Reflecting on the Journey of Future-Proofing Ferrero

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Overview

The intention of this presentation is to provide *examples* of how Ferrero can fulfill our focus areas:

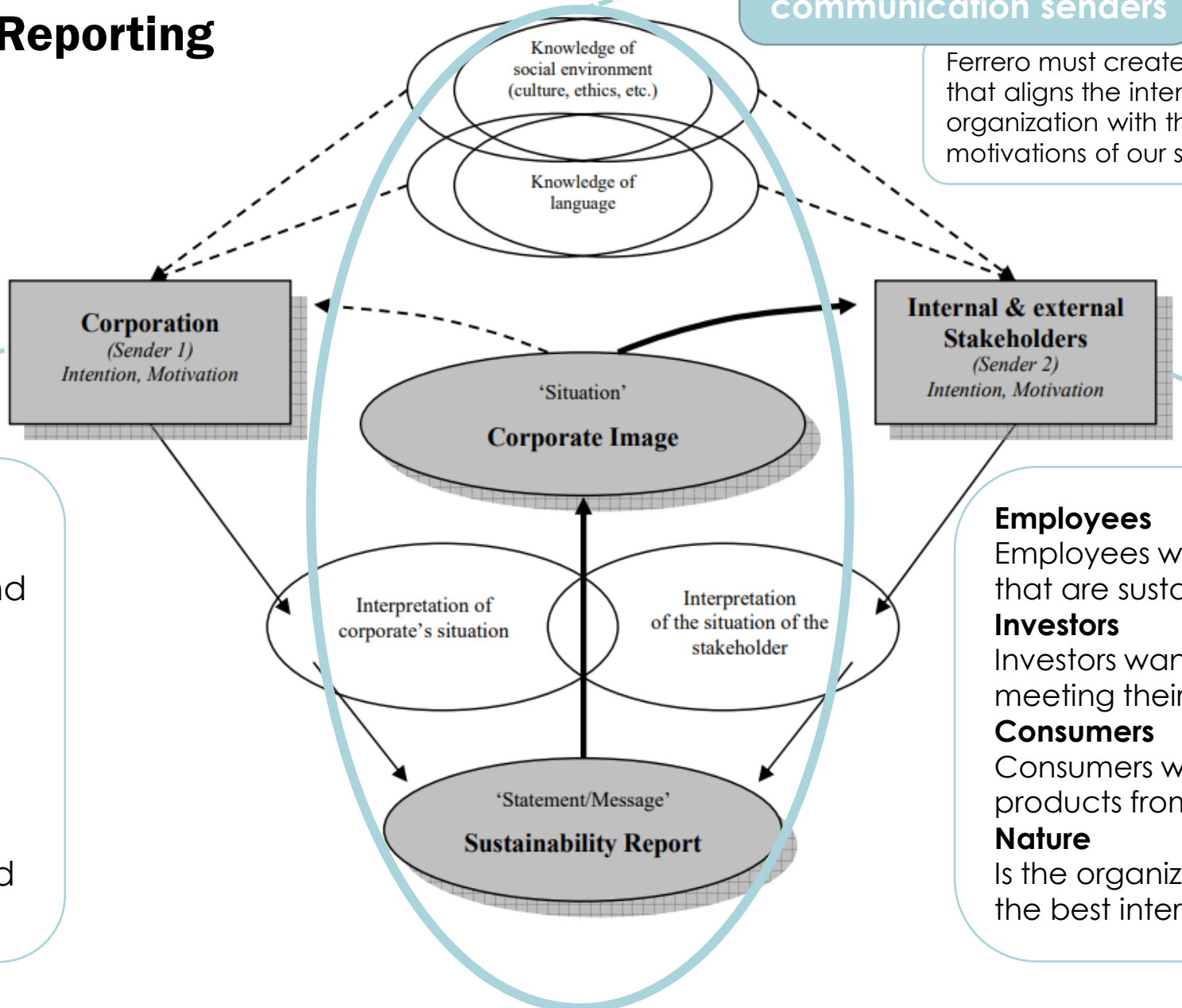
- Re-evaluating the purpose of sustainability reporting
- Nature as a new stakeholder
- Accountability for the systemic problems harming the environment

Re-evaluating the Purpose of Sustainability Reporting

A Practical Application of the Two-Sided Communication Model for Ferrero's Sustainability Reporting

Convergence of the two-sided communication senders

Ferrero must create our sustainability report in a way that aligns the intentions and motivations of the organization with the varied intentions and motivations of our stakeholders.



