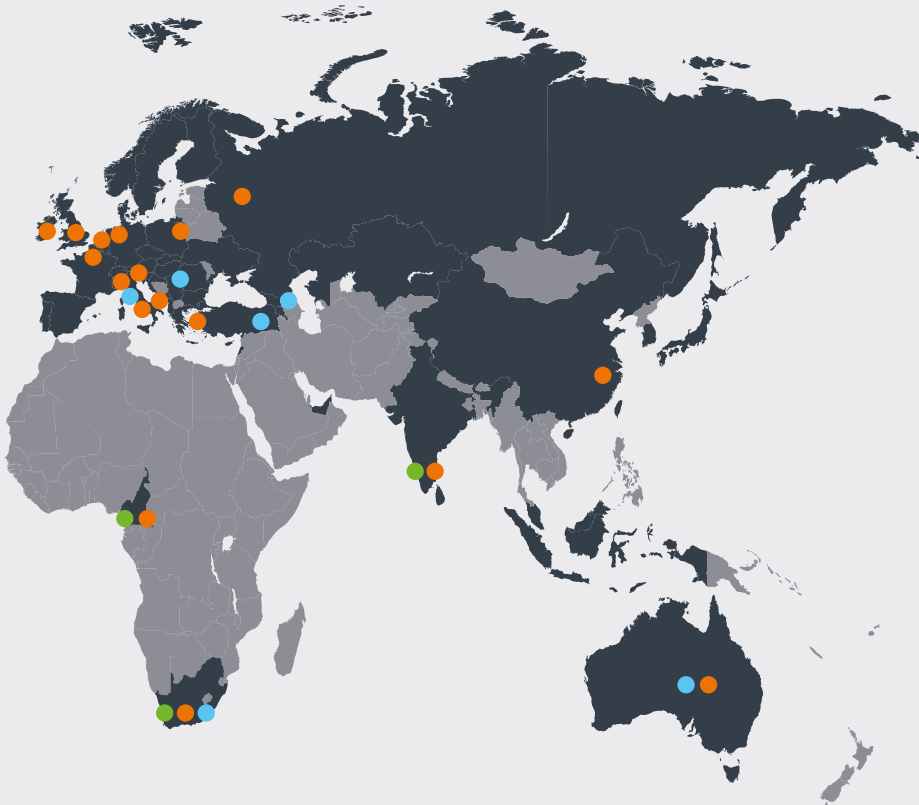
2017/2018 10,709,051

2016/2017 10,485,058



For more information visit:
www.ferrerocr.com

- Manufacturing Plant
- Michele Ferrero Entrepreneurial Project
- Ferrero Hazelnut Company



25 INTERNATIONAL MANUFACTURING PLANTS

1. Italy – Alba 1946
2. Germany – Stadtallendorf 1956
3. France – Villers-Écalles 1960
4. Italy – Pozzuolo Martesana 1965
5. Australia – Lithgow 1974
6. Ireland – Cork 1975
7. Ecuador – Quito 1975
8. Italy – Balvano 1985
9. Italy – S. Angelo Dei Lombardi 1985
10. Belgium – Arlon 1989
11. Poland – Belsk Duzy 1992
12. Argentina – La Pastora 1992
13. Brazil – Poços De Caldas 1994
14. Canada – Brantford 2006
15. Cameroon – Yaoundé* 2005
16. South Africa – Walkerville* 2006
17. India – Baramati* 2007
18. Russia – Vladimir 2009
19. Mexico – S. José Iturbide 2013
20. Turkey – Manisa 2013
21. China – Hangzhou 2015
22. United Kingdom – Alfreton 2015
23. USA – North Canton 2017
24. USA – Bloomington 2018
25. USA – Franklin Park, 2018

* Michele Ferrero Entrepreneurial Project.

Average Group Workforce
(full time equivalent)

+4.76%

2017/2018 31,748¹

2016/2017 30,305

1 The total reaches 31,758 including the Ferrero Foundation FTE.

RAW MATERIALS

During the FY 2017/2018 the Group used a total of **1,904,526 tons²** of agricultural raw materials and packaging raw materials.

2 Figure includes the volume of water used in the recipes of Ferrero products, raw materials for Surprises and auxiliary materials for the production process.

HCO – HAZELNUT COMPANY

6 Agricultural Companies:

Argentina
Australia
Chile
Georgia
Serbia
South Africa

7 Manufacturing Plants:

Chile
Italy
Turkey



For more information visit:

www.hazelnutcompany.ferrero.com

FERRERO'S SOCIAL RESPONSIBILITY

Ferrero has always been dedicated to taking on solid commitments and paying the utmost attention to People and the Planet, giving these precedence over its financial goals. This tendency is inherent to the Company's DNA and is symbolically represented in a letter that Michele Ferrero sent to company employees in 1957, when he took the leadership:



I personally pledge to dedicate everything I do and all my intentions to our company, so that it may continue its journey in the same light that my father and my uncle gave it, assuring you that I will only feel satisfied once I am able, with concrete facts, to ensure you and your children a safe and peaceful future."

Michele Ferrero
1957

Our Executive Chairman Giovanni Ferrero continues to guide the Group in this same light:



Tradition and innovation are inherent to Ferrero's DNA. If I had to find a metaphor, I'd say that tradition is like a bow. The further back we pull the string, the further forward we can fire the arrow of modernity, of vision, of innovation."

Giovanni Ferrero
Executive Chairman

For us, the term "corporate social responsibility" has always meant caring for people and for the local area: namely employees and former employees, consumers, families and the local communities in which we operate. These principles of social responsibility guided our first steps 70 years ago in Alba and remain unchanged to this day.

For us, the most important report has never been our annual financial statement; it is in fact our CSR Report that reflects our respect for People and the Planet.

Our approach to sustainability is currently based on our social responsibility strategy: **Sharing values to create value.**

This strategy is implemented every day through our commitment to consumers, which results in the highest quality products, innovation and transparent communication. For us, the creation of shared value is a practice that affects all stages of the supply chain: it goes from caring for the people who have made and continue to make the history of the Group, the support of local communities and the promotion of active lifestyles among youths and their families, all the way to our strong commitment to sustainable farming practices and safeguarding and protecting the environment.

We confirm all of the commitments of our CSR strategy, involving People and Planet.



For the purposes of determining and managing the Group's policy in terms of corporate social responsibility (CSR), the Ferrero Group has an office which is specifically responsible for CSR: csr@ferrero.com



PEOPLE

For us, consumer focus isn't just an abstract value – it's something we put into practice every day, based on a sense of responsibility that goes beyond commercial goals. This responsibility becomes reality through our nutritional strategy, on-going innovation, the quality and freshness of our products, food safety and responsible and transparent communication.

