



Creating Shared Value Through Responsible Sourcing

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Nestlé: Good Food, Good Life



Good Food, Good Life

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



*"I can afford to close my eyes
because yours are open."*

Mother of Ali Hassan



A fundamental part of Nestlé's way of doing business

“In **Creating Shared Value**, a company consciously identifies areas of focus, where:

- a) shareholders' interest and society's interest strongly intersect; and
- b) where value creation can be optimized for both.

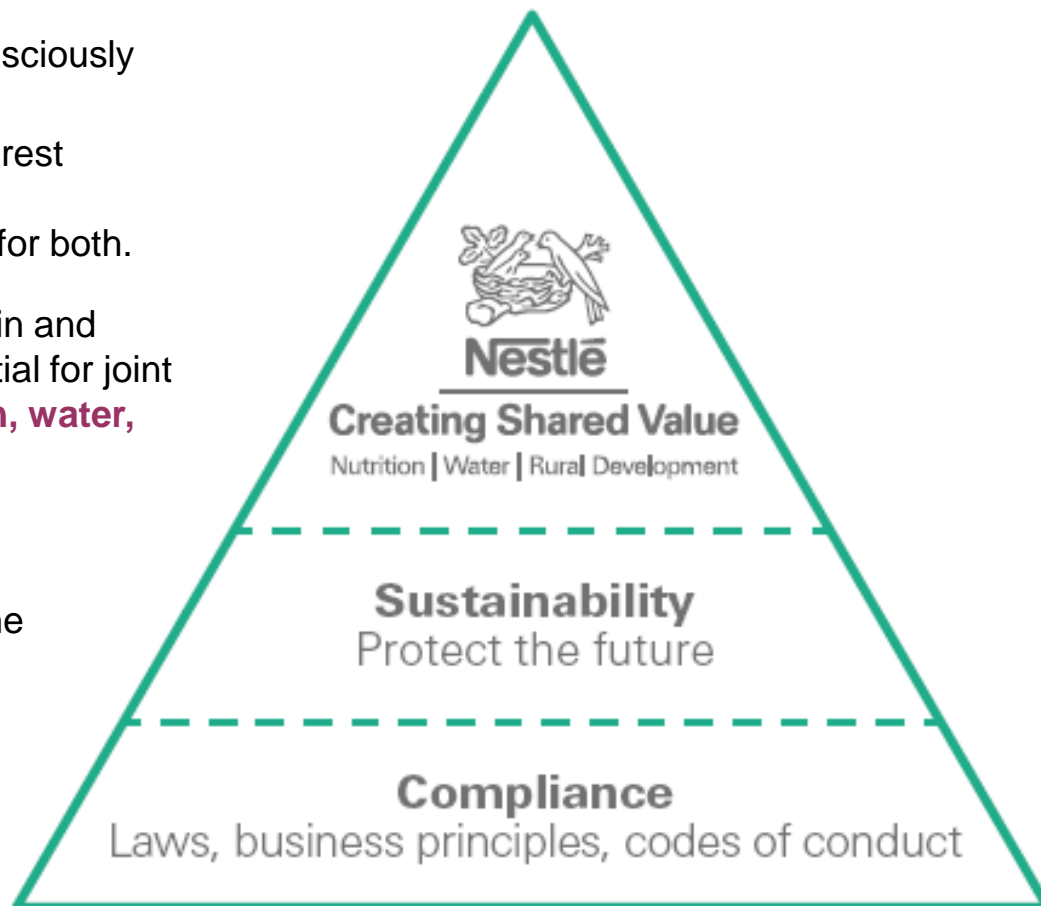
“At Nestlé, we have analyzed our value chain and determined that the areas of greatest potential for joint value optimization with society **are nutrition, water, and rural development.**”

Sustainability:

« Development which meets the needs of the present without compromising the ability of future generations to meet their own needs”

Compliance:

Minimum requirements, licence to operate



Creating Shared Value

Nutrition | Water | Rural Development



Nestlé

Numerous examples of Nestlé CSV projects at:

www.nestle.com/csv/pages/CSV.aspx



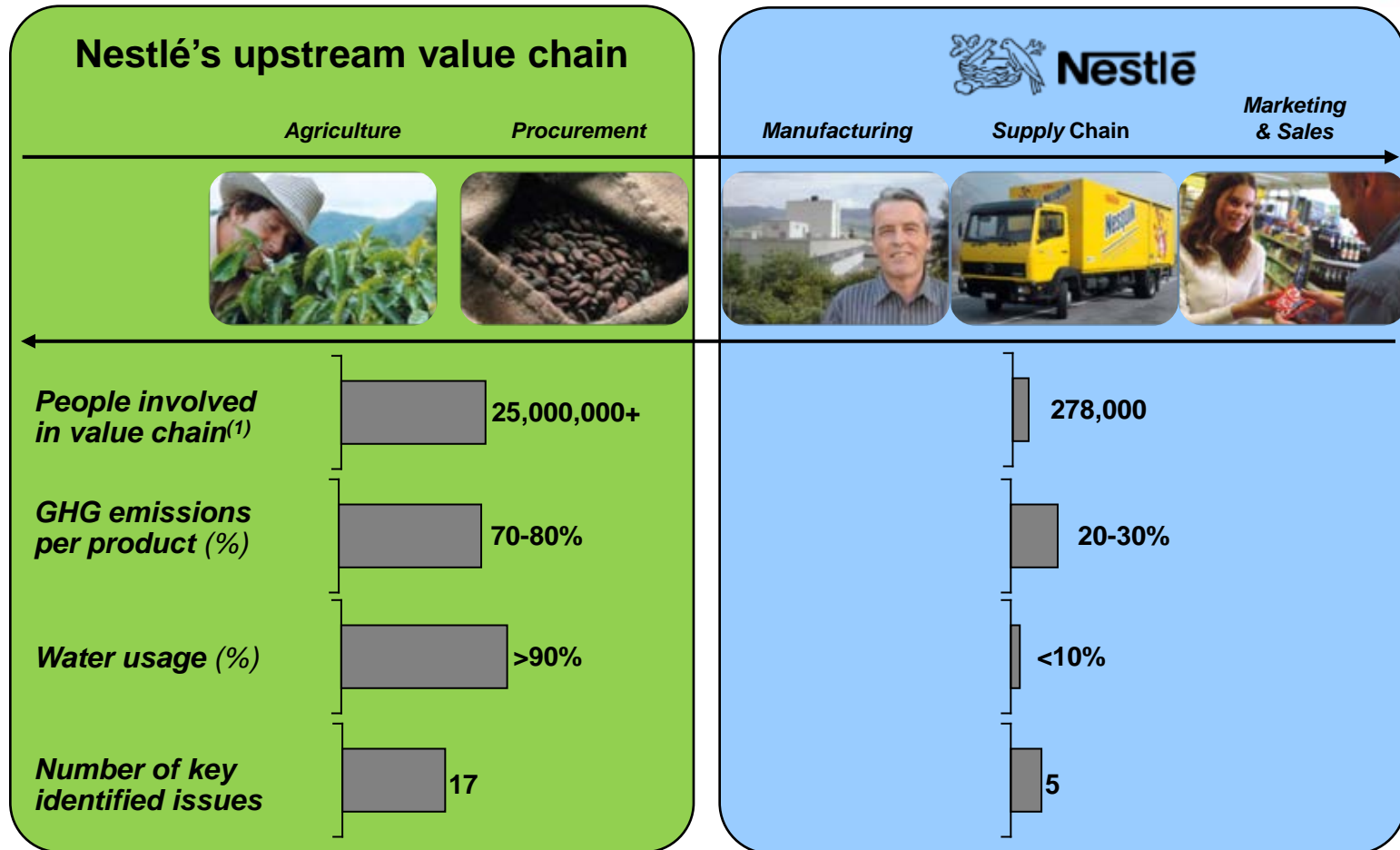
Rural Development

Water



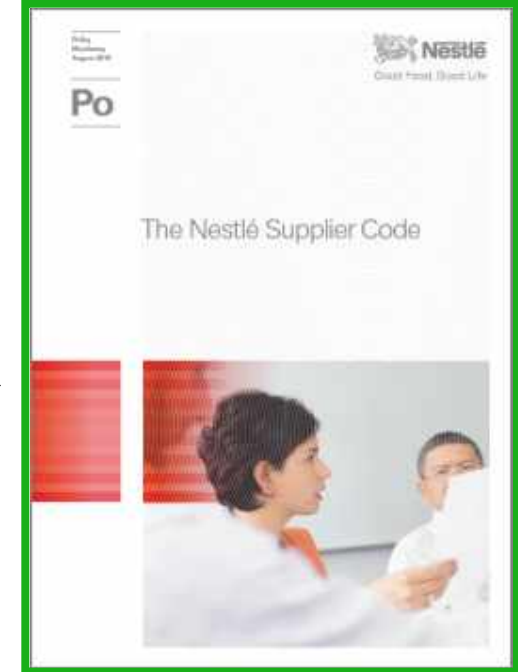
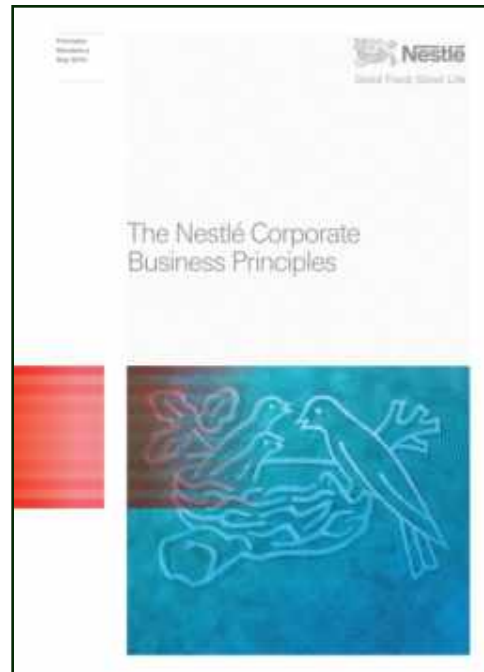
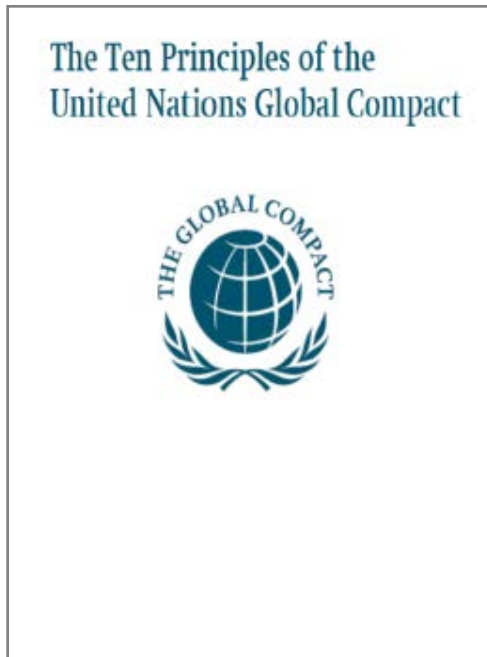
Nutrition

Major sustainability implications arise in the upstream value chain and offer opportunities to create shared value for shareholders and society.



Note: (1) headcount involved in production of Nestlé materials / products
 Source: CPG benchmark Nestlé LCA, FAO, A.T. Kearney analysis

The foundation of Nestlé Responsible Sourcing: The Nestlé Supplier Code



Human Rights

- Principle 1: Support and respect for human rights;
- Principle 2: Non-complicity in human rights abuses.

Labour

- Principle 3: Freedom of association, collective bargaining;
- Principle 4: Elimination of forced and compulsory labour;
- Principle 5: Elimination of child labour;
- Principle 6: Non-discrimination

Environment

- Principle 7: Precautionary approach;
- Principle 8: Environmental responsibility;
- Principle 9: Environmentally friendly technologies.

