

RSPO

Roundtable on Sustainable Palm Oil

Nestlé / TFT Sustainable Palm Oil Initiative

Building traceability and responsibility



RSPO Certified
Transforming the market. Together.

Nestlé: Good Food, Good Life



Nestlé

Good Food, Good Life

**Our objective is to be the
recognised leader in Nutrition,
Health and Wellness, and
the industry reference for
financial performance**



Nestlé Creating Shared Value: 3 focus areas

Creating Shared Value
Nutrition | Water | Rural Development



Nutrition



Water

Creating Shared Value
Nutrition, water,
rural development

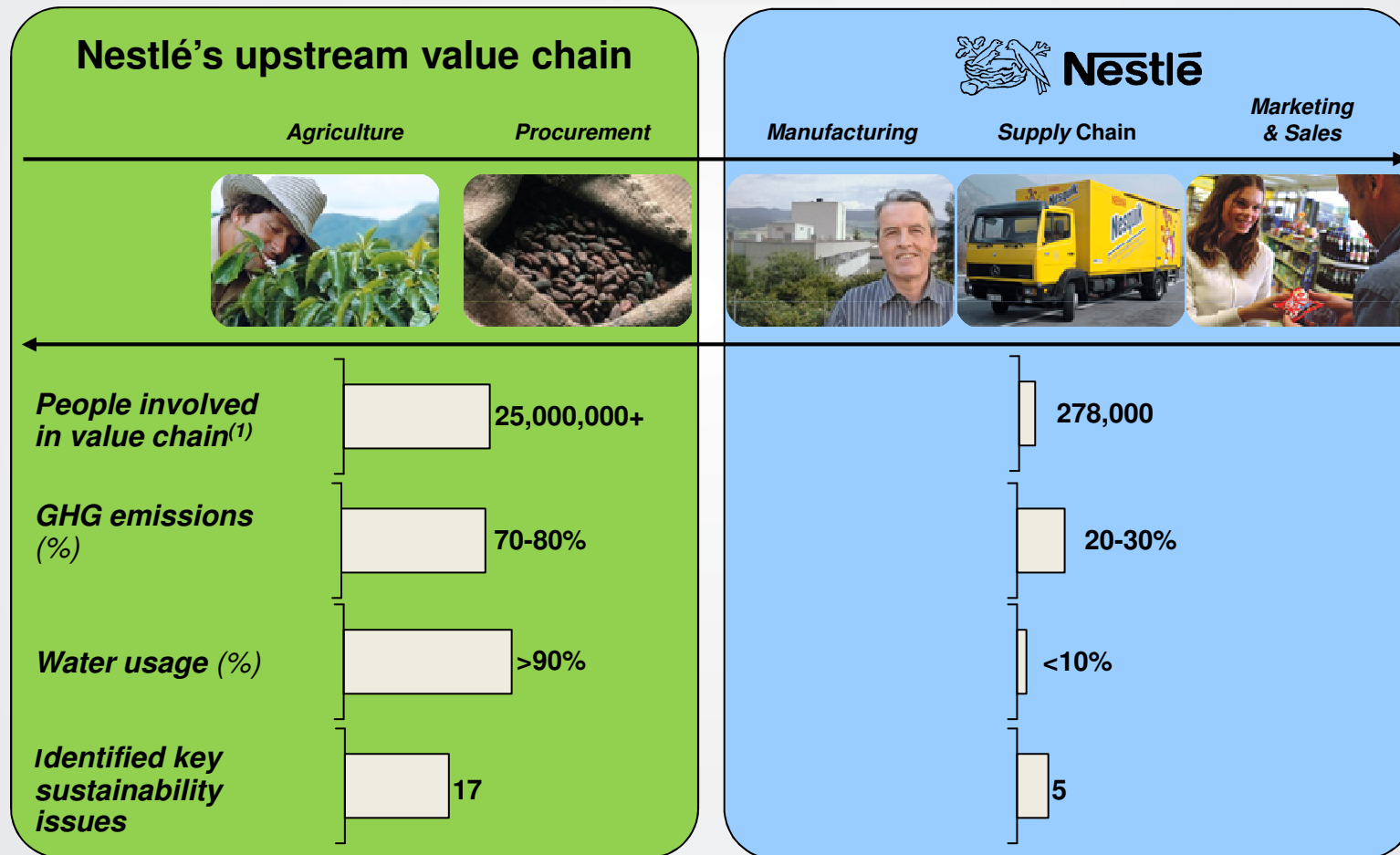
Sustainability
Protect the future

Compliance
Laws, business principles, codes of conduct



Rural Development

Creating Shared Value: the critical role of sourcing



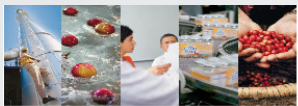
Nestlé Responsible Sourcing: Understanding and transforming value chains back to farm

