

# Ferrero <sup>1</sup>

**Reported product categories**  
Confectionery, Spreads



↓ Rank 12 / Score 3.2  
Rank 9 (2016)



**Product Profile**

Rank 21 / Score 1.4

**Headquarters**  
Italy

**Market capitalization**  
Privately owned

**Reported revenue by geography** <sup>3</sup>  
Not available

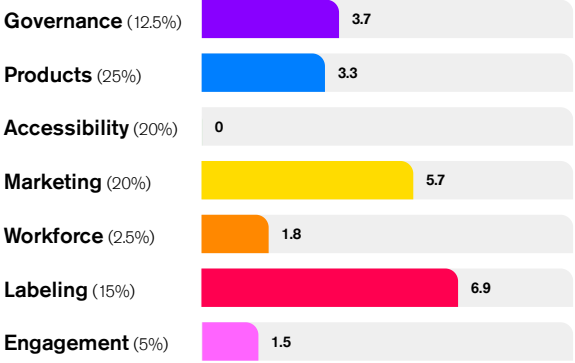
**Number of employees**  
34,543

**Total revenue** <sup>2</sup>  
\$10,865 m

## Corporate Profile

**Nutrition** 11/3.6

**Undernutrition** 14/0



## Main areas of strength

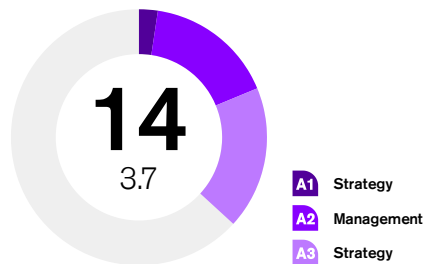
- Ferrero's score has increased from 2.6 in 2016, to 3.2 out of 10 in 2018. Despite this increase, the company fell in the overall ranking from ninth to twelfth place.
- Ferrero scores relatively well on marketing to all consumers, as it applies the International Chamber of Commerce (ICC) framework for responsible food and beverage communication to a wide range of media.
- Ferrero is also a signatory to the EU Pledge on Marketing to Children, a member of the International Food & Beverage Alliance (IFBA) and of CFBAI. During 2016, it strengthened local advertising pledges in several key emerging markets. It also publishes its own policy on responsible marketing to children in the "Ferrero Advertising and Marketing Principles". With this policy it commits worldwide not to advertise its products to audiences with more than 35% of children under 12 years and not to advertise in primary schools. It publishes the results of its compliance with the IFBA policy on marketing to children in its CSR reports and commits to corrective actions if needed, which is commended.
- Ferrero makes its own relatively strong front-of pack (FOP) and back-of-pack (BOP) labeling commitments and implements the IFBA commitments, on a global basis. Moreover, the company commits to provide additional nutritional information on FOP labels in various markets. It had rolled out its IFBA labeling commitments globally by early 2017.
- The company states that it does not use health claims and that where no local regulations exist, it will apply Codex rules regarding nutrition claims.

## Priority areas for improvement

- Ferrero ranks 21st in the Product Profile assessment with a score of 1.4 out of 10, based on an assessment of its major product categories in nine countries. None of its products meet the threshold for healthy used by the Health Star Rating (HSR) system (as it sells mainly confectionery and chocolate-based products) and none are suitable for marketing to children.
- In order to play a greater role in improving diets and health around the world, Ferrero should develop a strategy to improve the nutritional quality of its portfolio. Although options to increase the healthiness of products such as confectionery are limited, the company is encouraged to optimize levels of relevant 'negative nutrients' and 'positive nutrients'. Further, it could add new healthier options, e.g. by developing entirely new healthier product lines or by acquisitions.
- While the company has strong responsible marketing commitments, Ferrero should extend its responsible marketing policy to all children and apply it in and near secondary schools and other places popular with children. It should also strengthen its definition of a child audience to a threshold of at most 25%.
- Ferrero should also plug the gaps in its policy on marketing to children by committing not to use promotional toys, games and similar devices at all. Furthermore, it should also extend its policy to cover all relevant media channels and adopt more sophisticated tools to ensure that its online marketing does not reach children under 12.
- The company has the scope to strengthen its nutrition and health programs for both employees and consumers and to commission independent evaluations of all of them. It should also adopt a stronger global policy to support breastfeeding mothers in all of its workplaces.
- Ferrero could do more on labeling by including on multi-packs the number of servings in those packs and by moving to interpretative FOP labeling.
- Overall, the company should expand reporting and disclosure on its nutrition-related activities.

