

BARILLA GROUP AND THE UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

JULY 2013

Barilla Group renews its commitment to the Ten Principles of the Global Compact

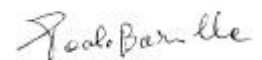
I am pleased to confirm that Barilla Group reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals.

In this annual Communication on Progress, which reports on the 01/2012 – 12/2012 period, we describe our actions to integrate the Global Compact into our way of doing business. We are also committed to sharing this information with our stakeholders using our primary channels of communication.

In addition to this communication, we have described our commitment for a sustainable business in the new 2013 Sustainable Business Report: *“Good for You, Good for the Planet”* and in the dedicated website: www.goodforyougoodfortheplanet.org. We periodically share our strategy with our stakeholders in specific meetings and in the Annual Meeting of our Stakeholders’ Panel.

Yours sincerely,

Mr. Paolo Barilla

A handwritten signature in black ink that reads "Paolo Barilla". The signature is written in a cursive, slightly slanted style.

Vice President, Barilla Group

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Introduction

The United Nations Global Compact, the world's largest voluntary corporate citizenship initiative, foresees the adoption of ten principles which promote long term sustainability through socially and environmentally responsible actions at a political, social, civil and business level. With the goal of promoting a sustainable economy, the Global Compact requires its participants to embrace, support and enact, within their sphere of influence, a set of core values related to social inclusion by protecting human rights and ensuring high work standards, safeguarding the environment and combating corruption.

Barilla Group (Barilla or Company), founded in Parma in 1877, is today among the top Italian food groups, a world leader in the pasta market, a European leader in ready-made sauces, an Italian leader in bakery products and a Scandinavian leader in crisp breads. Barilla undertakes its operations in the respect of its clients, suppliers, the environment and the local communities, convinced that a sustainable business creates value for the company, both in the short and long term horizons it operates within. Such conviction has led, in 2011, to the participation to the Global Compact. The Company follows the principles of the GC which are aligned with its sustainable development values.

Governance

In order to follow its sustainability related goals and to integrate them within its business operations, Barilla has implemented a sustainability governance structure. The company's organizational model therefore assigns responsibility for the management of sustainability issues to Corporate Top Management (i.e. to the Shareholders and the Steering Committee) which includes top managers such as Directors and Regional Managers. The Top Management of the company is in charge of approving and reviewing objectives and strategic projects necessary to achieve such objectives, as well as of regularly assessing key indicators of progress. Proposing objectives and projects, as well as monitoring and controlling sustainability indicators, are tasks assigned to the Sustainability Operating Group. The Sustainability Operating Group is a standing group which includes all corporate functions and which is coordinated by the Sustainability Unit.

Barilla has also developed a sustainability management system that ensures a constant exchange and dialogue between the Company and its stakeholders in order to guarantee transversality, integration and maximum sharing at all levels of the organization. Furthermore, this system is supported by a monitoring plan composed of a series of areas of interest and related KPIs that monitor and measure sustainability performances.

The GC principles

The set of core values that the UN Global Compact asks companies to commit to are divided into four areas related to human rights, labour standards, the environment, and anti-corruption and require companies to:

Human Rights

- **Principle I:** Support and respect the protection of internationally proclaimed human rights;
- **Principle II:** Make sure that they are not complicit in human rights abuses.

Labour

- **Principle III:** Uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle IV:** Eliminate all forms of forced and compulsory labour;
- **Principle V:** Support the effective abolition of child labour;
- **Principle VI:** Eliminate discrimination in respect of employment and occupation.

Environment

- **Principle VII:** Support a precautionary approach to environmental challenges;
- **Principle VIII:** Undertake initiatives to promote greater environmental responsibility;
- **Principle IX:** Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- **Principle X:** Work against corruption in all its forms, including extortion and bribery.

Human Rights

Principle I: Support and respect the protection of internationally proclaimed human rights;

Principle II: Make sure that they are not complicit in human rights abuses.

Assessment, policy and goals

Barilla is a Group that has been managed by the same family for four generations. This explains its strong identity which has been always based on a human and professional “style” characterized by fairness, integrity and the ability to strike a balance between the respect for its people, the communities it operates in and its basic Company interests.

Barilla considers compliance with national and international law as essential in performing all of its activities. Therefore, Barilla commits itself to adjust its conduct so as to prevent crimes and to conform to existing legislation and to generally accepted practices. Moreover, the Company takes decisions and inspires its operations to potential regulatory and legislative evolutions.

Barilla believes that the following international frameworks are fundamental in the definition of its values and it reaffirms its commitment to operate in respect of the principles enunciated in these:

- The United Nations Universal Declaration of Human Rights;
- The Fundamental Conventions and Recommendations of the ILO (International Labour Organization);
- The Earth Charter published by the Earth Council;
- The United Nations Global Compact principles.

