

Ferrero

Product categories assessed

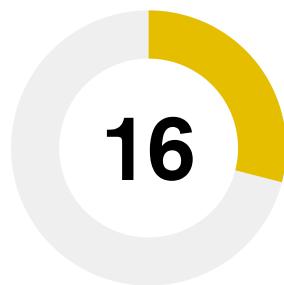
Baked Goods|Confectionery|Dairy||RTD
Tea|Sweet Spreads|Sweet Biscuits, Snack Bars and Fruit Snacks

Percentage of company global sales covered by Product Profile assessment
55-60%

Headquarters
Italy

Number of employees
36,372

Type of ownership
Private



Product Profile ⓘ¹

Rank 16 / Score 2.9
Rank 12 (2018)

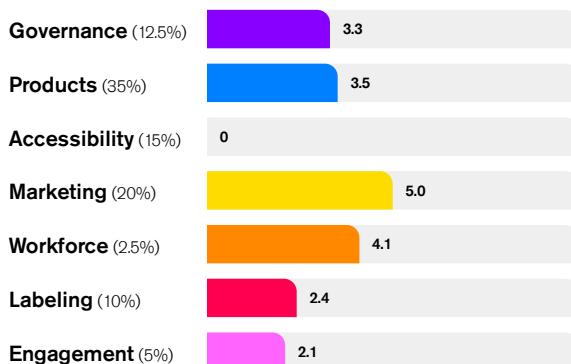
Rank 10 / Score 5.4
Rank 21 (2018) ⓘ²

Important:

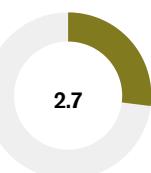
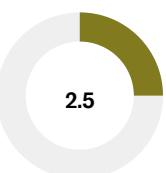
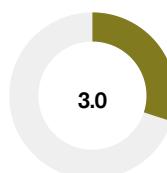
The findings of this Index regarding companies' performance rely to a large extent on information shared by companies, in addition to information that is available in the public domain. Several factors beyond the companies' control may impact the availability of information such as differences in disclosure requirements among countries or capacity constraints within companies, amongst others the Covid-19 pandemic. Therefore, in the case of limited or no engagement by such companies, this Index may not represent the full extent of their efforts.

Corporate Profile

Rank 16 Score 2.9



Commitment Performance Disclosure



The bar graph to the left shows company performance across the seven Index categories, which are key topic areas of assessment, and scores are shown for each category. The circles above provide an alternate view on the company's overall results, showing the score per indicator type. The Commitment, Performance, Disclosure score only applies to category scores and not to the BMS/CF Assessment.

Main areas of strength

- **SCORES AND RANKS:** While the company's overall score has decreased, Ferrero has shown improvement since 2018 in four of the seven thematic areas of the Index, with most increase in Categories E 'Lifestyles' and G 'Engagement'.
- **GOVERNANCE:** Ferrero mentions in its 'core values' a focus on delivering products of nutritional value and appropriate portions so that they can be integrated into a balanced diet. In its approach, the company acknowledges the challenges posed by obesity and diet-related diseases, and promotes responsible consumption of its products.
- **PRODUCTS:** In its 'Statement on Product Formulation and Innovation' from October 2019, Ferrero indicates it has "stopped using partially hydrogenated fats in its products since 2006 and confirmed the adoption of manufacturing processes which avoid the use of partially hydrogenated fats." The company showed evidence of recent research undertaken to demonstrate the efficacy of its portion control efforts on consumer behavior. It claims that 68 percent of Ferrero products contain less than 100 kcal per portion, and more than 85 percent of its product volumes are offered in below 40 gram portions.
- **MARKETING:** Ferrero adheres to the principles adopted by the International Chamber of Commerce (ICC) 'Framework for Responsible Food and Beverage communication', is a member of the International Food and Beverage Association (IFBA), and a signatory of the EU Pledge initiative on responsible marketing to children. The company commits to using responsible marketing techniques aimed at children, and utilizes tools to ensure its digital marketing does not reach children below the age of 12 on company-owned digital media. Through audits undertaken by the IFBA, Ferrero assesses compliance with its marketing policy towards children.
- **LIFESTYLES:** Ferrero has an employee health and wellness program, 'Casa Ferrero', for all employees and their family members. This incorporates elements of nutrition and physical activity, and offers an on-site gym and access to a nutritionist and physiotherapist. Since 2018, the company has committed to support breastfeeding mothers in its facilities and adopted a parental leave policy to allow parents to take 14 weeks of paid parental leave (in line with the International Labour Organisation's (ILO) recommendation). Ferrero also has measures in place to support breastfeeding mothers in its offices, such as offering private rooms and breaks for expressing breastmilk. The company has improved its programs for supporting consumers' healthy lifestyles by demonstrating that some exclude product level branding – such as 'The Joy of Moving' program which focuses on children's physical fitness, motor coordination, cognitive functions, and life skills, and was designed by independent experts from organizations including Rome University and the Italian Olympic Committee (CONI).
- **LABELING:** Ferrero maintains its earlier commitment to display nutrition information on the back-of-pack (BOP) and front-of-pack (FOP) for its products. It commits to providing information on the amounts of energy and