**Nestlé's Sustainable
Agriculture Initiatives**
November 2012

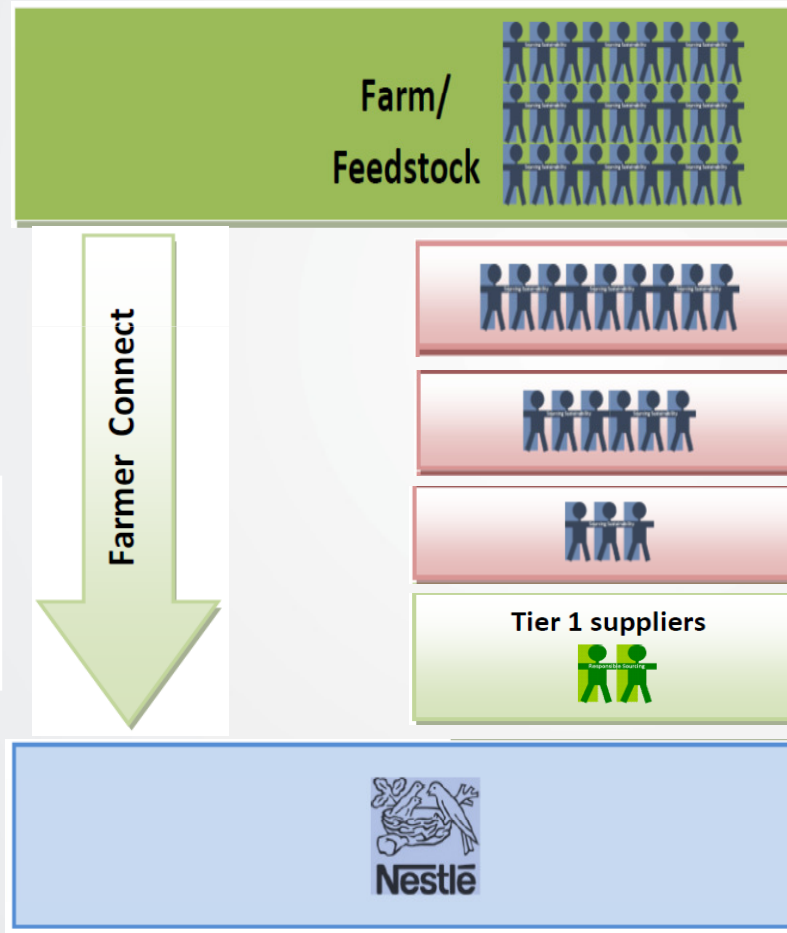
**Direct
engagement with
550,000 farmers**

17,000 supply chain
support staff

E.g. coffee, milk,
fruits, vegetables



The Nestlé Supplier Code
Direct Procurement & Agri Services



Traceability Programme

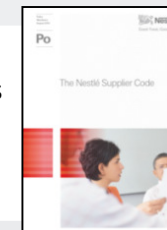
Responsible Sourcing Guidelines (RSGs)
for priority supply chains.

12 categories prioritized for 2010-2012



Audit Programme vs. Nestlé Supplier Code

2010/2011:
1800 3rd party audits
of key suppliers



Nestlé Responsible Sourcing

The current scope of our Responsible Sourcing Programme: 12 priority supply chains addressed in 2010-2012



Palm Oil



Pulp & Paper



Sugar



Soy



Seafood



Vanilla



Hazelnuts



Cocoa



Meat



Coffee



Dairy



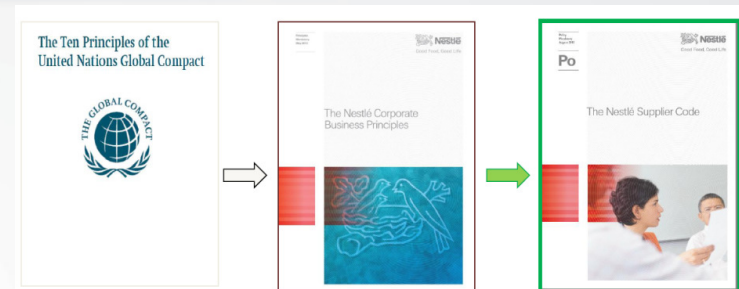
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Nestlé Responsible Sourcing: The framework guiding our procurement practices