# Category Analysis

## Category A - Governance 12.5% - Nutrition



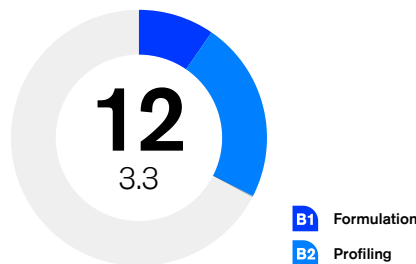
- Ferrero does not appear to have made any new strategic commitments since the last Index nor to have improved its nutrition governance or management systems. Overall, its disclosure remains limited, making assessment difficult.
- Although Ferrero mentions in a broad 'core values' statement that it focuses its research and product investment on nutritional value and portion sizes, neither its mission nor growth strategy indicates a strong focus on health and nutrition.
- Ferrero is a member of the IFBA and the European Platform for Action on Diet, Physical Activity and Health, and through these organizations recognizes the priorities set out in the WHO Global Action Plan.
- Ferrero's materiality matrix included in its 2016 CSR report includes nutrition and health, promotion of active lifestyles as well as responsible marketing. However, there is no further analysis of the nature and likely scale of the nutrition-related risks it faces, such as nutrition-related taxes and potential regulation of marketing of products high in sugar and/or fat. It should include such a risk assessment in its overall annual risk assessments and publish its conclusions.
- The company's nutrition policy is disclosed in its 2015 CSR Report, with commitments and some objectives related to product formulation, portion sizes, the provision of accurate nutritional information, consumer education, the promotion of physical activity and sports and responsible marketing.
- According to that Report, in 2011 Ferrero created a scientific committee for nutrition, chaired by the company's vice president and composed of several executives. However, there is no evidence that the company links the remuneration of the CEO and/or those senior executives to performance on nutrition targets/objectives, which it is encouraged to do.
- The implementation of the company's nutrition strategy, established in 2011, is subject to a standard annual management review. However, no evidence has been found that Ferrero's Board or management solicits external experts' input on the design or delivery of the company's nutrition strategy. It should put a panel in place.
- Ferrero does not report on the percentage of the company's total 2016 global revenues generated by 'healthy products' because it does not refer to or market any products as 'healthy.' Instead, it publishes figures in its CSR reports relating to volumes that are below certain weights and calorie limits, e.g. that 70% of its volumes are offered in servings that provide less than 100 kcal and over 95% in servings that provide less than 150 kcal.
- Nutrition-related topics are covered in Ferrero's annual CSR reports that encompass its global operations. Future reports could be improved by including a clear explanation of how its focus on health and nutrition is adding value to its business or helping to address nutrition-related risks.

## Category A - Governance 12.5% - Undernutrition



- Ferrero sells its products in some low-income African and Asian countries but does not appear to have any initiatives to address undernutrition in those countries. ATNF does not consider Ferrero's products suitable to be fortified. Ferrero states that it does not fortify its products as it believes that the best way to provide metabolically useful micronutrients is through the naturally available trace elements in its products. Ferrero also states that it 'invests in research and process engineering to preserve the natural level of vitamins and minerals in non-trivial quantities.'
- Nevertheless, the company could fund or otherwise support non-commercial initiatives, through its CSR initiatives or philanthropic giving. Although its 2015 CSR report explains that it has developed social enterprises in Cameroon, India and South Africa which aim, among other things, 'to develop humanitarian projects in support of the education and well-being of children' there is no evidence that it addresses undernutrition or micronutrient deficiencies through those projects. Ferrero should consider extending this work to fund or partner with international or local NGOs, or institutes focused on nutrition and health, to support their programs to provide undernourished people with appropriately fortified products and/or diets rich in micronutrients, or programs that educate such populations about various aspects of diet and health.