Priority areas for improvement

- **SCORES AND RANKS** Since 2018, Ferrero's score has slightly decreased from 3.2 to 2.9 in the 2021 Global Index, resulting its rank to drop from the 12th to 16th place.
- **GOVERNANCE:** Although Ferrero commits to the nutrition-specific SDG goals, and conducts nutrition-related business risk assessments, it does not show an initiative to identify priority populations at risk of malnutrition according to relevant health and/or social care authorities. The company is encouraged to undertake strategic reviews of the commercial opportunities available to address the needs of priority populations in all markets it is active in, and further develop its commercial nutrition strategies to address all forms of malnutrition. It is recommended that Ferrero improves its quality of nutrition-related reporting by demonstrating performance against all nutrition objectives and targets, by providing information about the impact of its efforts and obtaining independent verification.
- **PRODUCTS:** While Ferrero makes global commitments to continuously improve its products through innovation and research, it does not demonstrate using a Nutrient Profiling Model (NPM) to guide its product development and reformulation efforts. Although options to increase the healthiness of confectionery products might be limited, Ferrero could consider improving the nutrition value of its portfolio by: setting relevant targets to acquire or develop new healthier product lines; reformulating its products, e.g. decreasing levels of sugar in relevant products; and adopting and publishing an NPM to guide such efforts.
- **ACCESSIBILITY:** Ferrero does not show any commitments, strategies, or actions relating to the affordability or accessibility of its healthy products. Although the company primarily develops confectionery products, which generally are not considered healthy by independent and well-verified NPMs, it does produce products in other categories, such as baked goods, sweet spreads, sweet biscuits, snack bars, and fruit snacks. ATNI recommends that Ferrero ensures its products meet healthy nutrition criteria, and are appropriately priced and distributed to promote the purchase of healthier products in all markets in which it is active.
- **MARKETING:** To improve its responsible marketing approach, Ferrero is advised to develop and deliver marketing strategies appropriate to reaching priority populations in all markets it is active in. The company could consider strengthening its responsible marketing policy for children by committing to not advertise any products to children (up to 18 years), and restrict its advertising on measured media by decreasing the child in audience threshold from 35 percent to less than 25 percent. Furthermore, to check compliance with its responsible marketing policy for all consumers, it is recommended the company commissions independent external audits (only, or in addition to, industry association-appointed third-party auditors).
- **LIFESTYLES:** Ferrero could consider committing to improve the health and wellness of groups across the food supply chain that are not its direct employees (e.g.,

nutrients per 100g of product, and provides information on the recommended serving size alongside it. The company has also formulated a labeling strategy called the '5Rs Strategy' (remove, reduce, reuse, recycle, renew), aimed at reducing food waste.