The company’s Code of Ethics declares the adherence to the international guidelines listed above and requires, as a consequence, the respect of human rights. The Code is addressed to each and every Barilla stakeholder without exception and to all those who, directly or indirectly or on a permanent or temporary basis, enter into relationships or transactions with Barilla and work toward the Company’s objectives. The Code is binding for all Barilla employees, external collaborators, consultants, suppliers and consumers and all shall explicitly accept and respect this Code. Furthermore, suppliers are required to always act consistently with the general principles of the Code of Ethics, in order to pursue an ethically responsible manufacturing model.

Implementation and Outcomes

The Human Capital Unit has the responsibility to update the Code of Ethics. Barilla has also established a watch structure, the Supervisory Board, to which it has delegated the task of overseeing the correct implementation of the Code of Ethics and of reporting, to the corporate departments designated, the violations of the Code committed by employees or external collaborators and suggesting the necessary and adequate measures to be taken in response to such violations. As an alternative option, all interested parties can report, in writing and anonymously, all violations or suspected violations of the Code of Ethics to the body with oversight authority over the implementation of the Code.

Barilla is also committed to promoting and enforcing the respect of human rights within its entire supply chain and to this end it has set, among its objectives, that by 2014 it will include clauses on the protection of environmental and human rights within supply contracts, in accordance with the provisions of the UN Global Compact. Furthermore, from 2012 the Company is requesting new suppliers and co-packers, present in areas

deemed risky from a point of view of social and environmental rights, to join the Global Compact initiative before establishing any form of collaboration with them.

Barilla has undertaken a series of actions and considers a set of indicators necessary to monitor the respect of human rights. Such actions are summarized below:

Indicator	2011	2012
% of main suppliers and contractors that are audited with regard to human rights and the relevant measures adopted	100% of Barilla suppliers have signed the general purchase conditions, whereby they have undertaken to abide by the Company's Code of Ethics. Specifically, labour procurement shall entail a series of certifications attesting to the legitimacy of the contracts used.	100% of Barilla suppliers signed the general purchase conditions, whereby they have undertaken to abide by the Company's Code of Ethics. Specifically, labour procurement shall entail a series of certifications attesting to the legitimacy of the contracts used.
Audits on critical supply chains	3 new audits scheduled for 2012 to cover 100% of all suppliers.	3 audits in 2012.

Labour

Principle III: Uphold the freedom of association and the effective recognition of the right to collective bargaining.

Assessment, policy and goals

Barilla's Code of Ethics sets out the guidelines that the Company is committed to follow in matters of employee rights and labour protection. The Company guarantees its employees' freedom of association and recognizes the right to collective bargaining.

Implementation and Outcomes

The Company's sustainability organizational model has been designed in order to ensure a constant exchange between the Company and its stakeholders. Barilla is therefore committed to develop and maintain relationships with all of its stakeholders on sustainability themes guaranteeing a structured dialogue with them. Among the tools implemented by the Company in order to create value it is worthwhile to mention also the correct management of the relationships with trade-union associations.

As stated above, within the introductory section of this document, the management of all sustainability related aspects, including a correct dialogue with all social parts, is the responsibility of the Company's Top Management while the proposal of goals and projects, as well as the monitoring and control of sustainability indicators, is assigned to the Sustainability Operating Group coordinated by the Sustainability Unit. Furthermore, it is the responsibility of the Supervisory Board to monitor the correct implementation of the Code and to signal potential violations, to the corporate departments designated to impose sanctions, proposing also the necessary and adequate measures to be taken in response to such violations.

Barilla has established appropriate channels of communication that can be used by affected parties to communicate remarks about the implementation of the Code and report violations of its rules of conduct. As an alternative option, all interested parties can report, in writing and anonymously, all violations or suspected violations of the Code of Ethics to the body with oversight authority over the implementation of the Code.

The management system of the Barilla Group has been developed in order to oversee all sustainability issues relevant for the Company. The system foresees a series of areas, objectives/goals and KPIs that enclose all the main sustainability topics that Barilla must monitor. Among the themes that are considered within the management system, some of which are measured through related performance indicators, are those regarding industrial relations and collective bargaining:

- Ethical and fair management of plant closings;
- Sustainable and ethical management of negotiations on bonuses and of quality and safety management;
- Monitoring of trade union objections;
- Efficiency in shift management;
- Headquarter monitoring of local decisions in matters of trade union relations.

Principle IV: Eliminate all forms of forced and compulsory labour;

Principle V: Support the effective abolition of child labour.

Assessment, policy and goals

As set out within the Code of Ethics, the Company considers, within its business activities and the development of business strategies, the Fundamental Conventions and Recommendations of the ILO and the principles proposed by the United Nations Global Compact. The Group therefore commits to never take advantage, not even indirectly, of either forced/obligatory labour or of child labour.

