



Ferrero Purchasing Department

Ferrero's path in the Palm Oil Sector

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Ferrero: Group's Data

- Ferrero is amongst the market leaders of the confectionery sector. It is the fourth biggest Group in the global chocolate confectionery market, after Mars, Mondelez and Nestlé;
- Ferrero has 20 production plants around the world and is present in 53 countries;
 - ➔ 3 Ferrero Social Enterprises in Africa and Asia (Cameroun, South Africa and India)
- Ferrero's main market remains in Europe:
 - ➔ Our market share value exceeds 18%.
- As of August '14 Ferrero had 27.500 employees of more than 100 different nationalities;
- Financial year 13/14 closed with net turnover of 8.4 billion Euros

Ferrero: Group's Data

- Ferrero only uses raw materials that have been selected based on their high quality and standards from the very beginning; sustainability is today a key factor for all major raw materials.
- In the last financial year (13/14) Ferrero purchased globally:
 - 120.000 tons of cocoa beans
 - 140.000 tons of milk powder and derivatives
 - 150.000 tons of palm oil and fractions
 - 390.000 tons of sugar

Ferrero: History of Palm Oil

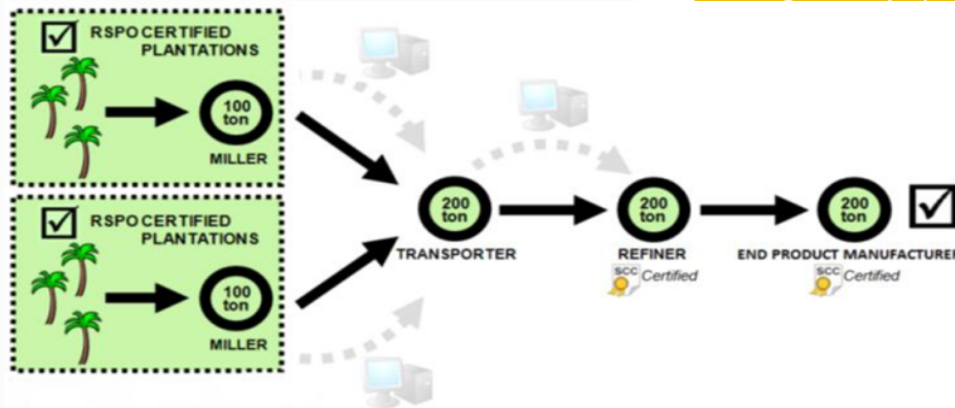
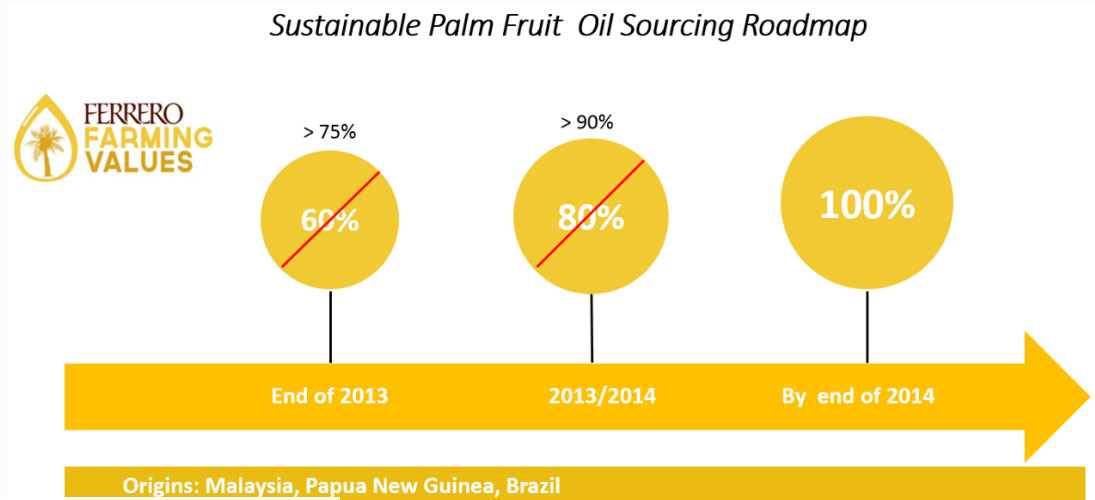
- Ferrero started using palm oil in the late 50'/beginning '60;
→ Crude Palm Oil, originally from the Congo area;
- In the '70 first purchase of palm oil fraction
→ Palm Olein from Malaysia/Indonesia;
- From the '90 more additional fractions were bought
→ Double Fractionated Palm Olein and Soft PMF
- From 2000:
→ also Super Olein and Hard PMF;

