



United Nations Global Compact

**Communication On Progress 2013:
Advanced Level**

December 2014



Ferrero's Communication of Progress

Ferrero has formally adhered to the **UN Global Compact** in 2011, with the aim of supporting and enacting the **Ten Principles of the UN Global Compact**.

Ferrero is hereby reporting its Communication of Progress (COP) in accordance with the **UN Global Compact Advanced Level**, according to the 21 criteria in the following areas:

- Implementing the Ten Principles into Strategies & Operations;
- Taking Action in Support of Broader UN Goals and Issues;
- Corporate Sustainability Governance and Leadership.

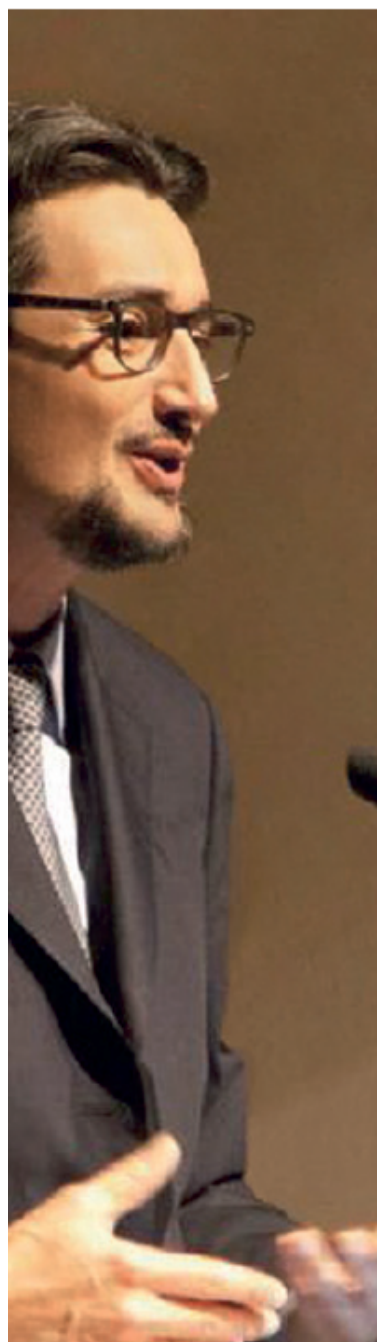
All information reported in this COP is in compliance with Ferrero's CSR Report 2013, which is also available on: <http://www.ferrerocsr.com>

Ferrero's CSR Report has been drafted in conformity with the "Sustainability Reporting Guidelines" (version 3.1, 2011) and the "Food Processing Sector Supplement" defined by the Global Reporting Initiative (GRI). It also took the following into account:

- the **ISO** (International Standard Organization) **26000**: 2010 "Guidance on social responsibility",
- the **OECD** (Organization for Economic Cooperation and Development) "**Guidelines for Multinational Enterprises**".

Ferrero's CSR Report has attained **GRI Guidelines A+ level**, as confirmed by the GRI check and the independent assurance of the same Report was carried out by **Deloitte**.





Giovanni Ferrero
CEO Ferrero International

Letter from the CEO

Thanks to the efforts of the Ferrero women and men and to the trust our consumers chose to place towards our products, in the 2012/2013 financial year, the Ferrero Group continued to grow and strengthen with an increase of 5% in sales, compared to the previous period, despite an ongoing difficult situation in European markets.

Such a success should also be attributed to the extraordinary dynamic nature of our development in new markets, such as Asia, Russia, United States, Australia, Canada, Brazil and Argentina.

Our manufacturing capabilities have been further enhanced, now reaching 20 production sites with two new ones opening in Mexico and Turkey.

The Ferrero Group devoted a new portion of investments, equivalent to almost 6% of sales, to industrial and production enhancement.

All the while, our strong commitment to reducing environmental impact has been maintained: since 2009, our CO₂ emissions have decreased by more than 32% per product unit derived from production activities and water consumption by more than 26%.