Implementation and Outcomes

The production activities of Barilla mainly take place in countries governed by rigid regulations in matters of labour protection, that impose, in case of failure to comply, tough sanctions. In addition, the Company values, enshrined in its Code of Ethics, provide that Barilla will guarantee the highest standards of labour protection. The corporate activities that may expose the Company to risks of forced and/or child labour can be identified within its supply chain and purchasing activities.

In order to manage such risks, Barilla has joined in 2011 Sedex (Suppliers Ethical Data Exchange), a non-profit organization, founded in 2004 to guide the environmental and ethical performance of the supply chain at a global level. Sedex has set up a web platform to enable suppliers to share information with customers on four pillars: labour standards, health and safety, environment and business integrity. Furthermore, starting in 2012 the Group requires all its suppliers located in high risk or low regulation countries to join the project and the platform in order to share their self-assessments and audit procedures on the four target areas mentioned.

Palm Oil

Palm oil is characterized by environmental impacts due to deforestation in many parts of Malaysia and Indonesia, where it is produced, resulting in a loss of biodiversity. In addition to this, palm oil is also controversial because of social issues given that its production requires many workers, some still minors, whose land is sometimes confiscated. For this reason, Barilla has agreed to buy palm oil only from suppliers who adhere to the Roundtable on Sustainable Palm Oil (RSPO), a global association which, since 2004, requires its members to comply with certain standards of accountability. By 2015, 100% of the palm oil used by Barilla will be RSPO certified.

Cocoa

Cocoa is another raw material associated with social problems and forced labour. For this reason, 100% of Barilla's suppliers are members of the World Cocoa Foundation and all the processing sites of Barilla's main supplier of cocoa in Africa are certified by social auditing.

Barilla has developed a series of activities regarding the promotion of high labour protection standards, as indicated in the boxes above. The Company has also identified a series of KPIs that allow monitoring and tracking the achievement of such labour protection standards, as indicated in the table below:

Indicator	2011	2012
Activities identified as entailing significant risk of child labour and measures adopted to contribute to its elimination	Cocoa and palm oil supply chain. Measures designed to prevent exploitation of child labour: all Barilla suppliers have signed the general purchase conditions, whereby they have undertaken to abide by the Company's Code of Ethics. Use of certified suppliers.	Cocoa and palm oil supply chain. Measures designed to prevent exploitation of child labour: all Barilla suppliers have signed the general purchase conditions, whereby they have undertaken to abide by the Company's Code of Ethics. Use of certified suppliers.
Activities with high risk of forced or compulsory labour and measures adopted to contribute to their abolition	Cocoa and palm oil supply chain. Measures designed to prevent exploitation of child labour: all Barilla suppliers have signed the general purchase conditions, whereby they have undertaken to abide by the Company's Code of Ethics. Use of certified suppliers.	Cocoa and palm oil supply chain. Measures designed to prevent exploitation of child labour: all Barilla suppliers have signed the general purchase conditions, whereby they have undertaken to abide by the Company's Code of Ethics. Use of certified suppliers.

Principle VI: Eliminate discrimination in respect of employment and occupation.

Assessment, policy and goals

As set out within its Code of Ethics, Barilla avoids all forms of discrimination against its employees, whether based on age, gender, sexual orientation, health status, race, nationality, political ideas or religious beliefs. Barilla recognizes cultural and skills diversity as an essential value for the firm and intends to attract and develop employees with leadership potentiality, passion for food products and intellectual curiosity.

The Company strongly repudiates any form of discrimination in the areas of recruitment, human resource management and in all decisions related with its stakeholders.

Barilla is firmly committed to prevent any form of mobbing or work exploitation, whether direct or indirect and to adopt only criteria of merit, work performance and professionalism in all decisions concerning employees' career development.

Implementation and Outcomes

The Barilla Group has been acquiring in the last period a multinational feel, reflecting in its value identity the heterogeneity of the cultures of the countries in which it is present.

The sustainability management system of the Barilla Group has been developed in order to oversee all sustainability issues relevant for the Company. The system foresees a series of areas, objectives/goals and KPIs that enclose all the main sustainability topics that Barilla must monitor. Among the areas that are

considered within the management system are those regarding diversity management, which are monitored and measured through performance indicators.