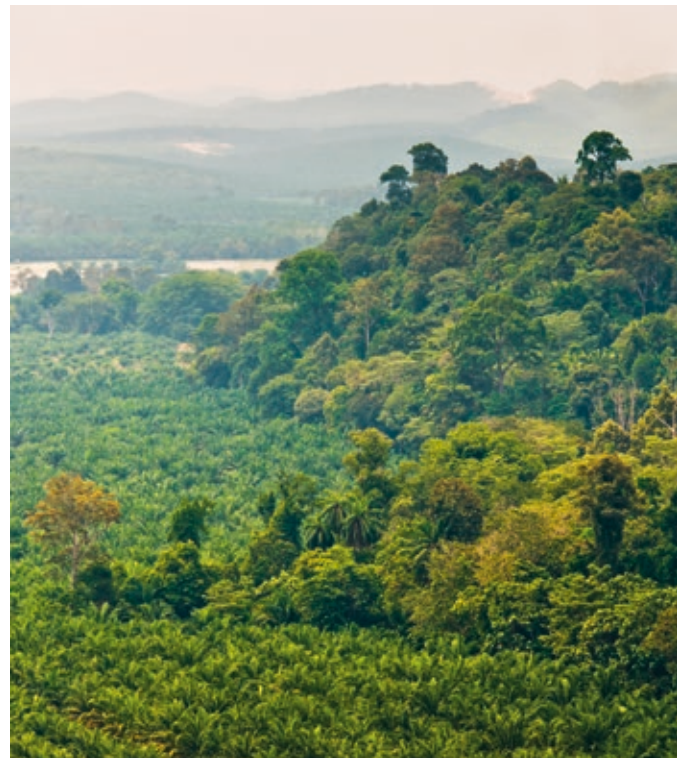
In addition, we show a constant interest in the lives of our current and former employees as well as the people living in the communities in which we operate. This commitment is demonstrated by the activities of the Ferrero Foundation and the Michele Ferrero Entrepreneurial Project, active in Africa and Asia. We have also continued our commitment to the promotion of active lifestyles by addressing young people and their families through the global Kinder + Sport Joy of Moving program.



PLANET

Monitoring and improving the impact of our activities throughout the entire supply chain is a priority, which we address by ensuring that our main raw materials are responsibly sourced.

In addition, we are committed to production that respects the environment, by making use of the best technologies available, ensuring that our use of energy, materials and natural resources is efficient and by consuming water resources responsibly and reasonably. Acknowledging this responsibility, we are strongly committed to minimizing our environmental impact, from raw materials to production plants and logistics, along the entire value chain.



MATERIALITY ANALYSIS

Our Materiality Analysis aims to identify and assess the importance of various sustainability topics that affect our ability to create value and those considered relevant by our stakeholders.

In 2018 we decided to make a step further in our analysis, updating both topic mapping and prioritization to better meet stakeholder expectations. This analysis resulted in 26 material topics. Following the identification of the topics, we proceeded with the prioritization process, based on both internal and external perception.

The relevance for our external stakeholders has been measured through a quantitative analysis performed on the basis of thousands of data points from corporate reports, mandatory and voluntary regulations (including NGO publications), news and social media posts².

The relevance and the potential impacts to us have been measured through an internal analysis.

In the matrix, the aspects that are most relevant to our stakeholders and us can be found in the top right-hand box.

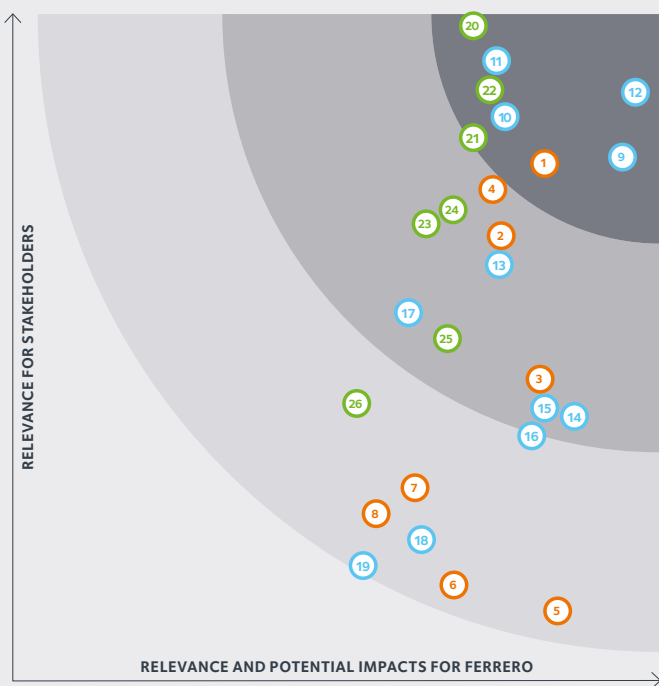
Compared to previous years, some topics related to environment have increased in importance, in particular *Climate change and air quality*, *Natural capital preservation and biodiversity* and *Sustainable packaging*. *Nutrition* is confirmed to be of high importance for external stakeholders and for Ferrero. We also confirmed once more, from both an internal and external perspective, the crucial importance of a *Responsible Supply Chain*.

From an internal perspective *Products and ingredients safety and quality* is confirmed to be the first Group priority, together with the protection of *Human rights*. *Consumer rights* and *Responsible Marketing* are also considered of high importance for the Group.

The importance of other environmental topics (*Water management* and *Waste management*) has also been highlighted, together with the confirmation of *Transparency* and *Ethics and Compliance* as crucial themes.

Special attention is also paid to our employees, as we identified topics such as *Employee health, safety and well-being* and *Fair and inclusive workplace* as being of high importance.

MATERIALITY MATRIX



1 Source: Datamaran Limited



THE GROUP

1. Responsible Supply Chain
 2. Governance
 3. Transparency
 4. Ethics and compliance
 5. Long-term value
 6. Innovation and digitalization
 7. Competitive pressure
 8. Geopolitical events
-
- ### PEOPLE
9. Human rights
 10. Nutrition
 11. Employee rights
 12. Products and ingredients safety and quality
 13. Talent and development
 14. Consumer rights
 15. Responsible marketing