When it comes to raw materials, our selection criteria remain fundamental: excellence in quality, respect of human rights, sustainability. We relentlessly pursue these challenging goals of traceability and sustainability for all of our main agricultural raw materials' supply chains. Our products are distributed in more than 160 countries belonging to the entire international community. We operate in a global scenario where competitive changes to the system have now become extremely quick. Consequently, we constantly face difficult and thrilling challenges that we tackle by following three basic principles, which always guide the Ferrero Group's activities:

- *offering more and more innovative products;*
- *being attentive to satisfy our customers' wishes;*
- *continuously strengthening the ethical commitment which is the basis of our corporate culture.*

The innovation in our products, which we want to emphasize as much as quality, is the combination of modern methods with an ancient passion that permeates all stages of our value chain, from research to the development of the final product.

We devote ourselves to our customers with absolute authenticity and integrity. We are aware and attentive to the relationship of trust that binds our brands: we look after the quality of this relation and the transparency in our communications.

We take great pride in satisfying the expectations of our consumers and we consider them to be the true ambassadors of our "Great Brands". Finally, ethical sensibility has always been at the heart of our activities. We strongly believe in the social responsibility of the Group: we prove it daily, by caring for the relationship between the customer and our brands, as well as with the due respect for the women and men working and having worked with us.

Furthermore we demonstrate it through the protection of human rights and the fight against child labour, through the sustainable sourcing of our raw materials, the protection of the environment and the fight against corruption and wrongdoing.

Furthermore, we are committed to support programmes encouraging physical activities and help tackle obesity, in particular among children and teenagers. We generate employment in less fortunate areas of the world, where we encourage educational care and welfare for children and teenagers.

Instilling a daily commitment to true social responsibility, with perseverance, passion and patience, means that we shall continuously thrive to affirm our distinctive values into the future! We are convinced, in fact, that our corporate social responsibility activities, as well as the value of our brands, are essential elements for the stability of our development, of our growth.

Happy reading!

July 2014



Giovanni Ferrero
Chief Executive Officer
Ferrero International

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GC Advanced Criteria	GRI G3.1 & FPSS Disclosure on Management Approach (SMA) or Performance Indicators	Reference of Ferrero CSR Report 2013 (Page)
Implementing the Ten Principles into Strategies & Operations		
1	<p>Mainstreaming into corporate functions and business units</p> <p>4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight</p> <p>4.2 Indicate whether the Chair of the highest governance body is also an executive officer</p> <p>4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members</p> <p>4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body</p> <p>4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)</p> <p>4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided</p> <p>4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics</p> <p>4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation</p> <p>4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed</p>	<p>12-13; 16-19; 22; 30-32; 38-43; 52; 62-63; 66; 68; 78-81; 96-97; 98-99; 104-105; 142; 145-150; 172-173; 205-210; 216-217</p> <p>http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1586</p> <p>http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1676</p>

		standards, codes of conduct, and principles 4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	
2	Value chain implementation	3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	5
	High standards of transparency and disclosure	2.1 Name of the organization 2.2 Primary brands, products, and/or services 2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures 2.4 Location of organization's headquarter 2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specially relevant to the sustainability issues covered in the report 2.6 Nature of owner and legal form 2.7 Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries) 2.8 Scale of the reporting organization (number of employees; numbers of operations; net sale) 2.9 Significant changes during the reporting period regarding size, structure, or ownership 2.10 Awards received in the reporting period	5; 90-91; 92-93; 96-97; 106-111; 114-117; 204-205; 216; 219; 230; 233
	External COP assessment	3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	5; 266-267
<i>Human Rights Management Policies & Procedures</i>			
3	Commitments, strategies, policies	DMA Human Rights – Goals and performance, Policy	8-9; 16-19; 30; 38-39; 94-95; 103-105; 118; 122-125; 129-