Indicator	2011	2012
Total number of employees, broken down by type, employment contract and geographical area	8,641 People: 4,494 in Italy, 1,493 in France; 479 in Russia; 522 in Sweden; 438 in the United States; 334 in Germany; 332 in Turkey; 125 in Mexico; 211 in Greece; 82 in Norway; 44 in Poland; 18 in Benelux; 15 in Switzerland; 12 in Brazil; 8 in Australia; 8 in Austria; 6 in Japan; 4 in Slovenia; 1 in Hungary; 7 in Canada; 1 in Croatia and 8 in Spain.	8,163 People: 4,183 in Italy, 1,445 in France; 407 in Russia; 498 in Sweden; 428 in the United States; 323 in Germany; 330 in Turkey; 125 in Mexico; 205 in Greece; 74 in Norway; 44 in Poland; 17 in Benelux; 17 in Switzerland; 14 in Brazil; 9 in Australia; 8 in Austria; 6 in Japan; 4 in Slovenia; 1 in Hungary; 7 in Canada; 1 in Croatia, 8 in Spain; 2 in Romania, 7 in Singapore.
% employees offered training, including those in the plants, out of total staff	74%	79%
% of employees covered by an annual performance management system	1,746 People worldwide (100% managerial population). Italy: 900 People, 64% white collar.	1,600 People worldwide (100% managerial population). Italy: 820 People, 55% white collar.
Types and frequency of application of existing innovative contracts: job sharing, teleworking, part-time, etc.	4.4% ; America: 2 part-time, 3 flexible work; Sweden: 33 part-time; Norway: 41 part-time.	4,9%
% of "expatriate" contracts compared to the previous year	+ 6,6%	No further increase.
% of internships transformed into fixed-term /permanent employment contracts	71,40%	43% in Italy and 8% in France, 25% Sweden and Norway.
% of women broken down by occupational level	Italy: Executives: 18.8 Managers: 31.5 White collar workers: 40.5 Sales force: 28.3 Blue collar Workers 23.4 Total: 28.1 .	Italy: Executives: 12.4 Managers: 32.6 White collar workers: 37.8 Sales force: 12.0 Blue collar Workers 22 Total: 25.3 .

Turnover rate by age and gender

5.6% men and 5.0% women. Age from 21 to 30 7.62%; from 31 to 40: 3.71%; from 41 to 50: 1.02%; from 51 to 60: 11.34%; over 60: 55.76%.

2.7% men and 2.4% women. Age from 21 to 30 5.2%; from 31 to 40: 2.3%; from 41 to 50: 0.9%; from 51 to 60: 3.6%; over 60: 45.3%.

Barilla acts within the areas of human resource recruitment, management and development on the basis of principles steeped in equity, fairness and non-discrimination. Some of the main activities implemented during the reporting period, in the respect of its employees, are indicated below:

Health and Safety

In line with the general Company goal of being socially responsible Barilla has also set an objective of reaching high workplace safety standards, reducing by 50% the days of absence due to accidents, reducing by 40% the total number of accidents and monitoring the safety indices of the external companies that work within the Barilla premises. Indeed, in 2012 180 accidents were registered, 33% less than in 2008, leading also to a significant fall in the number of days of absence due to accidents.

The plants in Bolu, Thiva, the new sauces plant in Rubbiano, as well as the mills in Altamura, Castelplanio, Ferrara and Volos, have reached in 2012 the cherished goal of “zero accidents”.

These impressive results have been reached also thanks to a well developed health and safety training programme that has dealt with topics such as, for example, emergency handling, fire prevention, first aid, the contents of Barilla’s Integrate Safety and Environment System Manual, the manual handling of loads, ergonomics principles, safe use of fork-lift trucks, electrical risk, dust risk, noise risk, handling of lifting apparatus, individual protective devices, training of supervisors and safety at work for external companies.

To improve its health and safety performances, the Company monitors the achievement of set goals, through the definition of performance indicators and carries out annual audits to verify the environment, health and safety issues.

People Care Initiatives

In 2012 Barilla’s commitment in activities aimed at improving the wellbeing of its employees has continued. The activity, named People Care, comprises of a series of initiatives for employees, developed to address the level of wellbeing identified in the BCFN Index: lifestyle, wealth and environment, social and interpersonal relations. Some of the good practices implemented in the various countries in which the Group operates in include:

- Greece: Christmas parties for children organized within the plants, scholarships, restaurant vouchers, easy bank loans (“blood banks”) for employees and their families, buses to organize transport;
- Germany: family day, participation in Wasalauf (Wasa sponsored marathon), company canteen, incentives to practice sport (gym agreements, in-house activities), water and readymade meals, free fruit one week per month;
- Sweden: meal tickets per sales area, open day at the Filipstad plant, Stockholm gym.

In the United States and Italy the pilot program, Si.Mediterraneo, developed in collaboration with the Department of Clinical and Experimental Medicine of the Federico II University of Naples and the contribution of the Barilla Nutrition Advisory Board, has continued. The aim of the project is to increase the nutritional

knowledge of Barilla employees, starting from an analysis of their eating habits and lifestyle. The project began in October 2011 at the two company canteens in Pedrignano (Parma), the Group's headquarters, where 1,500 employees work. The project has now reached almost all Italian plants, office and plants of Barilla America, and most recently the Filipstad plant in Sweden. Gradually, Si.Mediterraneo will bring the Double Pyramid concept of healthy and sustainable nutrition, a pillar of the "Good for You, Good for the Planet" strategy, to all Barilla employees.