- **ENGAGEMENT:** In an improvement since 2018, Ferrero has provided an example of supporting the Indian government's efforts to combat malnutrition. Through the Michele Ferrero Entrepreneurial Project, the company developed eight new 'Anganwadis' (rural childcare centers) for communities in the Baramati area, as part of the government's program to combat child hunger and malnutrition. Ferrero also demonstrated working with an NGO in Burkina Faso by developing women's associations to support nutrition security actions and to support rural communities with good nutrition practices, with a specific focus on children.

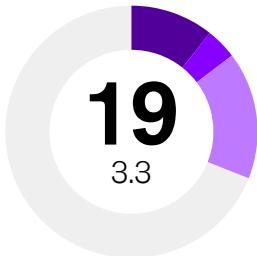
factory workers and small scale vendors) through nutrition-sensitive programs. It is encouraged to define meaningful expected outcomes for its current employee wellbeing programs and undertake independent evaluations to assess the impact of the nutrition and physical activity elements of these. It is also advised that Ferrero further ensures that all its consumer-oriented healthy lifestyle programs, in all its markets, are only designed and/or implemented with diverse stakeholder groups that have relevant expertise.

- **LABELING:** As Ferrero's labeling commitments have not been rolled out for all its products globally, the company is encouraged to do so and publish the percentage of roll-out per market or by product. The company could also consider adopting an interpretative and government-endorsed FOP labelling format on all products, to provide indicators of how healthy the product is, rather than just numeric information. For this Index, Ferrero has not shown evidence of a commitment not to use nutrition and health claims on a product unless it meets the nutrition criteria of a government-endorsed NPM and/or criteria aligned with Codex Alimentarius. ATNI strongly recommends that the company makes relevant commitments in this area.

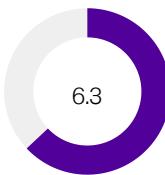
- **ENGAGEMENT:** Ferrero is advised to develop a public responsible lobbying policy, and commit to only lobby in support of measures designed to improve health and nutrition that have a solid grounding in independent, peer-reviewed science. Although the company publicly states that it voluntarily discloses its lobbying activities at EU-level via the EU Transparency Register, the level of information about these on its own domain is limited. It could consider increasing transparency about its lobbying activities and involvement with organizations that lobby on its behalf. Ferrero is also encouraged to engage with a diverse range of stakeholders to inform its nutrition strategy and policies, and demonstrate how this input was utilized by the company.

Category Analysis

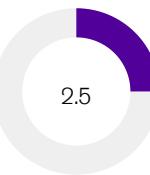
Governance



Commitment



Performance



Disclosure



The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

A1 Nutrition strategy

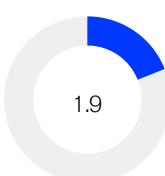
A2 Nutrition management

A3 Reporting quality

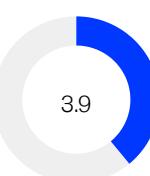
Products



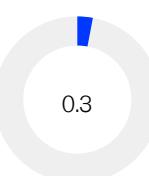
Commitment



Performance



Disclosure



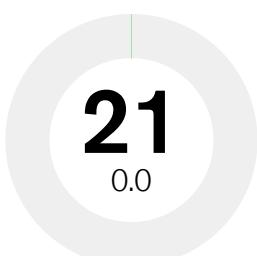
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B1 Product Profile

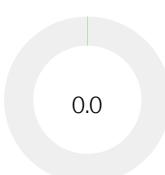
B2 Product formulation

B3 Defining healthy products

Accessibility



Commitment



Performance



Disclosure



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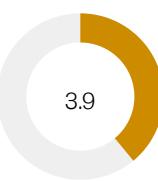
C1 Product pricing