PLANET

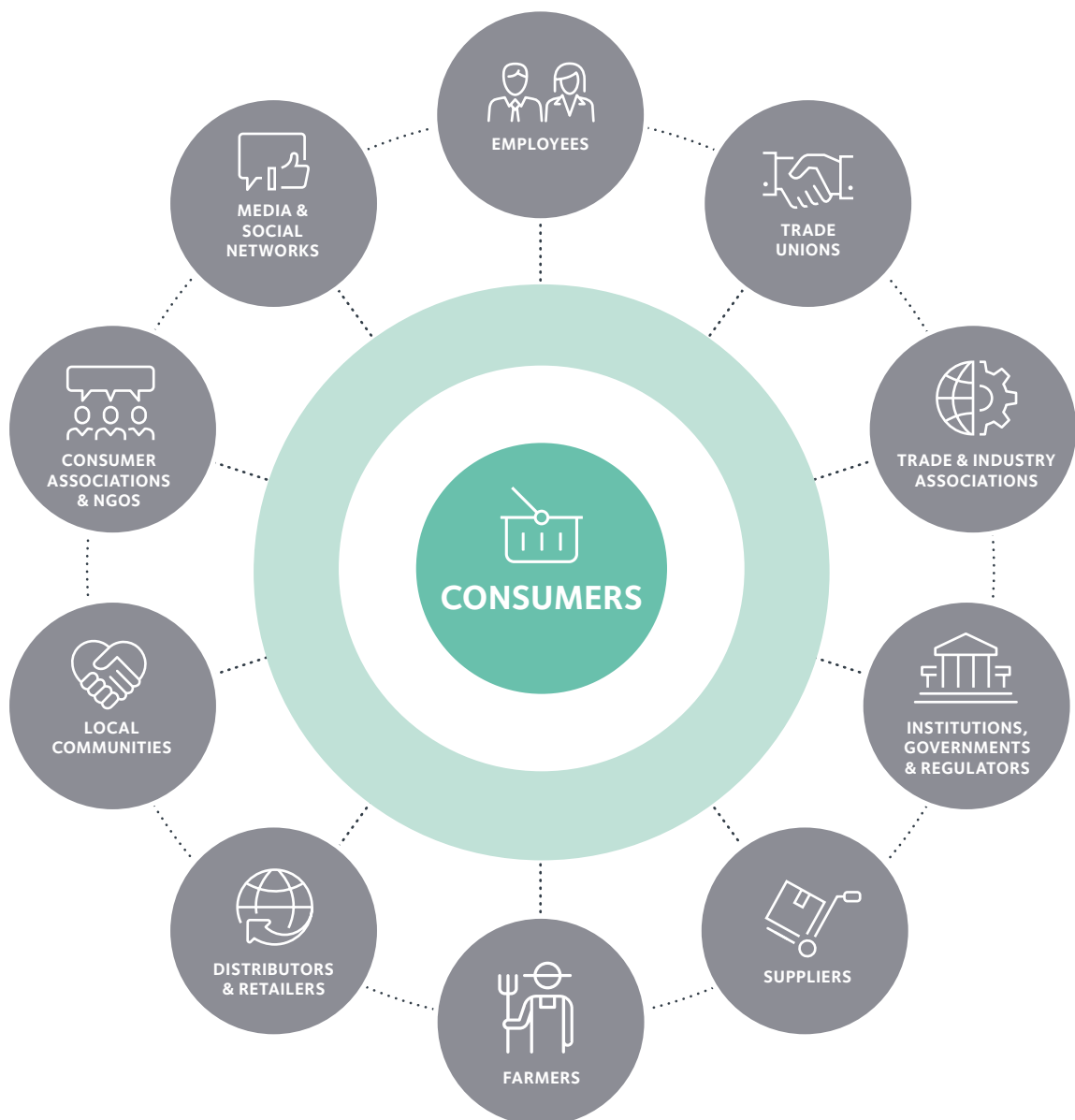
16. Employee health, safety and well-being
17. Fair & inclusive workplace
18. Local community support
19. Inclusion and accessibility
20. Climate change and air quality
21. Sustainable packaging
22. Natural capital preservation and biodiversity
23. Water management
24. Waste management
25. Energy efficiency
26. Animal welfare

STAKEHOLDER MAPPING

For the purpose of drafting the CSR Report, the mapping of internal and external stakeholders has been confirmed, affirming the centrality of the consumer – our first key stakeholder.

We actively participate in debates, and in the work groups, of trade and industry associations to which we belong, at an international, European and national level.

In addition, we have developed a structured dialogue with some NGOs that work in CSR.



OUR GROUP GOALS

SCOPE	DESCRIPTION	PROGRESS	
	FSSC 22000 food safety certification for all Group production sites – excluding the plants of the Michele Ferrero Entrepreneurial Project	Reached in January 2017	●
	Enhance the activities of the Ferrero Foundation and of the Michele Ferrero Entrepreneurial Project	Reached and renewed	●
	Promote internal initiatives to support a “culture of diversity”	Commitment renewed until 2018	●
	5% increase of women in managerial positions (compared to August 31st, 2015)	By 2020	●
	On-going support and expansion of our Kinder + Sport program by extending it in 30 countries all over the world and moving 5 million children	Countries: reached 34 countries by August 2018	●
		Children moved: reached 4.4 million by August 2018	●*
	100% cocoa certified as sustainable	By 2020	●
	100% sustainable palm oil certified RSPO as segregated	Reached in December 2014	●
	100% refined cane sugar from sustainable sources	By 2020	●
	Implementation of the traceability plan for 100% of hazelnuts	By 2020	●
	100% of eggs from barn hens with respect for animal welfare	Reached in September 2014 in EU plants and extended to a global level by 2025	●



- On track
- Partially met
- Not on track
- ▲ New goal




* Learn more on page 93 of the CSR Report.



For further details regarding the progress of the Ferrero Group's goals for 2020, please see the following chapters of this report.

SCOPE	DESCRIPTION	PROGRESS	
	Self-produced electricity totaling 70% (instead of 75%) of electrical consumption of all European plants, of which 18% (instead of 25%) was from renewable sources	Partially met in September 2014	
	Group ISO 50001 certification for the 17 production sites active in August 2014 – excluding the plants of the Michele Ferrero Entrepreneurial Project – including power generation plants	By 2020	
	Implementation of a global action plan on energy, according to local needs of existing and future plants, aimed at reducing emissions	By 2020	
	40% reduction of CO ₂ emissions from production activities (compared to 2007)	By 2020	
	30% reduction of greenhouse gas emissions (tons of CO ₂ eq) from transport and storage activities (compared to 2009)	By 2020	
	Use of packaging made from renewable sources (+10% compared to 2009)	By 2020	 *
	All packaging 100% reusable or recyclable or compostable	By 2025	 **
	100% virgin cardboard ¹ from certified sustainable supply chain	Reached in December 2014	
	100% of virgin paper ² from certified sustainable supply chain	Reached in December 2017	



-  On track
-  Partially met
-  Not on track

▲ New goal

- 1 The term "cardboard" refers to materials with a density (mass per square meter) over 225 g/m².
- 2 The term "paper" refers to materials with a density (mass per square meter) below 225 g/m².

* Learn more on page 179 of CSR Report.