In order to understand the impact of the project on food choices it has been decided to monitor food consumption before and a few weeks after the beginning of the project at the Barilla headquarters in and at Melfi plant. Both locations report significant and positive changes in food choices, with an increase in wholegrain pasta and bread as well as a higher consumption of vegetables and grain salads. The food consumption in the canteens has also registered a significant increase in the consumption of types of food more in line with the Mediterranean Diet and a decrease in consumption of those less in line with this Diet.

Environment

- Principle VII:** Support a precautionary approach to environmental challenges;
- Principle VIII:** Undertake initiatives to promote greater environmental responsibility;
- Principle IX:** Encourage the development and diffusion of environmentally friendly technologies.

Assessment, policy and goals

At the centre of Barilla’s way of doing business is the commitment of operating to reduce the environmental impact of its products by improving cultivation processes, production and distribution and by informing and educating people to consume responsibly. Barilla commits to adopt, in every activity, the criterion of caution or the *precautionary approach*, a principle according to which, in case of doubt related to a product or production procedures’ safety towards the environment or human health, the burden of proof regarding the harmlessness of the above mentioned product or procedure lies solely with the manufacturer. The Company also commits to implement a preventive approach towards environment and biodiversity.

Barilla further seeks to promote initiatives designed to foster greater environmental responsibility and to encourage the promotion of environmentally friendly technologies. From the selection of raw materials to the distribution of finished products, Barilla actively contributes in respecting the principle of *dietary sovereignty*. This principle, set in the Universal Declaration of Human Rights, states that people have the right to make their own choices in the fields of food production and distribution, in the respect of the criteria of environmental and cultural sustainable development, in order to guarantee everyone’s right to an adequate and healthy diet, in the belief that the concept of ethical and social responsibility shall include all those communities in which the Group operates in.

Implementation and Outcomes

The Group’s commitment in minimizing the environmental impact of its products is displayed in its implementation of activities and projects that aim at reducing the impact in all areas of both the value chain and the supply chain. Some of the main activities implemented by Barilla are listed in the table below:

Main sustainability projects throughout the supply chain					
Raw materials: - Barilla Sustainable Agriculture; - Assessing the environmental impact of the main raw materials; - Sustainability projects: eggs, palm oil, cocoa.	Sustainable packaging: - New packaging materials; - Cardboard from sustainable forests.	Plants: - Energy conservation and co-generation; - RECS (Renewable Energy Certificate System); -Reduction in water consumption; - ISO 14001.	Transports: - Projects to reduce the environmental impact of logistics.	Distribution: - Educational projects: the partnership with Auchan and Simply; - E-Save Consortium; - Paper reduction project.	People: - Double Pyramid and Sustainable Diets,; - LCA Studies and Environmental Product Declaration (EPD); - Environmental labeling.

Life Cycle of the Barilla Products

Every product consumed daily is the result of a long production process that determines its characteristics and specificities. In order to measure the ecological footprint of its products throughout their life cycle, from farm to fork, Barilla has developed a system based on the Life Cycle Assessment (LCA) method. Started more than ten years ago, the LCA now involves over 60% of Barilla's worldwide production. The Life Cycle Assessment has been and continues to be an important environmental management tool for Barilla. Thanks to the LCA, many areas for improvement throughout the supply chain, from the cultivation of raw materials to collaboration with retailers, have been found. For example, the critical impact on the environment of different crops has emerged.

In 2010, the first among private companies, Barilla developed a system for calculating the environmental impact of products according to the LCA methodology on the basis of the Environmental Product Declaration Model: the only model that envisages a public inquiry into Product Category Rules (PCR). The system developed by Barilla leads to the publication of study results as EPDs. This system has been certified by an independent third party, Bureau Veritas. In 2012, 28 EPDs, related to 55% of production and including all Barilla blue pasta boxes produced in 7 of the pasta plants throughout Europe and America, have been published.

Raw Materials: Durum Wheat

Since 2010 a team of Barilla professionals has been involved in a study that aims in assessing in the main areas of cultivation of durum wheat in Italy the cultivation systems believed to be most sustainable. The initial goal of the study was therefore to assess the environmental and economic impact of the most sustainable systems for cultivating durum wheat. The project has involved twelve farms between 2011 and 2012. The result of this work was collected in the Barilla Decalogue for the Sustainable Cultivation of Durum Wheat, which suggests in 10 simple rules how to make wheat growing more efficient. In particular, traditional rotation techniques, often sacrificed to the application of intensive practices that mean an excessive use of resources with the risk of reducing soil fertility, have been reconsidered. Ancient wisdom was flanked by innovative IT systems which help the farmer, day after day, to optimize growing techniques, making interventions more efficient according to climatic conditions and the demands of cultivation. This study was performed by Barilla in collaboration with HORTA Srl, a spinoff of the Università Cattolica of Piacenza, which developed a tool to support decision-making called Granoduro.net. The site can be used via the Web and linked to a meteorological network present at all the main production sites. The advantages of sustainable cultivation (use of the Barilla Decalogue and Granoduro.net) became clear in the last 2011/2012 campaign both in terms of production yield and environmental impact. In addition, it has been calculated that using correct crop rotation makes it possible to optimize production costs and employ more conservative techniques to work the land.