## Category B - Products 25% - Nutrition



- By the time ATNF had completed its research, the company had not made any recent public commitments to increasing R&D funding to improve the nutritional quality of its products or new product development, though it did so subsequently.
- The company's Nutrient Profiling System (NPS) is based on the independently developed Naturally Nutrient Rich (NNR) model, adapted to take serving size and other factors, such as glycemic index values, fiber content and EU Recommended Daily Allowance (RDA) values into account. The system considers both positive and negative nutrients. It generates the 'Ferrero Between Meals Eating Episodes (BMEE) Score.' It states that it does not refer to or market any products as 'healthy.'
- The company uses the BMEE to guide new product development and to evaluate the nutritional quality of some, but not for all of its products. It also uses it to determine whether products are suitable to be marketed to children.
- The company provided information that more than 50% of its products met its BMEE score by the end of FY 2016. However, the Product Profile found that none of its products have an HSR of 3.5 or more, i.e. the threshold for healthy. The parameters and algorithms of these two systems are clearly very different.
- Through the framework of the European Platform on Diet, Physical Activity and Health, Ferrero committed to reducing the levels of trans-fatty acids and salt, and to eliminating all hydrogenated fats by the end of 2006. It achieved its target of removing trans-fats and stated that it had reduced salt levels for confectionery to below the category average by 2010 but it has not sought to reduce them further.
- Ferrero told ATNF that its approach going forward is not to reformulate its standard products, but to expand the range, with innovative versions of its existing products, such as making some of its confectionery with sugar replacements. As a result, it has not set targets to reduce saturated fats, added sugars or calories across its range of products. It should explore options for more rapid improvement of its portfolio. It has also not set any targets for adding positive nutrients.
- Although a high proportion of its products meet its own standards to be marketed to children (i.e. those with less than 130 kcal per individually wrapped portion or those with above 54 on the 'Ferrero BMEE Score'), the company does not advertise them to children under 12 in the U.S. or the EU. The Product Profile found that none of its products are suitable to be marketed to children according to the WHO Euro model. This again highlights differences between the company's NPS and the WHO Euro model.

## Category B - Products 25% - Undernutrition



No relevant information was found. Please refer to section A for assessment.

## Category C - Accessibility 20% - Nutrition



**C1** Pricing  
**C2** Distribution

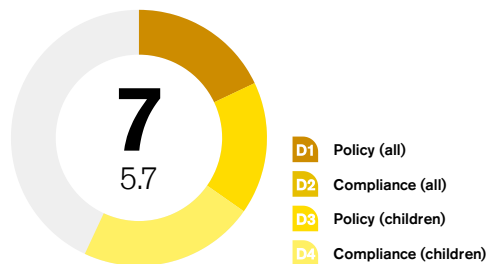
- Ferrero does not have any commitments relating the affordability or accessibility of its products. Unless it develops products other than confectionery that are rated as healthy on an independent well-verified NPS, there is no need for Ferrero to develop a policy on the affordability and accessibility of its healthy products.

## Category C - Accessibility 20% - Undernutrition



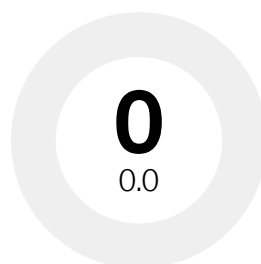
No relevant information was found. Please refer to section A for assessment.