Principles :

1. Nestlé Supplier Code
2. Nestlé Corporate Business Principles
3. 10 Principles of UN Global Compact



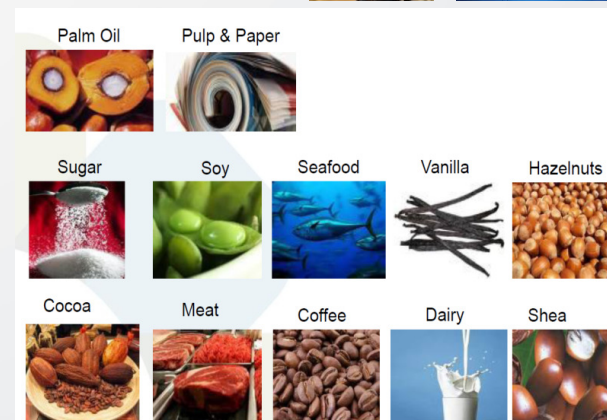
Responsible Sourcing Guidelines (RSGs):

1. Horizontal:

- i. Nestlé no-deforestation commitment: Horizontal RSGs for forest based materials
- ii. Nestlé RSGs for water use in agriculture
- iii. Nestlé RSGs on child labour in agricultural supply chains

2. Category-specific:

- Development of RSGs for priority supply chains
- 12 priority raw & packaging materials in 2010-2012



Nestlé Responsible Sourcing Guidelines for Palm Oil: Implementing our no deforestation commitment

The Nestlé RSGs:

1. Compliance of plantations with local laws and regulations
2. Protection of High Conservation Value Forests
3. Free Prior and Informed Consent
4. *Protection of peat lands*
5. *Protection of forest areas of high carbon value*

The Nestlé – TFT approach:

1. Defining values (RSGs)
2. Establishing transparent supply chains
3. Assessing and developing suppliers vs. our RSGs

Scope 2011/2012:

Supply chain mapping and RSG assessments in priority countries
China, India, Thailand, Brazil, European markets



The Nestlé RSGs are complementary to the RSPO P&C

Focus on developing transparent supply chains

Nestlé commitment:

- By 2015, 100% of our palm oil from sustainable sources
- By 2011, 50% of our palm oil from sustainable sources
- Nestlé palm oil purchases 2010: 320'000 MT (PO/PKO fractions)

Nestlé RSGs are complementary to RSPO. RSPO compliance as a milestone towards meeting Nestlé RSGs.

Need to be able to trace palm oil back to origin.

Nestlé and TFT work on “natural segregation” model to link responsible producers and users in an economically viable way.



TFT - Who are they?

TFT is a global organization that helps businesses **understand** and **transform** their product stories



- ✓ 90 employees in 13 offices **around the world**
- ✓ **A business minded non-profit** focusing on solutions working on products and supply chains.
- ✓ **On the ground (75%)**

Today

1. What we do with Nestlé
2. Findings about Palm Oil Products supply chains
3. Challenge the existing models
4. Propose solutions