			130; 138-139; 142-150; 156-159; 164-167 http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1586 http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1676
4	Management systems	DMA Human Rights – Organizational responsibility, Training and awareness	16-19; 30; 38-39; 103-105; 118; 122-125; 129-130; 138-139; 142-150; 156-159; 164-167
5	Monitoring and evaluation mechanisms	<p>DMA Human Rights – Monitoring and follow-up</p> <p>HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening</p> <p>HR2 Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken</p> <p>HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained</p> <p>HR4 Total number of incidents of discrimination and corrective actions taken</p> <p>HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights</p> <p>HR6 Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour</p> <p>HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor</p>	30; 38-39; 103-105; 122-125; 129-130; 138-139; 142-150; 156-159

		<p>HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.</p> <p>HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms</p>	
<i>Labour Management Policies & Procedures</i>			
6	Commitments, strategies, policies	DMA Labor Practices and Decent Work – Goals and performance, Policy	<p>8-9; 56-57; 60-63; 114-122; 124-135; 138-139; 216; 221, 226-227; 230; 239-241</p> <p>http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1586</p> <p>http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1676</p>
7	Management systems	DMA Labor Practices and Decent Work – Organizational responsibility, Training and awareness	56-57; 60-63; 114-122; 124-135; 138-139; 216; 221, 226-227; 230; 239-241
8	Monitoring and evaluation mechanisms	<p>DMA Labor Practices and Decent Work – Monitoring and follow up</p> <p>LA1 Total workforce by employment type, employment contract, and region, broken down by gender</p> <p>LA2 Total number and rate of new employee hires and employee turnover by age group, gender, and region</p> <p>LA15 Return to work and retention rates after parental leave, by gender</p> <p>LA4 Percentage of employees covered by collective bargaining agreements</p> <p>LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements</p> <p>FP3 Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country</p> <p>LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender</p> <p>LA8 Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their</p>	56-57; 60-63; 114-122; 124-135; 138-139; 216; 226-227; 230; 239-241

		<p>families, or community members regarding serious diseases</p> <p>LA10 Average hours of training per year per employee by gender, and by employee category.</p> <p>LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings</p> <p>LA12 Percentage of employees receiving regular performance and career development reviews, by gender</p> <p>LA13 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity</p> <p>LA14 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation</p>	
<i>Environmental Management Policies & Procedures</i>			
9	Commitments, strategies, policies	DMA Environment – Goals and performance, Policy	<p>8-9; 93-95; 103; 142-144; 150-153; 172-173; 176-179; 180-181; 183-186; 188-189; 190-192; 194-201; 220-222; 234-236</p> <p>http://www.ferrero.com/in/c/downloadDoc.php?IDD=1586</p>
10	Management systems	DMA Environment – Organizational responsibility, Training and awareness	93; 103; 142-144; 150-153; 172-173; 176-179; 180-181; 183-186; 188-189; 190-192; 194-201; 220-222; 234-236
11	Monitoring and evaluation mechanisms	<p>DMA Environment – Monitoring and follow-up</p> <p>EN1 Materials used by weight or volume</p> <p>EN2 Percentage of materials used that are recycled input materials</p> <p>EN3 Direct energy consumption by primary energy source</p> <p>EN4 Indirect energy consumption by primary source</p> <p>EN5 Energy saved due to conservation and efficiency improvements</p>	93; 103; 144, 150; 169; 172-173; 176-186; 188-192; 194-201; 220-222; 234-236