Ferrero: Palm Oil and Challenges

- Palm Oil is increasingly in the focus of Environmental NGO's concerned consumer associations and various stakeholders;
- Critic's are mainly addressed to social and environmental issues in the countries of origin but recently even health issues are getting more in the focus in some developed countries.
- The current solutions to environmental and social problems are:
 - ➔ RSPO Certification
 - ➔ "Ferrero Palm Oil Charter"

Palm Oil: The steps towards sustainability

ROADMAP Palm Oil Sourcing.... 100% Certified as Sustainable and Segregated



- Palm oil must be kept physically separated from non certified palm oil;
- it allows Ferrero to trace from our finished products back the whole supply chain up to the origin of the oil

From January 2015 all Ferrero product contain 100% RSPO SG certified palm oil



Palm Oil: The steps towards sustainability



**Novembre 2013:
partnership with TFT – The Forest Trust**

- Supported Ferrero in defining the «Ferrero Palm Oil Charter»;
- Supports Ferrero in the implementation of it's Charter on the ground and monitoring progress;
- Helps Ferrero in communicating progress to external shareholders.

Palm Oil: The steps towards sustainability

Ferrero Palm Oil Charter

Palm Oil Charter Conditions

1. Providing fully traceable oil, while including smallholders
2. Not clearing High Carbon Stock forests
3. Not using fire to clear land
4. Not planting on peat soils
5. Protecting orang-utans and other endangered species by maintaining High Conservation Value areas
6. Reporting on the greenhouse gas emissions of their production
7. Respecting human rights, including the right to Free, Prior, and Informed Consent of indigenous and local communities
8. Recognising, respecting and strengthening the rights of workers
9. Not using Paraquat
10. Actively fighting corruption

- Launched in 2013
- Objective is to achieve a real sustainable palm oil sector which fully respects people and the environment
- Ambitious standards that go beyond RSPO certification
- Suppliers have agreed to satisfy by the end of 2015 at the latest
- Partnership with non-profit TFT (formerly The Forest Trust) on implementation





Palm Oil – Origine of Ferrero's purchase today

Asian originated Palm Oil accounts for more then 95% of Ferrero's requirement



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18th International Oil Palm Conference



Project «Papua New Guinea»

Objective



Geographic Diversification: reduced dependency from the main markets Malaysia and Indonesia

Opportunity for Ferrero



NBPOL is market leader in terms of reputation and sustainability:

- One of the first companies to be RSPO certified
- Strongly committed to sustainability

Some more details about the project:



- Long lasting engagement with the supplier
- Agreement for investment to improve quality
- Guaranteed volume
- First deliveries from 2012



Project «Colombia»

Objective



Geographic Diversification: reduced dependency from the main markets in Asia and increase uptake from South America

Opportunities for Ferrero



We have started first contacts with a local supplier that is developing an important project related to sustainable palm oil production in Colombia; for Ferrero this would be beneficial for:

- Geographic diversification of palm oil sourcing
- Strengthening our sustainable practices

Some more details about the future project:



- Intention to have a long lasting relationship with local producer(s)
- Assuring volumes for the continuous growth of Ferrero in America as well as for the European market;
- Capturing business opportunities in the area

22 al 25 de septiembre de 2015

Project «Colombia»



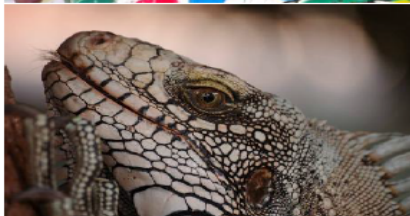
Educating for the future



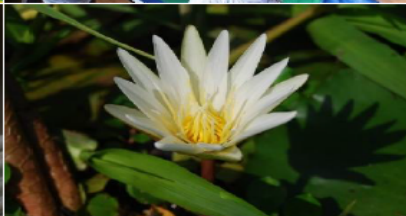
Paceful coexistence



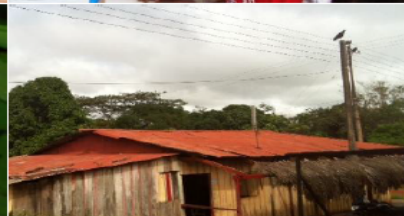
Quality of life



Biodiversity preservation | Fauna



Biodiversity preservation | Flora



Energy independence

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Thank you!

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