## Category D - Marketing 20% - Nutrition



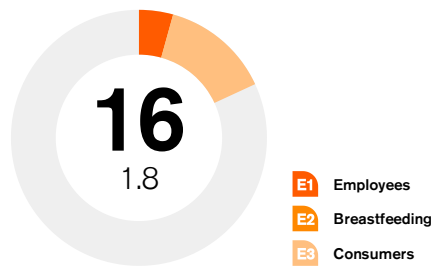
- Ferrero scores relatively well on responsible marketing to all consumers. It discloses its Advertising and Marketing Principles in which it includes a statement that it applies the ICC Framework for Responsible Food and Beverage Communication which applies to a wide range of media channels and includes a diverse set of commitments related to the representation of products. However, it does not provide a link to or put the ICC Framework on its website. It would be easier for stakeholders to access these important commitments if it did so. Also, the company does not seem to audit its compliance with this policy, which it should begin to do, ideally by commissioning an independent agency to conduct audits annually.
- Ferrero also scores relatively well on marketing to children. Ferrero is a signatory to the EU Pledge, a member of the IFBA and of CFBAI in the U.S. Further, it stated to ATNF that in the course of 2016, it signed strengthened local advertising pledges in key markets, such as Brazil and India and with the Gulf Cooperation Council (GCC), to reinforce their application of the general IFBA Policy by clearly including companies operating at local level. It also publishes its own policy on responsible marketing to children in the "Ferrero Advertising and Marketing Principles."
- However, the company should plug the gaps and exclusions in its policy by committing not to use promotional toys, games and similar devices at all (including for Kinder Surprise), as well as extending its policy to cover its own social media channels, in-store marketing, point-of-sale marketing and sponsorship, and to clearly differentiate advertising and content on virtual media. It should also adopt more sophisticated tools to ensure that its online marketing does not reach children under 12.
- Ferrero commits globally not to advertise its products to audiences with more than 35% of children under 12 years. However, it has not made a commitment to restrict its advertising to children aged 13 and over, a step it should take.
- It also commits not to advertise in primary schools and only to provide materials to primary schools "where specifically requested by or agreed with the school administration for educational purposes." There is no evidence of a policy on marketing in secondary schools or in other places where children gather; the company is encouraged to develop and publish such a policy.
- As an IFBA member, Ferrero takes part in the independent audits IFBA commissions to monitor members' compliance with its policy. It is also included in the audits carried out by the EU Pledge and CFBAI.
- Ferrero publishes the results of its compliance with IFBA policy on marketing to children in its CSR reports and commits to corrective actions if needed, which is commended.

## Category D - Marketing 20% - Undernutrition



Not applicable. Ferrero was not ranked on Category D Undernutrition, which is reflected in the graph at the top of this page as a rank of zero.

## Category E - Workforce 2.5% - Nutrition



- The company commits publicly to support and encourage all staff and their families to lead more active and balanced lifestyles, but it does not specifically outline a commitment to focus on their nutrition and diets.
- However, the company does provide some 'healthy diet' and 'health body' programs, though they are only open to some of its employees, not all, and do not extend to family members. The company does not seem to have set participation targets or to have articulated the health or business outcomes it hopes its program will deliver. It should open its programs up further and develop participation targets. It should also revisit its program design and make adjustments as necessary to ensure that it delivers tangible health and business benefits, and then track whether it does so and report on progress.
- The company does not report about whether and how it supports breastfeeding mothers at work or its provision of paid maternity leave. It should publish a policy covering both aspects.
- Although the company commits to sponsoring health and active lifestyles programs for consumers, it does not commit not to brand them or align those related to diets and nutrition to national dietary guidelines, two steps it should take.
- It designs and implements its own programs (Kinder+Sport) as well as supporting nutrition education and active lifestyles programs developed and implemented by independent groups with relevant expertise such as EPODE (Ensemble Prévenons l'Obésité Des Enfants') programs in three European countries (which are considered by experts to be very well-designed and effective programs). It reports publicly on the active lifestyles programs but not on the nutrition and diet programs. Ideally, the company would cease to design its own programs and only support those designed and developed by independent organizations, such as EPODE.
- There are several types of programs that the company does not support; it should look at extending its funding to programs that educate consumers about the importance of fresh fruit and vegetables and of eating regular meals and/or limited snacking, the importance of drinking water, the benefits of exclusive breastfeeding and the benefits of safe, timely and adequate complementary feeding for infants and young children.
- The company should ensure that all programs it offers or supports are independently evaluated, which the EPODE programs are but there is no evidence of that being the case for its own programs. The company does not share the results of these evaluations via its website nor direct stakeholders to the EU Platform on Diet, Physical Activity and Health's website where they are available.