Barilla's commitment to the future is to further disseminate these practices making the durum wheat supply chain even more sustainable.

The goal is to encourage, over the next few years, the use of these durum wheat growing techniques at an ever greater number of farms, and to use them also for other raw materials (i.e. soft wheat and rye) by means of specific growing contracts in Italy and abroad.

Some of the advantages of the experiments carried out in the 2011-2012 campaign include:

- Reduction in CO₂eq emissions: -30/-40%* (*=210 kg CO₂eq/t of durum wheat);
- Reduction in production costs: - 30%;

- Increase in production yield: + 20%

Risk Assessment

Barilla has developed a risk assessment model, through which it has identified the critical supply chains in terms of food safety, worker safety, environmental impacts and animal welfare. The “Sustainable Grains” program and the “Earth 2016” program, focusing on other strategic raw materials, are the two main projects for a sustainable supply chain. The aim of the initiative is to develop models for each raw material supply chain and generate innovative projects and solutions.

Energy Efficiency and CO2 Emissions

The impact of greenhouse gas emissions is, for a Company such as Barilla, less significant compared to raw material cultivation or consumption, especially for products requiring home cooking. Nevertheless, Barilla monitors and seeks to continuously improve the activity of its plants and their environmental impact.

In 2012 the CO₂ equivalent emissions, i.e. the amount of greenhouse gases, were reduced by 25% in absolute value terms compared to 2008, despite an increase of around 2% in production. This therefore generated a decoupling between production and CO₂eq emissions. Per unit of finished product, meanwhile, the emissions were reduced by around 27% compared to 2008.

Regarding energy efficiency increases, the Pedrignano plant, the central headquarters in Parma, has been supplied since 2009 by a gas co-generation plant that allows the simultaneous production of electricity and thermal power. Furthermore, the Caserta pasta plant uses a trigeneration system which, as well as generating electricity and thermal power, also produces refrigerated water. From the point of view of renewable energy, the Wasa production plants at Filipstad (Sweden) and Celle (Germany) use hydroelectric sources. In 2012, through an agreement with the Compagnia Valdostana Acque, a producer of hydroelectricity, Barilla covered the total demand for electricity from the Mulino Bianco, Grancereale and Pan di Stelle bakeries with “Renewable Energy Certificate System” Certificates. These RECS certificates attest that the electricity is produced from renewable sources.

Water Resources

Barilla, since 2008, has begun assessing the water footprint of its products basing its study on life cycle analysis and the calculation protocol developed by the Water Footprint Network.

The water footprint of a product is the total volume of freshwater consumed to produce it and coincides with the Virtual Water concept. Virtual Water is a kind of alternative water resource, which allows preservation of local water resources. Trade between countries causes a transfer of virtual water flows from country to country.

In 2012 Barilla conducted a study on the water footprint of its pasta production and the trading of wheat and pasta between the countries it operates in. The results of this analysis were published in a report submitted in August 2012 at the Stockholm World Water Week. The water footprint of pasta derives almost entirely from the water used to grow durum wheat in different countries. The durum wheat grown in different geographical areas has a water footprint that varies depending on the availability of water, the climatic conditions, and

yields. Therefore, the water footprint of Barilla pasta varies from just 1,350 litres per kilogram, if produced in Italy, to more than 2,850 litres if produced in Turkey or the United States.

Waste

One of the most relevant environmental impacts deriving from a company's operations concerns waste disposal. Barilla therefore pays a great deal of attention to the development of packaging and the choice of raw materials of which it is produced (paper, cardboard and flexible film) in order to aid separate waste collection and recycling without affecting the ability of the packages to preserve and protect the products.

The percentage of recyclable Barilla packs has increased from 85% in 2008 to 96% in 2012; of these 41% are made from recycled materials. Barilla has set the goal of arriving by 2014 to 98% of recyclable packaging.

Among the activities undertaken by Barilla in this area the following are worthwhile mentioning:

- Recycling facilitation by developing mono-material packaging. The main example of this is the elimination in the use of plastic in pasta boxes.
- Weight and volume optimization by reducing package sizes. Barilla has worked on rendering more efficient and economical the process of packaging in order to achieve pallet saturation and reduce transportation for products such as the "frollini" biscuits, homemade tagliatelle and crackers.
- Introduction on the market of recyclable packages for some of the Mulino Bianco biscuits. Barilla has lowered the amount of plastic material present within the standard biscuit packages while increasing at the same time the amount of paper used making therefore the packaging recyclable through the paper recovery chain.