Ferrero

Intention: be transparent about our ESG targets and results

Motivation: reach our intended audience and improve brand recognition and consumer trust and loyalty

Primary Stakeholders: Employees, investors, customers, nature

Employees
Employees want to work for companies that are sustainable

Investors
Investors want to know that companies are meeting their targets

Consumers
Consumers want to know they are buying products from responsible companies

Nature
Is the organization acting in a way that is in the best interest of the environment?

IMAGE SOURCE: Cahyandito, Martha & Ebinger, Frank., 2005

Nature as a New Stakeholder

Patagonia's Bold Move: Nature as their only Stakeholder

- In a public letter from their CEO in 2022, Patagonia declared that they are restructuring their company to make nature their only stakeholder
- They created the Patagonia Purpose Trust and the Holdfast Collective, where "every dollar that is not reinvested back into Patagonia will be distributed as dividends to protect the planet"

SOURCE: Patagonia Corporate Website

Patagonia's Bold Move: Saving our Home Planet

- This graphic is from Patagonia's website and demonstrates their new business model through the Patagonia Purpose Trust and Holdfast Collective
- Each point in their value chain is focused on the environment and fighting climate change

SOURCE: Patagonia Corporate Website

Accountability for the Systemic Problems Harming the Environment

The United Nation's Force for Good Initiative

- The Force for Good initiative was launched by the UN in 2020 for the world's leading financial organizations to deploy capital as a force for good to address the biggest sustainability challenges facing society
- This initiative helps counteract the systemic environmental problems related to capitalism and globalism

FORCE FOR GOOD

SOURCE: United Nations (2021). Force for good - sustainable finance, sustainable development goals.

Force for Good Initiative in the Fast-Moving Consumer Goods (FMCG) Industry

- Ferrero can be a catalyst to bring this type of initiative to the fast-moving consumer goods (FMCG) industry
- The Force for Good Initiative has spurred action and urgency among the world's leading financial institutions, leading to increased focus and results related to ESG
- Pulled directly from the Force for Good website, these results have emerged from the first analysis of the initiative's progress:

- US$12.5 trillion of AuM (assets under management) consciously incorporate ESG factors into their investment decisions to promote activities for good
- 100% have adopted ESG and sustainable investing targets, representing US$102 trillion
- 98% apply a series of ESG screening metrics to proactively promote the funding of what they see as sustainable projects and enterprises
- 97% committed to reducing their carbon footprints through changes to work practices and environments
- 90% affirmed broader stakeholder commitment publicly in terms of their focus to serve
- 84% have prioritized climate action as an urgent organizational priority
- 73% offer or invest in ESG or sustainable products, such as green bonds, sustainable loans
- 60%-84% prioritised SDGs for climate change, affordable and clearn energy, decent work and economic growth, quality education, sustainable cities and communities and good health and well being
- 4x higher performance by those doing 'most good'

SOURCE: United Nations (2021). Force for good - sustainable finance, sustainable development goals.

Thank you

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SOURCES

- Cahyandito, Martha & Ebinger, Frank. (2005). Just a Paper Tiger? The Exploration of Sustainability Reporting as a Corporate Communication Instrument. 10.1007/978-1-4020-4974-3_23.

- Patagonia (2022). Patagonia corporate website. https://www.patagoniaworks.com/press/2022/9/14/patagonias-next-chapter-earth-is-now-our-only-shareholder

- United Nations (2021). Force for good - sustainable finance, sustainable development goals. Force for Good. https://www.forcegood.org/interim-report