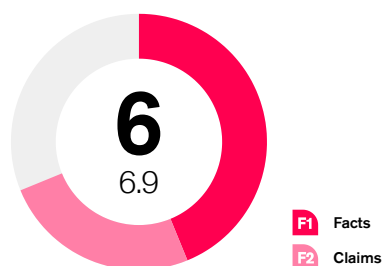
## Category E - Workforce 2.5% - Undernutrition



No relevant information was found. Please refer to section A for assessment.



## Category F - Labeling 15% - Nutrition



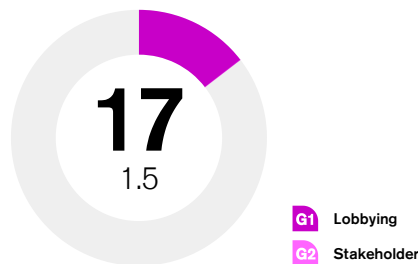
- Ferrero makes relatively strong front and back of pack labeling commitments through its corporate responsibility program and as a member of the IFBA, on a global basis, according to the most recent IFBA "Principles for a Global Approach to Fact-based Nutrition Information."
- Furthermore, in line with the new EU regulation 1169/2011 on consumer information applied from December 2014 in Europe, Ferrero commits to provide additional nutritional information on front of packs. In order to guarantee full consistency with the commitments taken in Europe, Ferrero also commits voluntarily to put nutritional information on front-of-pack labels outside Europe.
- The company confirmed that it had rolled out the IFBA Principles on nutritional labeling for eligible products at a global level by the January 2017.
- The company provides nutritional information online only for some of its products.
- The company states that it does not use health claims and that where no local regulations exist, it will apply Codex rules regarding nutrition claims. It also has a system in place to track the number of products that carry nutrition claims but does not disclose the percentage of products that do so.
- Ferrero could do more by including on multi-packs the number of servings in a pack and moving to interpretative labeling on the front of product packs. Like all companies, Ferrero should ensure it does not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems. There is also the scope for it to improve its disclosure around its various labeling commitments and progress in implementing them.

## Category F - Labeling 15% - Undernutrition



No relevant information was found. Please refer to section A for assessment.

## Category G - Engagement 5% - Nutrition



- The company's Code of Ethics includes a statement that its, "advocacy practices towards International, National and Local Institutions are based on solid scientific knowledge and always inspired by intellectual and behavioral integrity, as well as transparency." The code does not include any other details. There is no evidence that the company commits to engage with governments and policymakers on nutrition issues in support of measures to prevent and address obesity and diet-related chronic diseases.
- The company is a member of several industry associations, such as FoodDrinkEurope and the World Federation of Advertisers, and contributes to the voluntary EU Transparency Register. However, it does not disclose in its reports the level of its financial support for all of the organizations it is a member of, nor report on any potential governance conflicts of interest (or state that none exist). It also does not state whether it holds any board seats at industry associations or on advisory bodies related to nutrition issues. Ferrero also does not disclose its policy positions used in lobbying/governmental engagement. The company has an opportunity to significantly broaden the scope of its disclosure on lobbying and engagement with governments.
- In its CSR report for 2015, the company states that it, "has developed a structured dialogue with some NGOs that also work in CSR." However, details are not disclosed and there is no evidence that the company has a structured approach to engaging with a range of stakeholders around the world to develop or enhance its commercial nutrition-related policies or programs. The company should develop a plan to regularly engage with key stakeholders to benefit from their advice on how it might improve its performance on nutrition, and report on its engagement, what it has learned from it and how it has incorporated stakeholders' feedback into its business practices.