Other projects and activities implemented by Barilla, that see the Company actively involved in ensuring a low environmental impact, include:

- Maintaining a constant dialogue and good relations with retailers by promoting a model of responsible management designed to minimize environmental impact and waste, reducing the ecological footprint and complying with the Barilla Code of Ethics;
- Promoting a responsible behaviour in the recovery of excess food and surpluses that occur along the entire supply chain. On the 15th of November 2012 Barilla signed a Memorandum of Understanding with the Food Bank Foundation. The goals of the agreement include: the donation of surplus products from Italian factories to charitable institutions of the Food Bank Network and the donation of surplus food from the canteens of the Parma headquarters, through the recovery program Siticibo, sponsored by the Food Bank. Also in the United States, Barilla donates its products through collaboration with the Feeding America Association.

The graph below summarizes some of the main indicators used by the Company to monitor the goal of reducing the ecological footprint along Barilla's value chain.

Indicator	2011	2012
GWP (Global Warming Potential) reduction in	CO ₂ equivalent emissions decreased by approximately 20% in absolute	CO ₂ equivalent emissions decreased by approximately 25% in absolute value

emission of CO₂ equivalent (%)¹	value compared with 2008, despite a production increase of approximately 1% . On the other hand, the ratio of CO ₂ equivalent (GWP) emissions to finished products decreased by 21% compared with 2008.	compared with 2008, despite a production increase of approximately 2% . On the other hand, the ratio of CO ₂ equivalent (GWP) emissions to finished products decreased by 27% compared with 2008.
Energy consumption per unit of finished product ²	3,15 GJ/t	3,13 GJ/t.
Total Energy Consumption (Electricity + Thermal Power) (millions of GJ)	4,8 million GJ, 41% electricity contribution, 1,9 million GJ 59% thermal power contribution, 2.8 million GJ.	4,7 million GJ, 42% electricity contribution, 1,9 million GJ 58% thermal power contribution, 2,7 million GJ.
Total water consumption in million m³	2,5	2,4
% reduction in total consumption of water compared with 2008	19%	23%
Water consumption per ton of finished product (m³/t)	1,7	1,6
% reduction in water consumption per finished product compared to 2008	20%	25%
Water withdrawal distribution	Approximately 59% of the water used by the manufacturing plants was withdrawn from owned wells or other underground sources, the remaining part from public water systems.	Approximately 59% of the water used by the manufacturing plants was withdrawn from owned wells or other underground sources, the remaining part from public water systems.
Total water discharge broken down by quality and destination	About 800,000 m³ of public sewage systems (just over 80%), the remaining part as surface runoff.	Around 700,000 m³ in public sewerage (about 82%), the rest in underground and surface water.
Total weight of waste per ton of product (kg/t)	13 (kg/t) 89% recovery/recycling (average).	14 (kg/t) 87% recovery/recycling (average).
Packs broken down by raw material used	About 2 billion packs made of paper and cardboard; more than 30 thousand tons of flexible film.	About 2 billion packs made of paper and cardboard; more than 30 thousand tons of flexible film.
% of recyclable	96%	96%

¹ Greenhouse gas emissions were calculated bearing in mind the plant's consumption of electricity and thermal power. The conversion factors used for the electricity were calculated considering the specific energy mix of the supplier; where this was not available, a national energy mix was used updated to 2012. For natural gas the Lower Heating Value was used since Barilla has no condensation boilers.

² The indicator represents the Group's total energy consumption calculated in GJ per ton of product. For the conversion of methane (from Sm³ to GJ) the lower heating value was used since Barilla does not use condensation boilers and therefore cannot recover the heat from the water vapour. The indicator was also recalculated for 2011 using the lower heating value instead of the higher.

packaging issued onto the market		
% of packaging made from recycled material	41%	41%
% of plants fitted with wastewater purification plants	60%	55%
Number of sanctions for non-compliance with environmental laws and regulations	1 administrative sanction for a manufacturing plant due to a formal non-compliance relating to monitoring of emissions into the atmosphere.	0
Environmental, Safety and Fire Prevention investments (million €)	Environment: 1.8 ; Fire prevention 2.4 ; Safety: 7.9 .	Environment: 0.7 ; Fire prevention 3 ; Safety: 7.6 .
Environmental expenses by type (million €)³	Treatment expenses: 2.3 . Prevention expenses: 0.8 .	Treatment expenses: 3 million Euro on Prevention expenses: 0.22 million Euro.
% plants certified ISO14001	60% of Production Units, 73% of production.	73% of Production Units, 74% of production.
Number of important supply chains for which the relevant environmental impact was measured	24 , the environmental impact database for the various raw materials now contains 158 items.	24 , the raw material database now contains 220 items which include an annual update on the main supply chains considered.