Safety and quality tests on Ferrero toys compared to 38 required by regulators

65



Controls on primary and secondary packaging, including organoleptic tests and defect detection tests

1,150,000



Finished products tested for freshness

+1 million



OUR CONSUMERS

We always wanted to translate into action our passion and engagement for satisfying our consumers. Consumers are at the center of our daily activities, which range from creating a product of the highest quality, to on-going innovation, commitment to freshness and food safety, and responsible communication. Special attention is dedicated to parents and their children, with the activities of the Kinder Surprise Company (KSC).



For more information visit:
www.ferrerocsr.com



Marketed products providing
130 calories/serving or less

92%

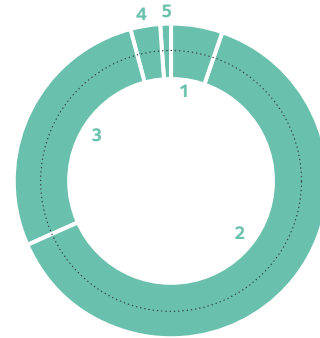
OUR CONSUMERS

NUTRITION

Nutrition is a fundamental element of life, both a pleasure and a necessity. We produce and market some of the world's best-loved confectionery products, in over 170 countries.

These products are of high quality and can be enjoyed within a varied diet and an active healthy lifestyle.

A healthy and balanced diet is the basis for human well-being. One of our corporate goals is to help our consumers make proper food choices and encourage them to adopt a varied and balanced diet, which provides essential nutrients and the right amount of energy from every food type.



Repartition of the products according to energy delivered by serving, on marketed volumes*

1. ≤10 kcal	5.3%
2. >10 – ≤100 kcal	63.1%
3. >100 – ≤150 kcal	27.7%
4. >150 – ≤200 kcal	2.9%
5. >200 kcal	1.0%

* % volume of products marketed worldwide, in the fiscal period 2017/2018. Ferrero internal source.

INNOVATION

Our approach to innovation combines two complementary and mutually reinforcing models. “Product to Science” starts with the idea of a novel product then looks for the science that enables it. “Science to Product” explores innovations in science and technology that inspire new product concepts.

Over the past 50 years, we have created innovative products that have become, over time, true icons of the chocolate confectionery sector. Studies aimed at innovation are carried out by a dedicated research and technology company within the Ferrero Group.





OUR CONSUMERS

CONTINUED



QUALITY

Our Quality System guarantees a global presence through our Central Quality Department and a number of Local Quality Departments located in our various commercial and industrial subsidiaries.

The Group Quality Department supervises the entire value chain – from raw materials to market. It works in close contact with Local Quality Departments to define quality objectives and periodically monitor performances through a complex system of indicators and auditing procedures.

about
690,000

controls on raw materials

17,600

Taste tests carried out globally
in FY 2017/2018 on Ferrero Rocher
during production phase

RESPONSIBLE COMMUNICATION

For any business, being socially responsible means voluntarily adopting practices and behaviors that go beyond legal requirements.

As a global player in our industry, we consistently apply the “Framework for responsible food and beverage communication” adopted by the ICC, International Chamber of Commerce, as well as the regional and national self-regulatory codes developed locally on that basis. We believe that an effective self-regulation of commercial communications provides a valuable framework to best serve the consumer’s interest.

12 years

In Europe, we foster a responsible approach to food products advertising to children under this age



9,000

Interviews with parents around Europe, Asia Pacific and Latin America in 2017/2018 in order to select the most promising surprise prototypes from 800 proposed every year

KINDER SURPRISE COMPANY

For over 50 years, our KINDER® products have contributed to the happy growth of children of all ages. Throughout this time the way we create our surprises has evolved, all while retaining our commitment to create safe and innovative products.

The KSC is dedicated to all Kinder eggs and seasonals. We also create the small KINDER® Surprise toys, with features and playability developed and optimized specifically for the miniature scale of the KINDER® world.

Children are our central reference point, therefore the KSC team works in line with four principles:

- **Improving the child’s ability:** to encourage the development of certain specific attitudes in children.
- **Variety:** to develop new ways of playing, aimed at stimulating holistic growth in children.
- **A 360° experience:** to encompass fun, educational value and the option of playing on a digital platform.
- **Universality:** to delight children around the world, regardless of culture, gender or age.



Children moved
by Kinder + Sport

4.4 million



Countries involved in
the Kinder + Sport activities

30+



Occupational levels (people)
of the Michele Ferrero
Entrepreneurial Project

2,300+



Overall training hours

730,000+



OUR PEOPLE & OUR COMMUNITIES

Our values and legacy demonstrate how much we care about our people.

We invest in every aspect of their personal and professional development from the day they join us right through to retirement and beyond.



For more information visit:
www.ferrerocsr.com



People working for Ferrero
in 55 locations

35,000+

OUR PEOPLE & OUR COMMUNITY

FERRERO PEOPLE

From their first day until retirement and beyond, whatever role they play with us, we help our people to fulfill their professional and personal potential.

The implementation of the new governance in September 2017 marked a new chapter in our story. To successfully tackle the changing and challenging competitive arena and accelerate our growth, a new organizational structure was designed to enhance the “best of Ferrero”: our distinctive entrepreneurship, our managerial excellence and the quality of our people.

Following the YOU survey 2015 and the SimplyYOU! survey 2017, hundreds of initiatives have been deployed to create a better work environment. These initiatives include “Forward”, the new digital platform that is the key entry point for company news, tools and applications, and the corporate social network “Yammer”.

Learning is part of our DNA. From the time employees join us through to retirement, they can grow and develop through Ferrero University, which now comprises three pillars: Welcome to Ferrero: Starting the learning journey; Ferrero Know-How Academies: Building technical skills; and Ferrero Leaders: Becoming a leader.

730,622

Overall training hours

66,251

Training participations





We have continued our tradition of positive and constructive industrial relations. In 2018 we finalized the renewal of Union agreements in 10 countries worldwide, to the satisfaction of all stakeholders, employees, trade unions and confederations involved.

Health and safety at work is a central value in our system. To ensure its success, the contribution and active participation of all those who work for and with the Company are essential factors.

During 2017/2018, we launched “Ferrero Operational Requirements H&S”, a standardization program on health and safety. The goal of the program is to define how to drive the H&S improvement in a systematic way and reach our Zero Accidents goal.

Statistical data on the occurrence of workplace injuries and accidents in the area considered is positive. The Lost Day Incidents Rate of our production plant employees fell from 10.14 injuries per million hours worked to 7.77 (-23%), while the injury severity index, which measures the days of work missed every 1,000 hours worked, fell from 0.186 to 0.151 (-19%).

OUR PEOPLE & OUR COMMUNITY

CONTINUED



THE FERRERO FOUNDATION

“Working, Creating, Donating” are the guiding values of the Foundation, which is chaired by Mrs Maria Franca Ferrero.

It was established as a Social Initiative in 1983 by Michele Ferrero to support our older employees and their families as they transitioned into retirement.