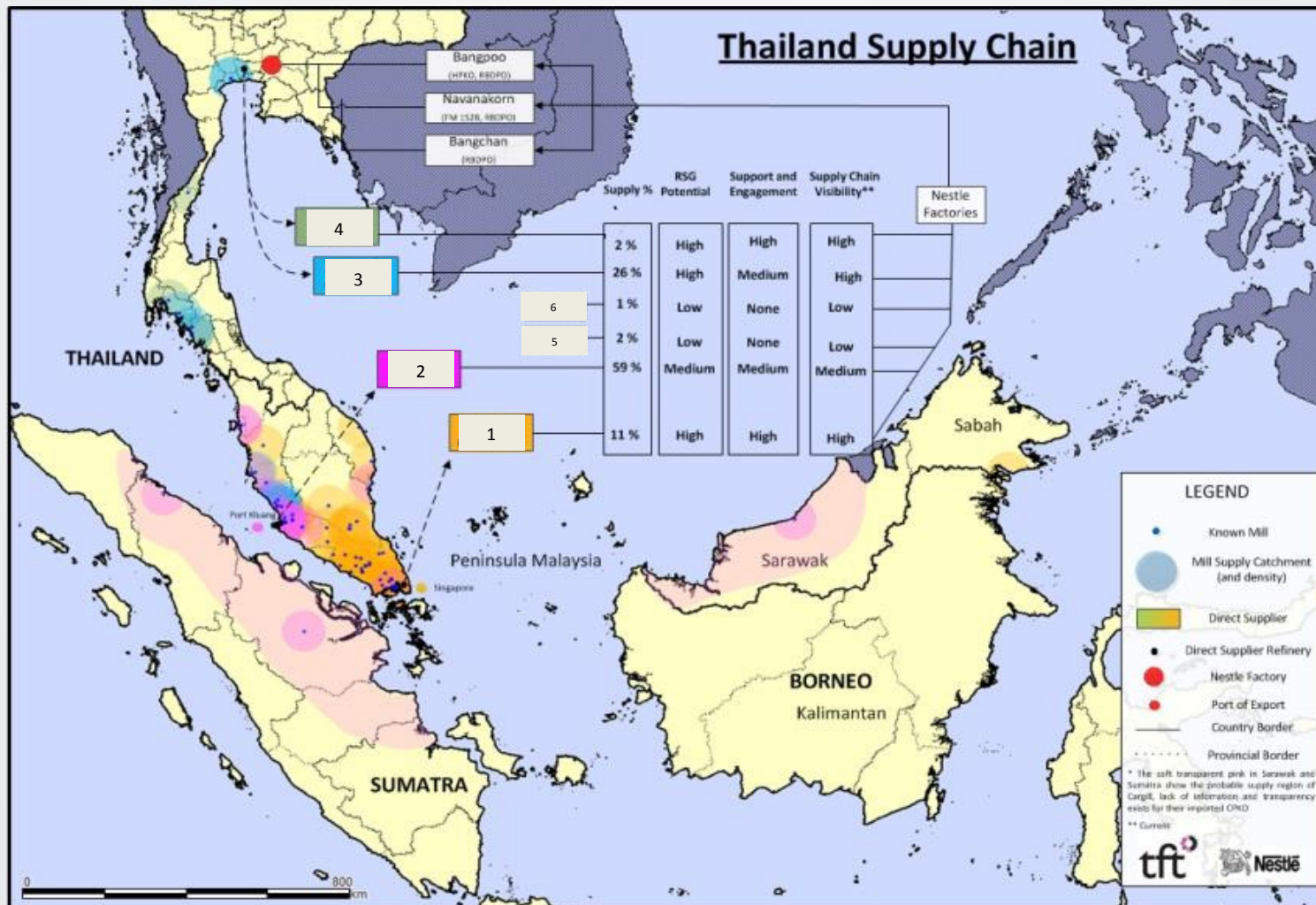
What are we doing with Nestlé

UNDERSTAND, ENGAGE, TRANSFORM THE SUPPLY CHAIN

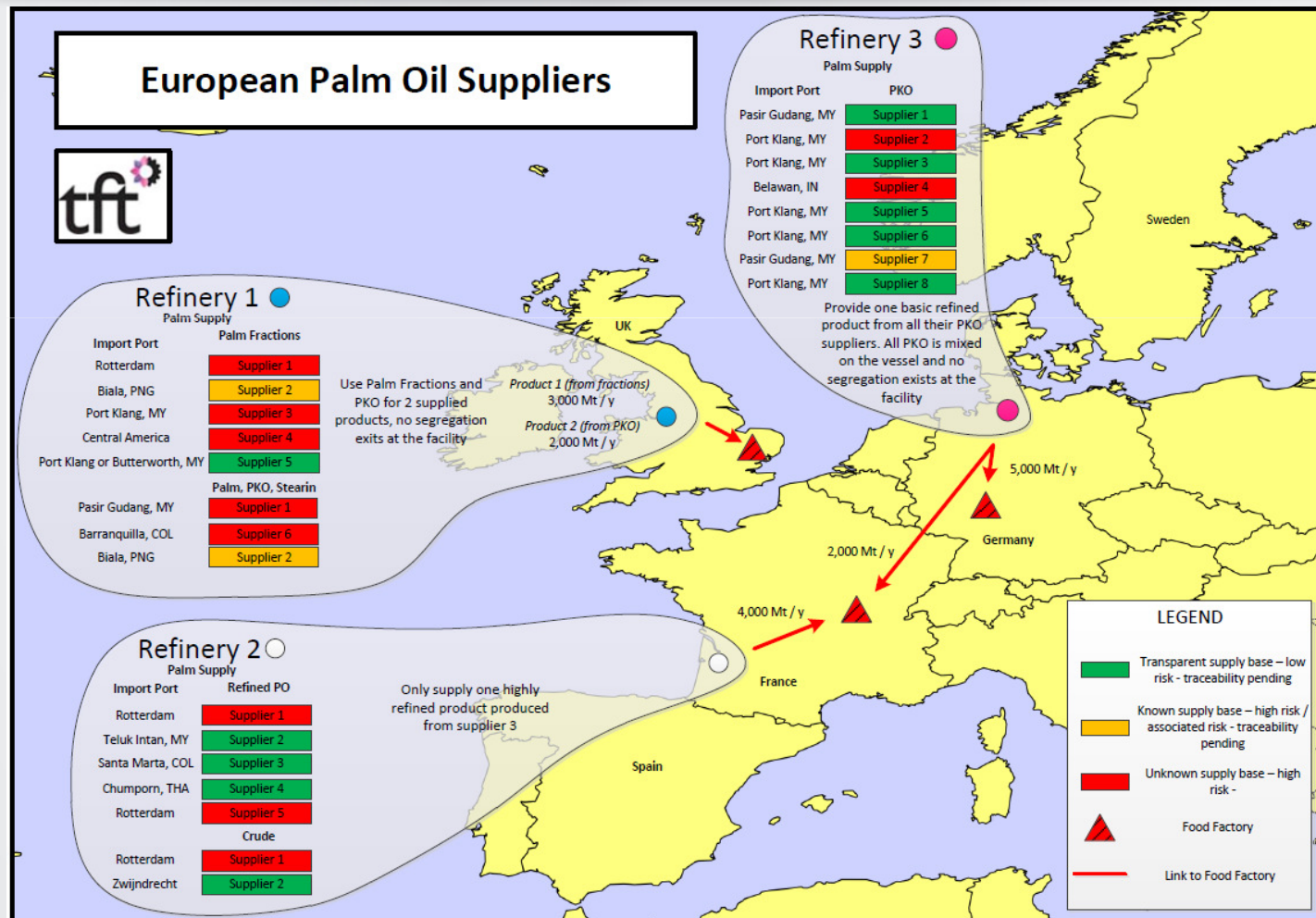


- **Phase 1: Map the supply chain by market**
Focus on priority markets (risk and volume): India, China, Thailand
“If solutions work for Asia then can work in Europe”
- Phase 2: Assess plantation against RSG
- Phase 3: Design Action Plans
- Phase 4: Implement and Monitor Action Plans