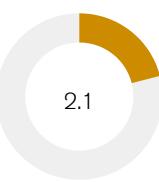
Marketing



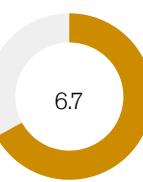
Commitment



Performance



Disclosure



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-  D1 Marketing policy
-  D2 Marketing to children
-  D3 Auditing and compliance

Workforce



Commitment



Performance



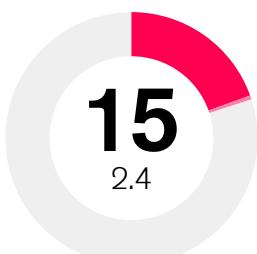
Disclosure



The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

-  E1 Employee health
-  E2 Breastfeeding support
-  E3 Consumer health

Labeling



Commitment



Performance



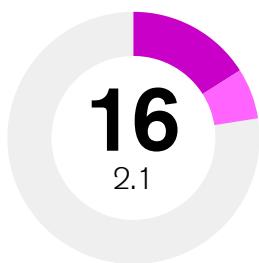
Disclosure



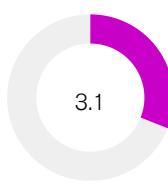
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-  F1 Product labeling
-  F2 Claims

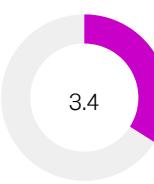
Engagement



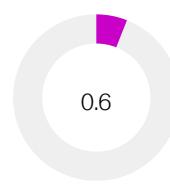
Commitment



Performance



Disclosure



The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

G1 Influencing policymakers

G2 Stakeholder engagement

Detailed Product Profile Results³

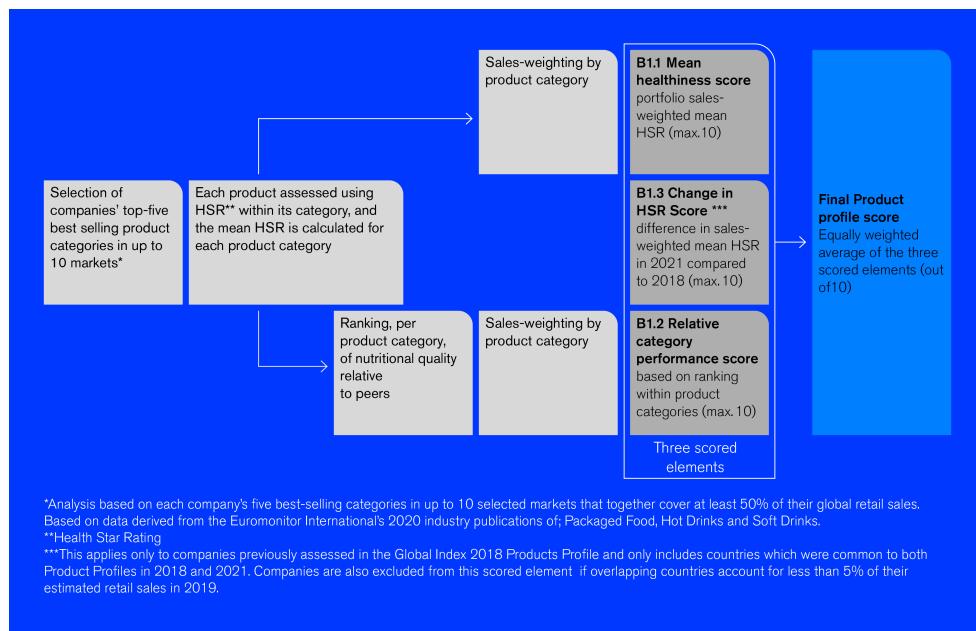


10

Rank 10 / Score 5.4

The Product Profile is an independent assessment of the nutritional quality of companies' product portfolios. For this purpose, ATNI uses the Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthy. This assessment is undertaken in partnership with The George Institute for Global Health (TGI), with additional data input from Innova Market Insights.