In 2018, healthcare services were provided to 1,254 Ferrero Seniors and their spouses in Alba and the surrounding area. And September 2018 saw the inauguration of the Piera, Pietro and Giovanni Ferrero Nursery School, which welcomed 28 children.



80

children that the Ferrero nursery can look after between 3 months and 3 years old

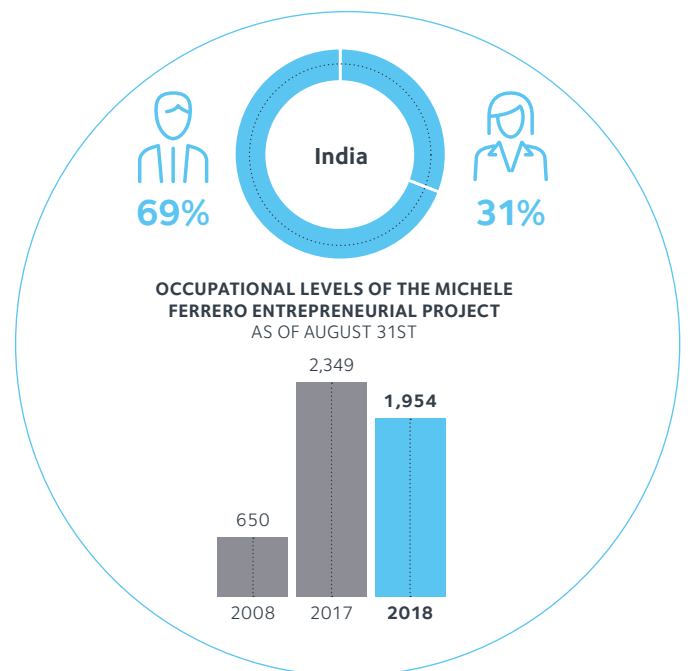
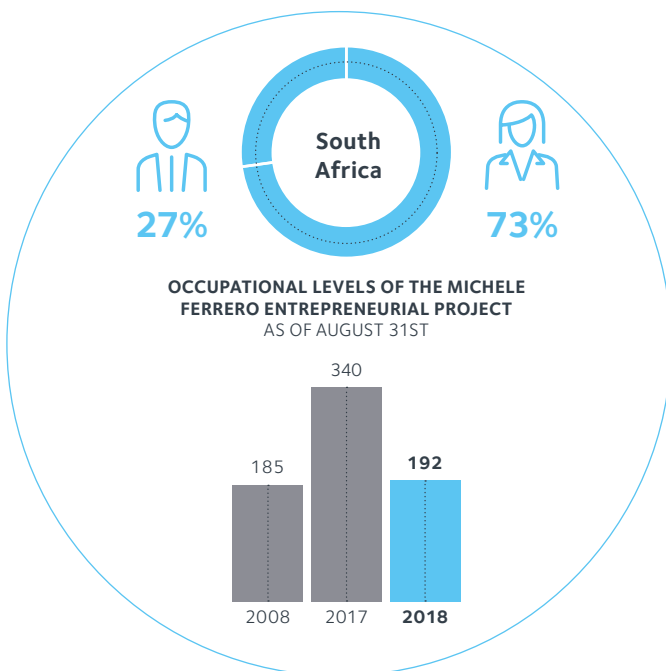
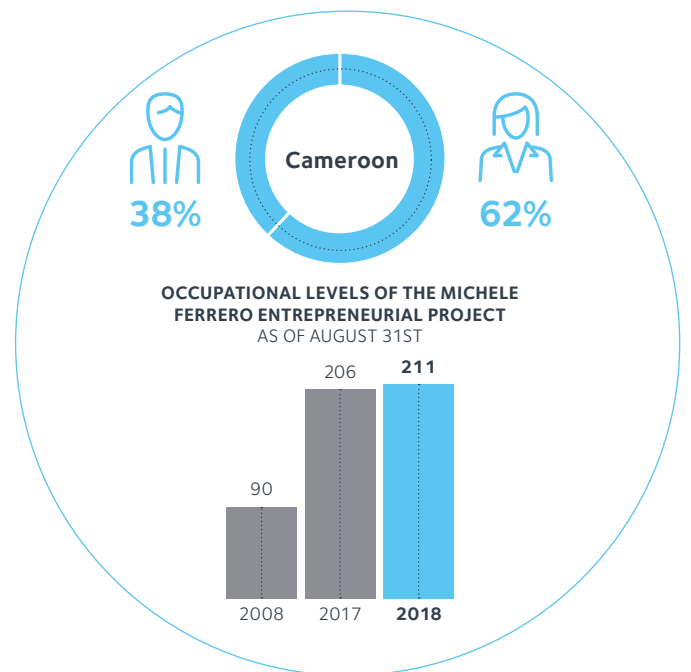
THE MICHELE FERRERO ENTREPRENEURIAL PROJECT

Established in 2005, the Michele Ferrero Entrepreneurial Project supports job creation and social and humanitarian projects in the least developed areas of emerging countries.

These projects aim to safeguard the health and educational and social development of children and young adults. As of August 31st, 2018, businesses participating in the Project have collaborated with 2,357 people – about 5.7% of our total workforce.



MICHELE FERRERO ENTREPRENEURIAL PROJECT



OUR PEOPLE & OUR COMMUNITY

CONTINUED

KINDER + SPORT

Kinder + Sport Joy of Moving is our international Social Responsibility Project. The program promotes physical activity and an active lifestyle among children and their families in an easy, engaging and joyful way.

It is inspired by the innovative and science-based educational method "Joy of Moving"; an approach founded on extensive academic research and field experimentation, specifically designed for children and based on games and playing.

The project currently involves 4.4 million children, aged 4 to 14, and 127 local Federations from 34 different countries. For over 13 years, the project has become increasingly successful, attesting to the Company's commitment towards the well-being of the younger generation.



KINDER + SPORT FULL YEAR RESULTS 2017/2018

34

Countries

127

Federations and
associations

4.4m

Children moved

€11.2m

Total investment





2017/2018 saw two especially important initiatives. Firstly, in Brazil, 120 teachers in Poços de Caldas were trained in the Joy of Moving method, making Brazil the second country, after Italy, to officially endorse and promote the methodology in school with the objective to expand in the following years. Secondly, a new partnership was established with Costa Cruises to bring the Joy of Moving method to all children on board the Costa ships. This delighted countless boys and girls while allowing them to develop their physical, emotional and creative skills.



Packaging recyclable, reusable
or compostable by 2025

100%



Traceable hazelnuts
by 2020

100%



Cocoa certified as sustainable
and 100% targeted by 2020

77%



OUR VALUE CHAIN

Sustainability has become a key component and we work with a vision of “Sharing Values to Create Value”. We build direct long-term commercial relationships with producers and suppliers of raw materials, based on a shared commitment to sustainable values, dialogue and transparency.