## Category G - Engagement 5% - Undernutrition



No relevant information was found. Please refer to section A for assessment.

# Product Profile



21

Rank 21 / Score 1.4

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
0.7 stars	0	0	272	282	9

- Ferrero's average sales-weighted HSR is 0.7 (0.8 unweighted), generating a Product Profile score of 1.4 out of 10. It ranks last of the 21 companies. This is perhaps not surprising for a company that sells mainly confectionery and chocolate-based products.
- None of its products met the healthy threshold of a HSR of 3.5, nor standards for marketing to children.
- There was not a great difference in mean overall HSR between the nine countries included in Ferrero's analysis, mainly due to the fact that a very similar product mix was available in each country.
- Ferrero applies its own NPS using calorie limits and its 'Between Meals Eating Episodes BMEE score', based on the 'Naturally Nutrient Rich Score NNRs' to guide its reformulation. Although the company does not publish details about its portfolio performance when applying its NPS scoring system, it is strongly encouraged to compare how its calculations compare with the outcomes of the current Product Profile study, using the internationally recognized HSR system.
- Although options to increase the healthiness of Ferrero's products, such as confectionery, are limited, the company is encouraged to optimize the levels of relevant 'negative nutrients' and 'positive nutrients'. Furthermore, Ferrero should pursue its approach of limiting serving sizes and thus calories and levels of negative nutrients in its products. It should also apply strict marketing restrictions, particularly in respect of children, and invest in marketing communications that caution its customers only to eat its products in strict moderation as part of a balanced diet.

For full details, see the company's Product Profile scorecard.

# Disclaimer

## Global Index

### 2018

#### General Disclaimer

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**Sustainalytics** participated in the data collection and analysis process for the Global Index 2018, contributed to the company scorecards and supported writing the report.

**Westat** is responsible for the collection of data related to company compliance with the International Code of Marketing of Breast-milk Substitutes and any additional country specific regulations related to marketing of these products in Bangkok, Thailand and Lagos, Nigeria. Westat is responsible for the analysis of the data related to compliance with the BMS Marketing standards and for the preparation of its final study report, the results of which have been incorporated by ATNF into the 2018 Global Access to Nutrition report and the scoring of company performance for the same Index.

**The George Institute for Global Health (TGI)** is responsible for the data collection for the Product Profile assessment, using data from available databases that was supplemented with data provided by companies to ATNF. TGI is also responsible for the analysis of the data related to the Product Profile and the TGI Product Profile final report, the results of which have been incorporated by ATNF into the 2018 Global Access to Nutrition report. Furthermore, TGI is responsible for the data collection and analysis related to the historic sodium reduction assessment in Australia, the results of which have been incorporated into the Product Profile chapter of the 2018 Global Access to Nutrition report.

**Innova Market Insights (Innova)** is responsible for the data collection and analysis related to the historic sodium reduction assessment that was performed in four countries, the results of which have been incorporated into the Product Profile chapter of the 2018 Global Access to Nutrition report.

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**Footnotes**

1. Ferrero's capacity to address undernutrition commercially is limited as it is predominantly a confectionery business. Therefore, only its non-commercial efforts to address undernutrition were evaluated. Scorecard version 2, 31 October 2018.
2. Source: Morningstar, USD historic exchange rate
3. Source: Morningstar