The methodology for the Global Index 2021 Product Profile has been revised and now includes three scored elements. The overall Product Profile score reflects: B1.1, the mean healthiness of a company's product portfolio; B1.2, the relative healthiness within product categories compared to peers, and; B1.3, changes in the nutritional quality of product portfolios compared to the Global Index 2018 Product Profile. The steps taken to calculate the final Product Profile scores are visualized in Box 1. The next section further explains each of these three elements.



Ferrero has been assessed for the second time in the Global Index Product Profile. In the previous assessment, nine of the company's markets were selected, and a total of 272 products analyzed – accounting for approximately 20-25% of global retail sales in 2017, excluding baby foods, plain tea, and coffee. In this Index, a total of 1232 products have been analyzed across 10 of the company's major markets. Products from the top five best-selling product categories within each market are included. In 2019, these products accounted for 55-60% of the company's global retail sales, excluding baby foods, plain tea, and coffee.

Germany and Italy are new countries included in this iteration. South Africa was included in the 2018 but has been omitted this time. In 2018, a total of 3 product categories were covered by the assessment, compared to 6 categories in 2021. Products from the 'Dairy', 'RTD Coffee', 'Sweet Biscuits, Snack Bars and Fruit Snacks' categories are assessed in 2021 but were not in 2018. Instead of the 'Spreads' category in 2018, the 'Sweet Spreads' category has been assessed in 2021.

In this Product Profile assessment, Ferrero's scores 2.1 out of 10 (B1.1) in the mean healthiness element, 4.2 out of 10 (B1.2) for the relative healthiness of its products within categories compared to peers, and 10 out of 10 (B1.3) for changes in nutritional quality (mean HSR) over time. This results in Ferrero obtaining an overall score of 5.4 out of 10 and ranking 10 out of 25 in the Product Profile.

B1.1 Portfolio-level Results

Average HSR (out of 5 stars) (sales-weighted)	10 Countries included	Range of global sales included  4	Healthy products (HSR)				Products suitable to market to children (WHO regional models) - UNSCORED		
			No. products assessed	% products healthy (≥ 3.5 stars)	% retail sales healthy 2019 (≥ 3.5 stars) – assessed countries only	% estimated global retail sales healthy 2019 (≥ 3.5 stars)  5	No. products assessed	% products suitable	% sales from suitable
1	Australia, China, Germany, Hong Kong, India, Italy, Mexico, New Zealand, UK, USA	55-60%	1232	2%	1%	1%	1324	0%	0%

- A total of 1232 products manufactured by Ferrero, sold in 10 countries, covering 6 product categories, were included in this Product Profile (baby foods, plain tea and coffee were not assessed). The company's sales-weighted mean HSR is 1.0 out of 5. ATNI turns this value into a score between 0 and 10, resulting in a mean healthiness score of 2.1 out of 10 for Ferrero. The company ranks 25 out of 25 companies in this first scored element (B1.1).
- Overall, 2% of distinct products assessed were found to meet the HSR healthy threshold ($HSR \geq 3.5$). Together, these products accounted for an estimated 1% of Ferrero's retail sales of packaged food and beverages 2019 in the selected markets (excluding baby food, plain tea, and coffee). Assuming the products and markets included in the assessment are representative of the company's overall global sales, ATNI estimates the company derived approximately 1% of its global retail sales from healthy products in 2019.

WHO nutrient profiling models (unscored): None (0%) of products assessed were found to be of sufficient nutritional quality to market to children, according to the World Health Organization (WHO) regional nutrient profiling models. These products were estimated to generate 0% of the company's sales in 2019. More information on this part of the assessment can be found in the Marketing section (Category D) of the Index.