For more information visit:
www.ferrerocsr.com



Palm oil sustainable certified
RSPO as segregated

100%

CREATING OUR PACKAGING



We are so proud of our precious product. So beautiful, so tasty, so delicate.



We must ensure that its soft heart and its crispy shell arrive fresh and intact to our consumers!



Fortunately, our designers know how to overcome this challenge.



The cardboard box protects the product from any damage that might happen during transport and storage.



It also allows our consumers to transport it comfortably home and to protect it until it's ready to be consumed.



The plastic sleeve preserves the freshness of the product ensuring that it reaches our consumers just as we created it.



It also allows our consumers to have the right portion for a balanced snack or for sharing.

BUT IS IT REALLY THAT SIMPLE?

SAFETY AND QUALITY FIRST

We believe our product and our consumer come first. That consumer safety and satisfaction are the most important things.

This is why our packaging complies with stringent hygiene and safety standards.

- Packaging must protect our products from external agents!
- The packaging material must comply with the regulations of all the countries where our products are sold.
- The packaging material must have specific mechanical characteristics

MEET CONSUMER EXPECTATIONS

We believe our products should offer a wonderful experience and that this experience starts with the packaging.

Have you ever seen a child open a KINDERR Surprise for the first time? We have, and the expression of wonder is what inspires us every time we design a new package.

- Packaging must communicate
- Packaging must be easy to carry and to store at home
- Packaging must be easy to open and to close

Packaging must correspond to the product contained

Packaging must be amazing!

RESPECT THE ENVIRONMENT

What is our commitment to packaging environmental sustainability?

We are working to make our packaging “reusable or recyclable or compostable” by 2025!

It is a challenging goal that we have set ourselves to pursue the constant improvement of our performance.

It starts with a careful analysis of our existing packaging, aimed at identifying packaging or components of the packaging that can be improved, replaced or modified, in compliance with our stringent requirements.

HOW DO WE ASSURE THESE CHARACTERISTICS?

Our approach assures control of our entire packaging production chain. In fact our stringent checks are not carried out only on the supplier of the packaging material, but also on the upstream suppliers of raw materials.

We receive all compliance certifications from our suppliers and we follow up with internal and external lab analysis to ensure this is consistent and in line with our internal policies too.



Our packaging material is tested on our automated production lines to ensure that it is optimized to run with minimum waste of product and packaging



CHOOSE

FERRERO SUSTAINABLE AGRICULTURAL PRACTICES

To source the best raw materials on the market, we have developed a deep understanding and knowledge of our ingredients: their origins and their transformational processes.

Now more than ever, sustainability has become a key component of this knowledge culture. We work with a vision of “Sharing Values to Create Value” and have always preferred to establish direct long-term commercial relationships with producers and suppliers of raw materials, based on dialogue and transparency.

According to this vision, value is created not just from a commitment to a set of core values; it also implies the responsibility to share those values with all stakeholders inside and outside of our Group.

In particular, we care about the conditions that characterize the production of our supply chains’ raw materials and we require all suppliers and collaborators to adhere to our Code of Business Conduct and to comply with our non-negotiable high standards. This will ultimately strengthen the partnership between all involved in our supply chain, and increase transparency. We acknowledge that raw materials are produced in rural areas, and that rural development is the real driver to help farmers, workers, and their families. For this reason, we also promote good agricultural and social practices according to internationally recognized standards.



We work with a vision of “Sharing Values to Create Value”



To achieve our ambitions for sustainable supply chains, we have launched the FFV program under the F-ACTS framework. Each tailored FFV program has specific objectives based on a three-pillar approach: development of dedicated projects and partnerships; adoption of standards and certifications; institutional and collective engagements. Specifically, considering the complexity of the global sourcing activities, we recognize that a single player alone cannot transform a given supply chain into a sustainable one. The three pillars work in conjunction to complement each other, rather than operating in isolation: a series of actions and initiatives implement the three-pillar approach.

To achieve our ambitions for sustainable supply chains, we have launched the FFV program under the F-ACTS framework.



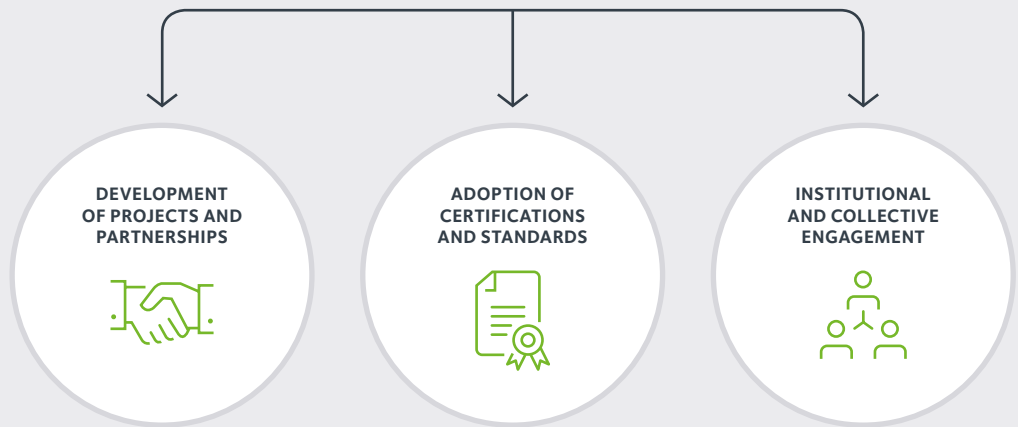


OUR THREE-PILLAR APPROACH



All stakeholders along the value supply chain must work together to achieve a sustainable supply chain

THE THREE PILLARS



PROGRAMS	OBJECTIVES
 FERRERO FARMING VALUES COCOA	By 2020 100% certified as sustainable
 FERRERO FARMING VALUES PALM OIL	Since January 2015 100% sustainable certified RSPO as segregated
 FERRERO FARMING VALUES HAZELNUTS	By 2020 100% traceable
 FERRERO FARMING VALUES CANE SUGAR	By 2020 100% certified as sustainable
 FERRERO FARMING VALUES EGGS	By 2025 100% of eggs from barn hens (100% for EU plants reached in September 2014)
 FERRERO FARMING VALUES MILK	Pursue strict quality standards and monitor sustainability indices

