



December 13, 2018

Ingredient and Packaging Suppliers of Legacy Nestle Confections,



This is the first note I am sending you directly, so I want to officially welcome you to the Ferrara family! On behalf of my team, we look forward to working with you. Next week I will be communicating with our entire supplier network to reflect on our progress together in 2018 and look ahead at the New Year. My communication will be celebratory, reflective, and aligning and, because you haven't received past communications from me, I want to make sure you have the information you need to put next week's message in context.

Last year was a **year of transformation** for all of us. We came together as a new organization, combining the strengths and talents of our great brands and businesses. In Procurement, we spent the year visiting our supplier network to understand our collective strengths and opportunities. We worked closely with our colleagues in R&D, Marketing and company leadership to understand both business needs and marketplace trends. We also took a fresh look at our structure and capabilities in Procurement, and realigned our team to be structured for simplicity, agility, and to help drive *supplier-enabled innovation*. Our strategic sourcing process allowed us to align with the right suppliers, like you, who share our vision, mission, and values, and are committed to helping us grow and drive our business as you grow yours. We view our suppliers as best-in-class, and we have worked to create a culture of shared success over time. It is my hope that you will experience this first-hand in the coming months.

In addition, we *relaunched* our supplier advisory group, Partner Advisory Council (PAC). PAC was initially created in 2016 and comprised of several key suppliers who volunteered time to provide guidance to us around Procurement-specific topics. A couple months ago, PAC adjusted its membership, formed an executive committee, and revised its mission to **align sharply with Ferrara 2.0**. Their new mission is:

- Provide advisory services and counsel on key strategic topics
- Apply industry knowledge and experience to help identify and provide feedback on risk mitigation for the business
- Represent peers, like each of you, as a conduit for sharing feedback

I see this group as an important for our success, and I expect that they will be a resource to you as they work to leverage strengths and talents. Please expect a communication from them regarding how can contribute to the future of PAC as they adapt to the Ferrara 2.0 vision.

Near the end of 2018, our company solidified its vision for sustainable growth, which includes "developing and fostering partner relationships". This is the first time in our history that our vision specifically underlines the important role of our suppliers. It acknowledges that our relationships must be anchored in mutual trust and enduring value, and I'm committed to making even greater progress in this area in 2019 and beyond. Our three-year strategy pillars regarding sustainable



growth supported by “strengthening our brands”, “winning in seasonal”, and “winning by channel by retailer”. More to come on this in the New Year.

Several years ago, we designed some guiding principles for Procurement. We refer to our guiding principles as “RSVP,” and they remain a core part of how we do business.

Our principles are:

- Risk management excellence
- Service provider approach
- Value generation to the business, including Design-to-Value
- Partnership-oriented behaviors

RSVP is enabled by our “one-door policy,” which offers suppliers simplified, direct access to our team so we can collaborate and find the best solutions.

Last week, we recognized a few Legacy Nestle Confections suppliers at our 5<sup>th</sup> Annual Supplier Awards Ceremony for the combined organizations; I would like to recognize **Bryce Corporation** and **Sage V Foods** for winning awards this year!

Finally, I am committed to regular communications with you. We have provided a supplier portal for your convenience <http://www.ferrarausa.com/suppliers> where you’ll find past communications as well as documents, tools and resources to help you in your work with Ferrara. Also here you will find prior announcements for Procurement, which includes both food and non-food purchasing activities, Social Responsibility, and Analytics. Within Procurement, our leaders take accountability for specific areas, and their teams are structured with clarity and focus. I hope you’ll find us more accessible and conveniently located to have more dialogue opportunities on how we can grow our businesses.

Again, you will hear more from me next week, but I hope this is helpful background. You will also hear from our category management team regarding Day 1 (January 1, 2019) preparedness for “above-market buying” activities transitioning to Ferrara Candy Company’s Procurement Team.

Thank you for your support and partnership, and please reach out to me or my team with any questions. I want to wish you and your loved ones a happy holiday season and I look forward to fostering a partnership you in 2019.

Best Regards,

A handwritten signature in black ink, appearing to read "AHMET HEPDOGAN".

Ahmet Hepdogan  
V.P., Procurement  
Ferrara Candy Company