B1.2. Product Category Results

	No. products analyzed	% products healthy (HSR>=3.5)	Company mean HSR	Mean HSR for all companies selling this product category	Company performance (rank in mean HSR compared to peers selling products in the same category) 
Baked Goods	60	0%	1.1	2	8th out of 9
Confectionery	1105	2%	0.9	1	4th out of 6
Dairy	6	0%	0.7	2.9	18th out of 18
RTD Tea	28	0%	1.5	1.7	5th out of 7
Sweet Biscuits, Snack Bars and Fruit Snacks	17	0%	1.2	1.8	7th out of 8
Sweet Spreads	16	0%	0.8	2.2	5th out of 5

- For Ferrero, 'RTD Tea' was the best performing category, where a total of 28 products analyzed obtained mean HSR of 1.5 out of 5. Sweet spreads (0.8) had the lowest mean HSR of all product categories included for Ferrero.
- For 6 out of the 6 categories assessed, Ferrero's products perform worse than the mean HSR of companies selling products in the same categories.
- Ferrero scores 4.2 out of 10 in this second scored element (B1.2) and ranks 22 out of 25 companies. This is based on its ranking compared to peers within the 16 categories, using the scoring system set out in ATNI's methodology.

B1.3. Change in mean HSR

	No. of products analyzed in 2018	No. of products analyzed in 2021	Sales weighted mean HSR 2018	Sales weighted mean HSR 2021
Australia	18	50	0.8	0.9
China	8	26	0.5	0.5
Hong Kong	22	25	0.9	0.8
India	16	45	0.5	0.6
Mexico	9	46	0.5	0.8
New Zealand	4	18	0.9	1.6
UK	141	375	0.6	0.7
USA	42	261	0.9	1.5
TOTAL	260	846	0.7	1.2

- Ferrero showed an increase in mean HSR between the 2018 and 2021 Product Profiles (mean HSR=0.7 to 1.2). The change in HSR score only takes into account the eight countries included in both 2018 and 2021 assessments. For Ferrero, the large increase observed in mean HSR is likely attributed to a few key changes. For example, the decrease of proportion of sales deriving from

the 'Confectionery' category, the subsequent introduction of the 'Sweet Biscuits, Snack Bars and Fruit Snacks' category (with a higher overall HSR), and the increase of (healthier) products included in the analysis.

- Adjusting scores by country sales weighted estimates (which gives more weight to company's largest markets), Ferrero achieves an increase of 0.5 in mean HSR between

2018 and 2021, resulting in a score of 10 out of 10 on this element using the scoring system set out in ATNI's methodology.

Full Product Profile report: https://new-140rlzsq.accesstonutrition.org/app/uploads/2021/06/GI_Global-Index_TGI-product-profile_2021-2-1.pdf

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Footnotes

1. The overall Product Profile score reflects: B1.1 the mean healthiness of a company's product portfolio; B1.2 the relative healthiness within product categories compared to peers, and; B1.3 changes in the nutritional quality of product portfolio s compared to the Global Index 2018 Product Profile.
2. In the Global Index 2018, the Product Profile Assessement was conducted as a separate assessment. The results were b ased on scores generated by applying the Health Star Rating (HSR) nutrient profiling system, which analyzes the level of several positive nutrients (e.g. fruits, vegetables and fibers) and several negative nutrients (e.g. salt, sugar and saturated f at) in products.
3. The overall Product Profile score reflects: B1.1 the mean healthiness of a company's product portfolio; B1.2 the relative healthiness within product categories compared to peers, and; B1.3 changes in the nutritional quality of product portfolio s compared to the Global Index 2018 Product Profile.
4. Retail sales data derived from Euromonitor International.
5. ATNI estimates this value by taking the proportion of healthy products within each category assessed and multiplying tha t figure by the global category retail sales. The values are then aggregated to generate an estimate of the overall global healthy sales (excluding baby foods, plain tea, and coffee, which are not included in the Product Profile).
6. Within-category ranks are calculated for all product categories in which two or more companies are active. Next, a perfor mance percentage is calculated from the inverted rank (e.g. first out of 10: inverted rank 10/10 = 100% performance sc ore; tenth out of 10: inverted rank 1/10 = 10% performance score). The 'Bottled Water- Pure' category receives a stand ard rating of five stars, according to the HSR algorithm for all companies.