CHOOSE

CONTINUED

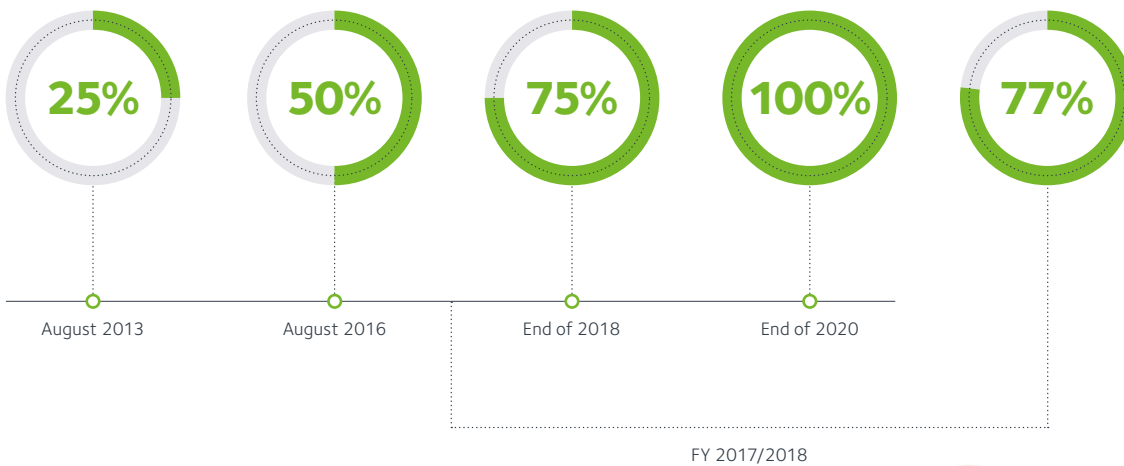
COCOA

The vast majority of the world's cocoa is produced by small farms in developing countries. We are committed to support these farmers in adopting sustainable agricultural practices through the implementation of the Ferrero Farming Values Cocoa Programme.

One of our key commitments towards building a sustainable agricultural supply chain is to source 100% sustainable cocoa beans by the end of 2020. By August 2018, we continue to be on track, reaching 77%.



COCOA CERTIFICATION ROADMAP



PALM OIL

Committed to playing a significant role in the sustainable transformation of the palm oil sector, in 2015 we became one of the first global companies to source 100% RSPO certified palm oil as segregated.

Through active cooperation with NGOs, key stakeholders and suppliers, we aim to secure a deforestation-free and exploitation-free palm oil supply chain. During 2017/2018, we sourced around 203,000 metric tons of palm oil, just below 0.3% of the world's total palm oil production.



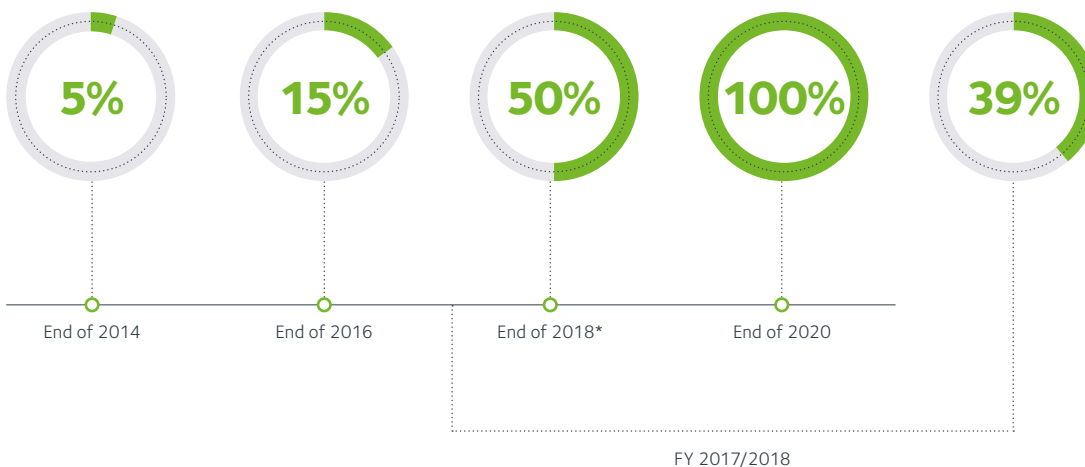
HAZELNUTS

Hazelnuts are the heart of our company and characterize the taste of most of our products. As an important player in this field, we aim to develop the hazelnut sector on a global scale, acting as the benchmark for good agricultural practices, economic and environmental sustainability and innovation.

Since the early 90s, we have undertaken many initiatives promoting an ethical and profitable integration between the confectionery and agricultural industries, with a deep focus on quality improvement, which resulted in the creation of Ferrero Hazelnut Company (HCo) in 2015. The HCo division is the first example within the hazelnut industry of a “fully integrated value chain company”, from farming to consumer.



TRACEABLE HAZELNUT SOURCING ROADMAP



CHOOSE

CONTINUED

SUGAR

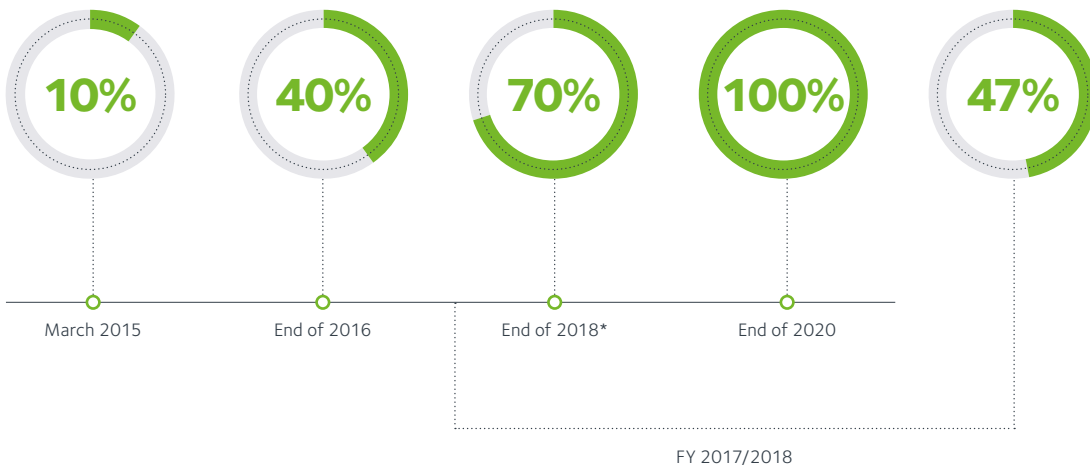
We have a commitment to strong relationships with agricultural cooperatives and sugar producers. For decades, we have collaborated with suppliers, who provide us with high-quality sugar.

To support the development of sourcing from other sugar producing countries, our procurement and quality teams have a baseline selection procedure for new suppliers, guaranteeing that raw sugar always meets our high-quality criteria. We are committed to source all our refined cane sugar from sustainable sources by 2020.

In FY 2017/2018, the total volume of sugar we purchased was approximately 25% refined cane sugar and 75% beet sugar.