		<p>EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives</p> <p>EN7 Initiatives to reduce indirect energy consumption and reductions achieved</p> <p>EN8 Total water withdrawal by source</p> <p>EN9 Water sources significantly affected by withdrawal of water</p> <p>EN10 Percentage and total volume of water recycled and reused</p> <p>EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</p> <p>EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas</p> <p>EN16 Total direct and indirect greenhouse gas emissions by weight</p> <p>EN17 Other relevant indirect greenhouse gas emissions by weight</p> <p>EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved</p> <p>EN19 Emissions of ozone-depleting substances by weight</p> <p>EN20 NO, SO, and other significant air emissions by type and weight</p> <p>EN21 Total water discharge by quality and destination</p> <p>EN22 Total weight of waste by type and disposal method</p> <p>EN23 Total number and volume of significant spills</p> <p>EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation</p> <p>EN27 Percentage of products sold and their packaging materials that are reclaimed by category</p> <p>EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations</p> <p>EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's</p>	
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		operations, and transporting members of the workforce	
<i>Anti-Corruption Management Policies & Procedures</i>			
12	Commitments, strategies or policies	DMA Society – Goals and performance, Policy	8-9; 13; 16; 18-19; 38-39; 40-41; 48-49; 52-63; 72; 74-75; 78-87; 94-95; 101-103; 138-139; 142-150; 156-159; 184-186; 192-196; 205-210; 223-225; 235-238; 246-248 http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1586
13	Management systems	DMA Society – Organizational responsibility, Training and awareness	103 Note: We are going to develop our data collection process by 2014/2015.
14	Monitoring and evaluation mechanisms	DMA Society – Monitoring and follow-up SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs SO9 Operations with significant potential or actual negative impacts on local communities SO10 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities SO2 Percentage and total number of business units analysed for risks related to corruption SO3 Percentage of employees trained in organization’s anti-corruption policies and procedures SO4 Actions taken in response to incidents of corruption SO5 Public policy positions and participation in public policy development and lobbying SO6 Total value of financial and in-kind contributions to political parties, politicians and related institutions by country SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	13; 16; 18-19; 38-41; 48-49; 52-63; 66-72; 74-75; 78-87; 94-95; 101-103; 138-139; 142-152; 156-159; 185-186; 193-196; 205-210; 223-225; 235-238; 244-248 http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1586

Taking Action in Support of Broader UN Goals and Issues			
15	Core business contributions to UN goals and issues	DMA Economic, Environmental, Social (Labor Practices and Decent Work, Human Rights, Society, Product Responsibility)	8-9; 13; 16; 18-19; 38-41; 48-49; 52-63; 71-72; 74-75; 78-87; 90-95; 100-103; 114-115; 121-122; 125-126; 138-139; 142-153; 156-159; 172-173; 176-181; 183-186; 188-189; 190-201; 204-210; 216-217; 220-226; 230; 234-238; 246-248 http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1586 http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1676
16	Strategies social investment and philanthropy		
17	Advocacy and public policy engagement		
18	Partnerships and collective action		
Corporate Sustainability Governance and Leadership			
19	CEO commitment and leadership	1.1 Statement from the most senior decision maker of the organization (e.g. CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy. 1.2 Description of key impacts, risks, and opportunities	8-9; 66-69; 94-97; 102-103; 142-143; 164-165; 172-178; 223; 235
20	Board adoption and oversight	4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight 4.2 Indicate whether the Chair of the highest governance body is also an executive officer 4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive member 4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body 4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	12-13; 16-19; 22; 30-32; 38-43; 52; 62-63; 66; 68; 78-81; 96-99; 104-105; 142; 145-150; 172-173; 205-210; 216-217 http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1586 http://www.ferrerocsr.com/inc/downloadDoc.php?IDD=1676

		<p>4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided</p> <p>4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization’s strategy on economic, environmental, and social topics</p> <p>4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.</p> <p>4.9 Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles</p> <p>4.10 Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance</p>	
21	Stakeholder engagement	<p>4.14 List of stakeholder groups engaged by the organization</p> <p>4.15 Basis for identification and selection of stakeholders with whom to engage</p> <p>4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group</p> <p>4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting</p>	16-19; 22-23; 32-33; 82; 85-86; 98-99; 104-105; 123-124; 142-143; 152; 154-155; 163; 172-173; 175; 223-224; 236; 243-245