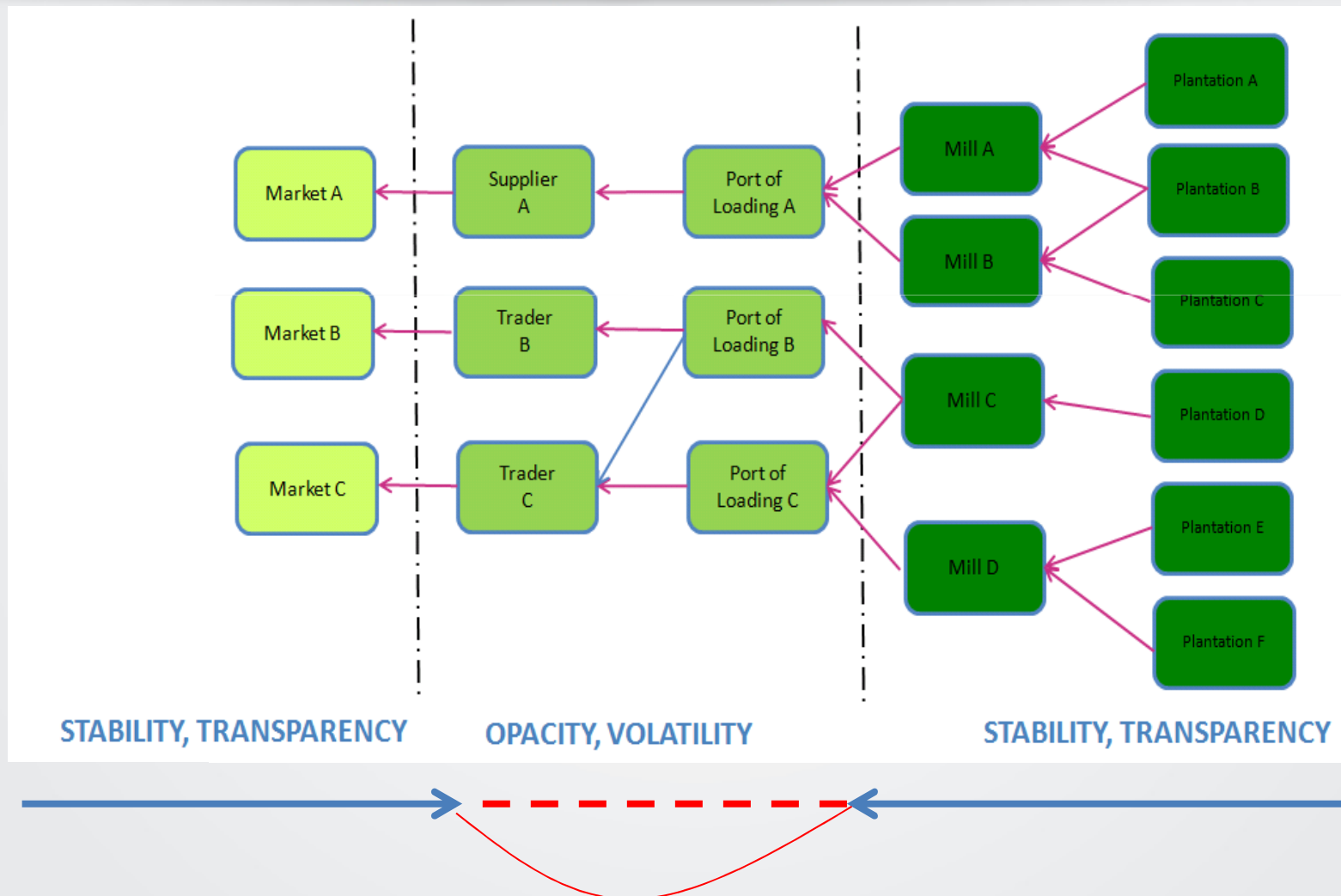
Results: supply chain maps



Results: supply chain maps

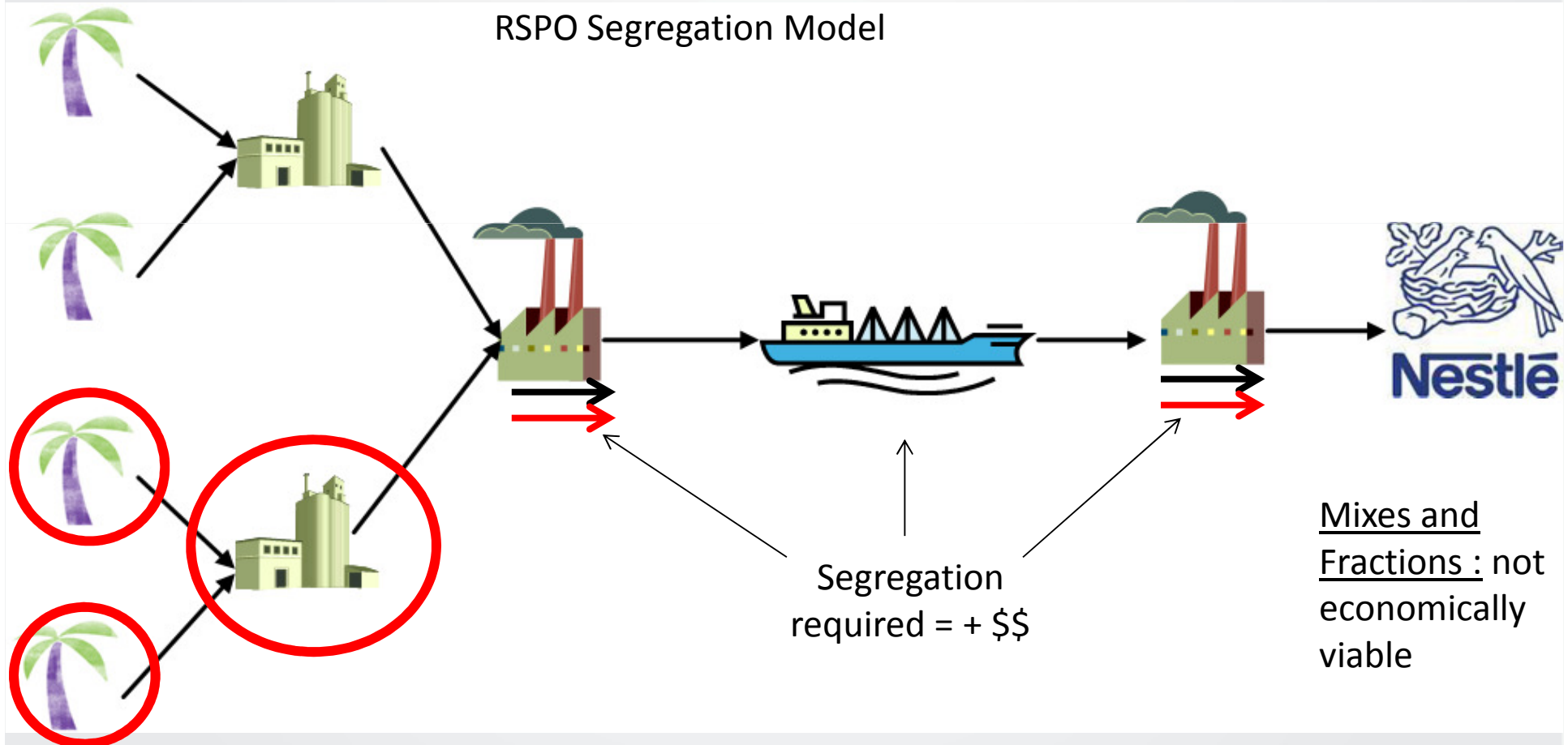


Findings about supply chains

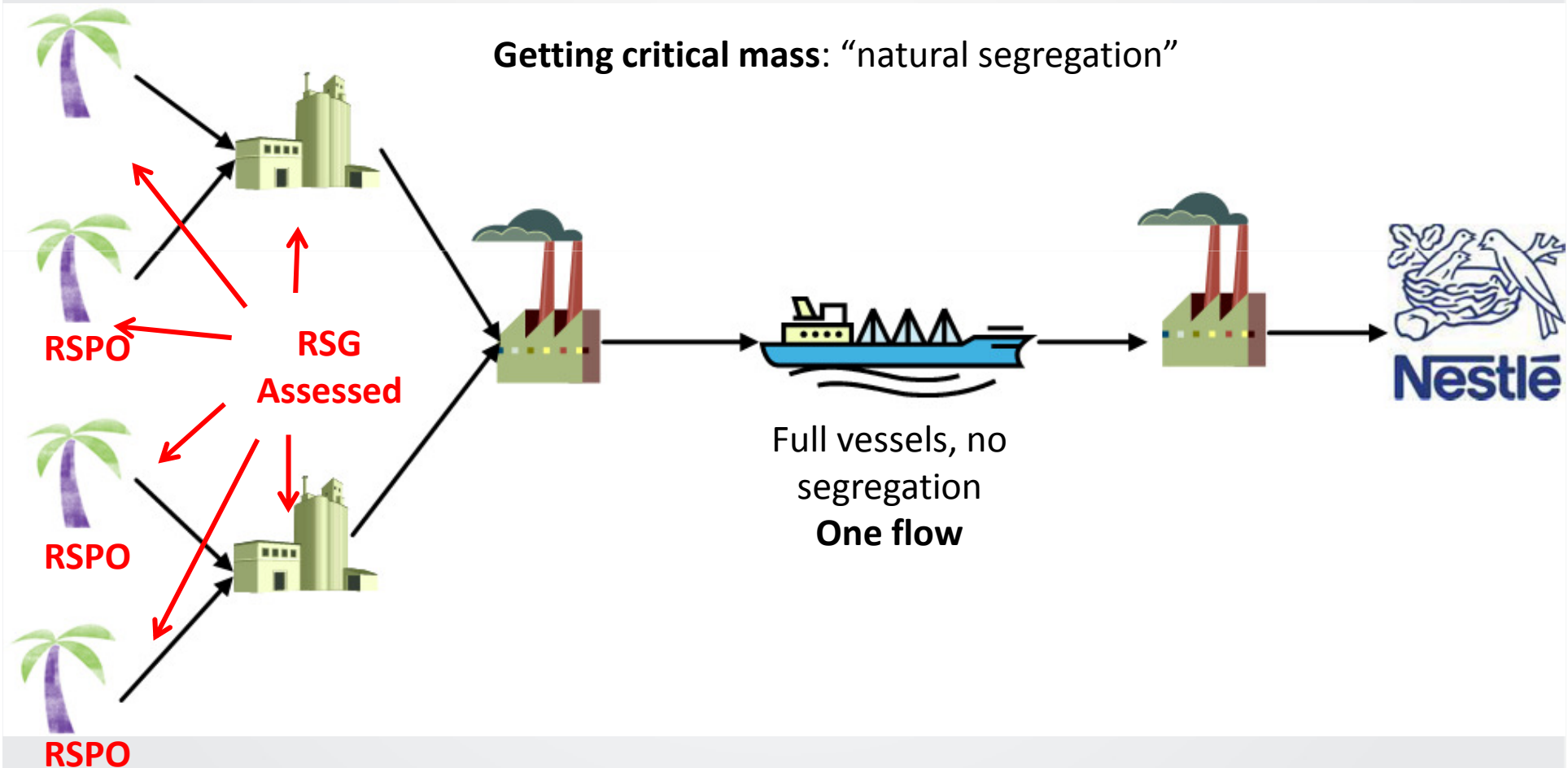