SUSTAINABLE CANE SUGAR SOURCING ROADMAP



MILK AND EGGS

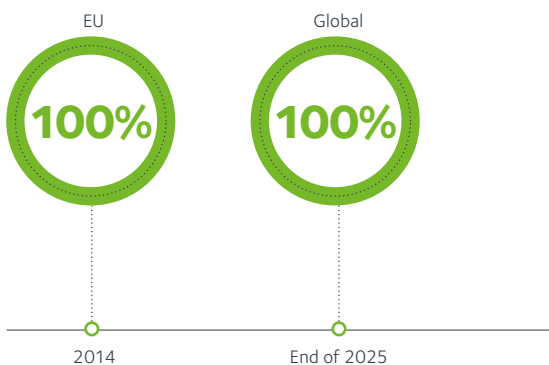
Over many years we have developed and nurtured long-term relationships with carefully selected, local milk producers.

These partnerships, alongside our strict standards, have enabled us to assure and improve the freshness and quality of our milk. We use these relationships to strengthen our “controlled, short supply chains”, paying particular attention not only to milk quality but also to the activities of suppliers linked to sustainability in the areas of animal welfare and environmental responsibility.

Our egg supply chain is fully integrated (suppliers have the control of life cycle of their animals and the feed composition). And we are committed to sourcing eggs from cage-free systems for our global supply chain. In 2014 we reached our objective of using 100% cage-free eggs in the EU; as our European egg supply chains account for 95% of all the eggs we use globally, our commitment is to source only cage-free eggs and egg ingredients globally by 2025.



EGGS FROM CAGE-FREE BARN HENS ROADMAP





CLIMATE CHANGE

We are committed to address climate change by reducing our operational impact. To reduce our own greenhouse-gas (GHG) emissions, we focus on producing thermal energy and electricity energy from renewable sources, and continuously improving the energy efficiency of our existing energy and production operations.

Considering an increased production volume over the years, we were able to keep broadly constant the overall intensity regarding emissions from production sites (Scope 1 and Scope 2 – “market based” methodology).



ENERGY EFFICIENCY

We confirm that continuous improvement in energy efficiency is a crucial aspect for the reduction of GHG emissions. We strengthened our commitment on energy efficiency to focus on tackling saving opportunities for our most significant energy users, both in utilities and production lines.

In recent years, we have focused on developing production plants that generate electricity and heat from cogeneration or trigeneration.



WATER STEWARDSHIP

The issue of water scarcity is playing an ever-more important role in the global development agenda: we recognize water to be a fundamental natural resource and its growing scarcity to be a huge risk for future generations.

We committed to develop our business in a way that enables effective water stewardship, by ensuring our operations use water efficiently through sustainable initiatives without adverse impact on the local ecosystem.



CIRCULAR ECONOMY

As part of our commitment to apply the principles of the circular economy (moving from a linear economy model), where we cannot reduce or eliminate waste, we see it as a valuable resource.

In FY 2017/2018 our waste recovery rate was 95.0%, constant compared to the previous FY.



Waste recovery

95%

STORE AND DELIVER

Our supply chain department is responsible for storing, shipping and transporting many different materials, including raw materials and packaging to our factory plants or finished products to our clients. They do this in ways designed to reduce our environmental impact.

ISO 14001 Certification

Three additional Italian warehouses were certified ISO 14001 during FY 2017/2018, bringing the number of certified Italian warehouses, managed directly by us and located outside the plants, to 10.

Transport optimization – Ferrero India

During FY 2017/2018 Ferrero India launched an overall project on the optimization of product transport, through an increase in container load of around 10% in comparison with the previous FY and reduction of the turnaround time of trucks (achievable by simplifying internal procedures). Fitting more products on every truck or ship leads to a reduction of CO₂ emissions: this project provides a saving of 47 t yearly.

Transport with natural gas – Ferrero Italy

During the FY 2017/2018 Ferrero continued and expanded the program of LNG (“liquid natural gas”) as fuel for transports used. The most important growth in this application was within the Italian network that increased the shipments completed in the previous FY involving national and international transport lines. The trucks used for these transports have covered an increasing distance, with a saving of CO₂ produced.

In Italy the authorities are encouraging the development and use of biofuel for transport in order to respect the European Directive on the promotion of the use of energy from renewable sources. We are voluntary answering to this national sustainable policy in order to reduce the impact of logistic activities. Our commitment on biofuel will continue during the next years.

Specific activity with Shuttle “Polo Albese”

In addition to the Natural Gas project on national and international transport lines, a specific program was also developed for products transport within the “Polo Albese” (comprising Alba factory, Monticello warehouse and the coopackers connected to them, around 15 km away). Starting from October 2018, 50% of the transports are supposed to be carried out through CNG (“compressed natural gas”) trucks that cover more than 170,000 km.



Increased use of natural gas-fueled trucks for domestic transport in Italy during FY 2017/2018



END OF USE

HELP US TO BE EFFECTIVE!

We are committed to ensure that our delicious products reach you in perfect condition. We have used all the knowledge and technologies available to ensure that our packaging meets your highest expectations. Help us to ensure that our packaging materials are not wasted or do not become a polluting agent for our planet.

What can you do?

Never throw waste on the ground!

Incorrectly managed waste will negatively affect the environment.

A recent study by the Ellen MacArthur Foundation warned that there will be more plastic in the sea than fish by 2050. We have committed to make our packaging recyclable, reusable or compostable by 2025, but we need a shared collaboration across our entire supply chain to ensure that our efforts are not in vain: each of us could make the difference.

If you can reuse, do so!

Some of our packaging has been specifically designed to be easily reused, others need your creativity.

A plastic box can become a nice container for objects and a glass jar can store your cookies. If you need some ideas take a look at our websites, you'll find lots of interesting and creative ideas.

Don't forget to recycle!

We are engaged to help our consumers correctly manage our packaging when the product is finished. We developed an end-of-life packaging label to provide consumers with an indication on the material of each single component: we recommend our consumers check how their local waste is collected to understand the right bin and collection instruction for each packaging element.

Be careful: the domestic waste management system changes from state to state and sometimes even from region to region in the same state!

We're boosting the project to increase the geographical coverage of label. Different legal requirements, different waste management systems, changes on waste collection, and the small space available on pack make this goal very challenging, but we are striving to improve.

Today you can find it on all ESTATHÈ packs, NUTELLA jars in main European countries, NUTELLA bread and bakery products, and KINDER® products on our dedicated website page.



We have committed to make our packaging recyclable, reusable or compostable by

2025

RECYCLING TIPS

- Do not put porcelain in a glass recycling bin, it causes problems in the recycling process of glass!
- If you see a label covering all of the body of a bottle, take it out before putting the bottle in the plastic bin.
- Small plastic labels on bottles and plastic caps can be left: the recycling system is equipped to differentiate them. Only full body labels are a problem.

FERRERO



csr@ferrero.com

www.ferrero.com