³ Prevention expenses include: external environmental management expenses; certification audits; costs linked to authorization practices. Treatment expenses include: waste management, treating atmosphere emissions and water quality.

Anti-corruption

Principle X: Work against corruption in all its forms, including extortion and bribery.

Assessment, policy and goals

The Barilla Group considers corruption as an unacceptable obstacle to the efficiency of business and to fair competition. In this regard, Barilla is fully aware that integrity and ethical values are essential elements of the control mechanism of its organization and that these ideals have a big impact in terms of planning, management and everyday operation of business.

The Code of Ethics of Barilla transforms these values in commitments and renders explicit the duty of the Company to implement all the measures necessary to prevent and avoid corruption and bribery.

The Code in fact specifies that any form of payment, aimed at obtaining favourable direct or indirect treatment for the Company is prohibited. It is further required that employees refrain from all forms of gifts, which exceed or could be construed as exceeding normal commercial practices or courtesy received by third parties. This rule, to which the Code states that there shall be no exceptions, shall apply both to the cases in which the employee is pursuing its own advantage and/or company interests.

Implementation and Outcomes

Barilla has adopted a Model of organization, management and control in accordance with the provisions of Italian Legislative Decree 231/2001. The Model includes specific procedures and controls aimed at preventing offences envisaged by the above Decree which could be committed by Directors, Auditors, managers, employees, or all those who have contractual, financial or business relationships with Barilla. On October 26, 2011 the Board of Directors approved a new version of the Model, designed to adjust to the most recent regulatory and organizational developments.

The Model consists of a General Section that summarizes accountabilities, offences and the relevant penalties, behaviours that relieve from accountability, and ten Special Sections, which list the areas potentially at risk with respect to offences and establish rules of conduct for those working in these areas, as well as the relevant monitoring procedures.

The Code of Ethics is an integral part of the Model and refers to the “Universal Declaration of Human Rights”, the International Labour Recommendations and Conventions issued by the International Labour Organization, the “Earth Charter” and the principles of the Global Compact of the United Nations. The Model and the Code of Ethics therefore require the Company to be committed in preventing any event or situation of corruption and bribery. Referring to the specific areas of the Model which deal with anti-corruption the following can be stated:

Public Institutions

The relationship with Public Institutions is an important factor of the activity of a business and must be carried out in the most transparent manner possible in the respect of the roles and obligations of the company. In fact, relations with local, national, European and international Public Institutions are to be maintained only by the departments and persons specifically appointed to do so. All relations with local, national, European Union and international Public Institutions are exclusively limited to forms of communication intended to

explain Barilla's activities, to respond to informal requests or accounting audits (queries, questions) and generally to explain the company's position regarding relevant issues.

It is absolutely forbidden to:

- Consider or propose employment and/or business opportunities that could personally benefit employees of the Public Institutions;
- Offer or in any way provide gifts or any other form of benefits or gratuities;
- Solicit or obtain confidential information.

Moreover, it is forbidden for Company Personnel, outside contractors, consultants working for the Group's companies and third parties to:

- Falsify and/or in any way alter reports in order to obtain undue advantage or any other benefit for the Company or the Group;
- Falsify and/or in any way alter documents in order to obtain support or approval for a project that does not meet the standards of applicable laws and regulations;
- Utilize public funds for purposes other than those for which they were obtained and earmarked.

Gifts, presents and other forms of favors

The Code of Ethics further states that Company personnel shall never accept, not even on special occasions, gifts or other benefits, related to their professional activities, unless they are of modest value. It is therefore underlined that any Barilla employee receiving, either directly or indirectly, requests or offers of gifts or benefits must always be authorized by the designated manager or by its superior, if a subordinate, and shall give notice to the Supervisory Board (Organismo di Vigilanza). Furthermore, the personnel shall never request or accept gifts or other benefits for themselves or others, from their subordinates or any member of their subordinates' families. Subordinates shall never offer gifts or other benefits to their superiors, their superior's relatives or cohabitants, save for the exception of gifts of a modest amount. In any case, the Company's personnel shall refrain from practices prohibited by law, commercial practices or by the Code of Ethics adopted by the companies or entities with which they have business relationships.

The Model of organization further foresees the appointment of a Supervisory Board (Organismo di Vigilanza), composed of the head of the Group Legal and Corporate Affairs and a member of the Group Internal Audit, and of an external member, who is a university lecturer and self-employed professional, which assesses the Model adequacy and effectiveness and oversees its implementation. The Supervisory Board reports to the Board of Directors every six months and receives notices and suggestions from employees.

The Company has therefore developed a strict system of monitoring and management of wrongful behaviour, such as corruption. It has spread a set of rules to be followed by all company members to ensure the non-occurrence of such illicit events. In confirmation of the activities undertaken to combat corruption it should be noted that in the last three year period there have been no incidents of corruption within the Company.