Supply chain transformation

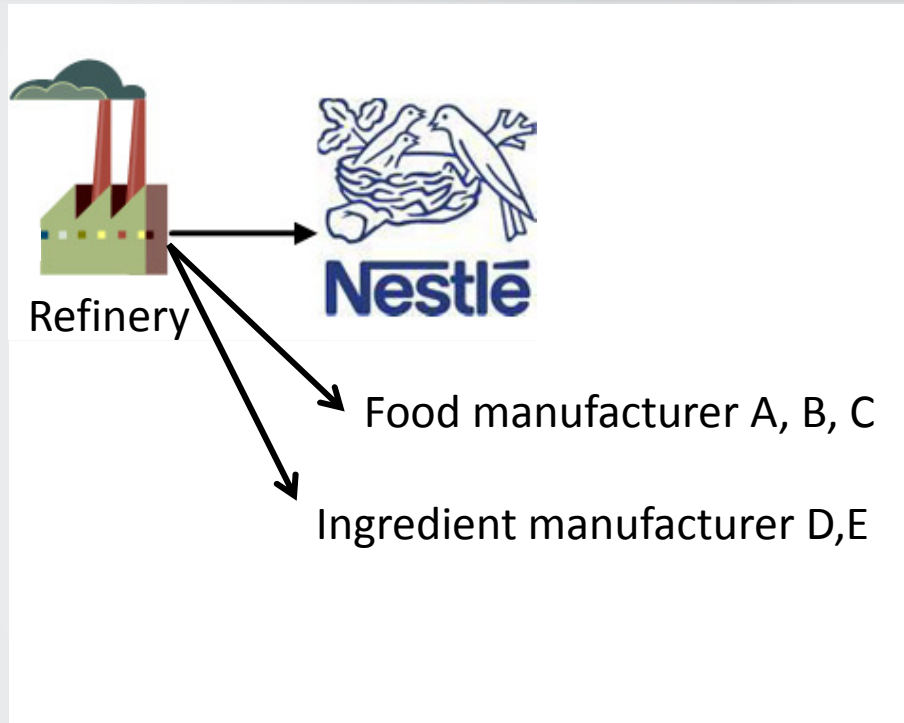
RSPO Segregation Model



Supply chain transformation



Scaling up



- **Buyers:** MAP YOUR SUPPLY CHAIN. Take interest. No easy fix.
- **Refiners, traders:** MAP YOUR SUPPLY CHAIN. Provide traceability as a standard (like food safety)
- **Growers:** Take interest in your downstream. Where does my oil goes?