Anti-Corruption

- Principle 10: Anti-corruption

The ten principles of business operations

- Consumers
 - 1 Nutrition, Health and Wellness
 - 2 Quality assurance and product safety
 - 3 Consumer communication
- Human rights and labour practices
 - 4 Human rights in our business activities
- Our people
 - 5 Leadership and personal responsibility
 - 6 Safety and health at work
- Suppliers and customers
 - 7 Supplier and customer relations
 - 8 Agriculture and rural development
- The environment
 - 9 Environmental sustainability
 - 10 Water

- I. **Business Integrity**
- II. **Sustainability**
- III. **Labour Standard**
- IV. **Safety and Health**
- V. **Environment**
- VI. **Supplying Farmers**
- VII. **Audit and termination of the supply agreement**



Nestlé's Sustainable Agriculture Initiatives
November 2005

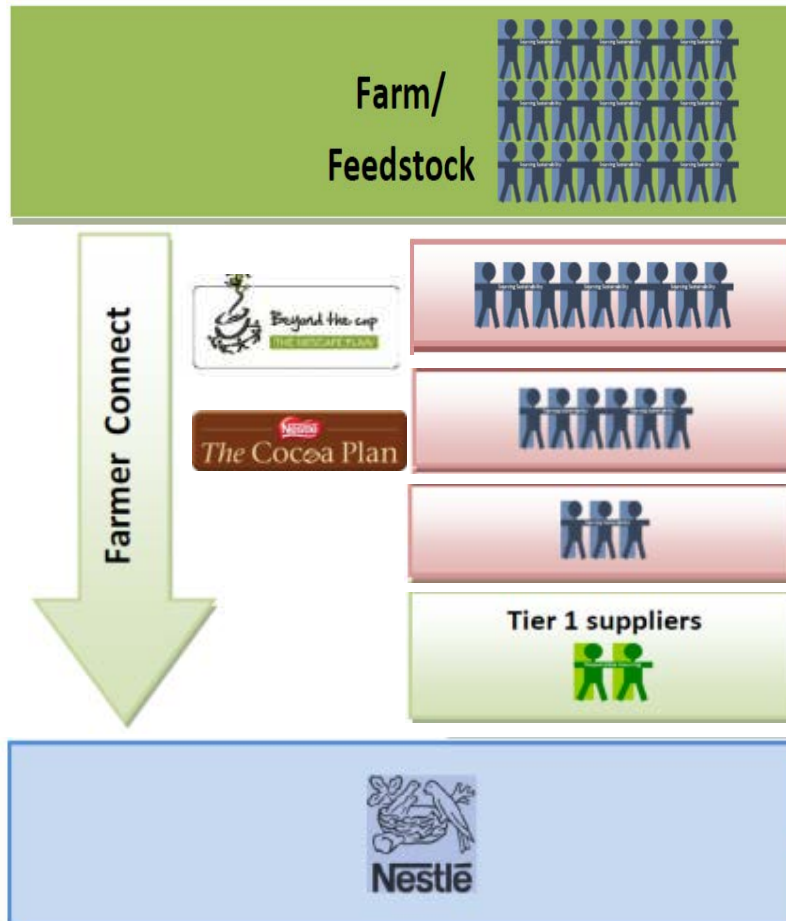
Direct engagement with 550,000 farmers

17,000 supply chain support staff

E.g. coffee, milk, fruits, vegetables



The Nestlé Supplier Code
Direct Procurement & Agri Services



Traceability Programme

Material-specific Responsible Sourcing Guidelines (RSGs) for high risk spend categories. 12 categories prioritized for 2010-2012



Audit Programme vs. Nestlé Supplier Code

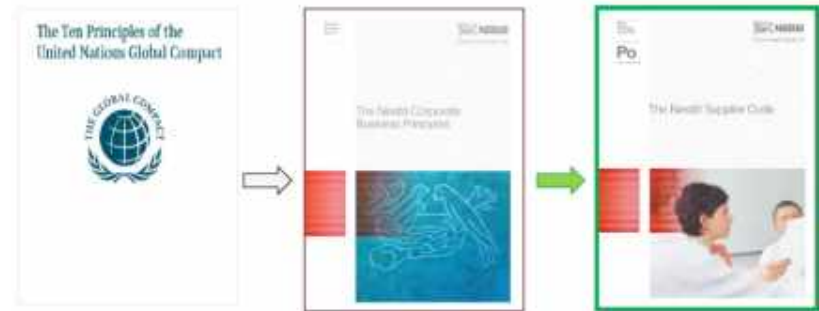
2010/2011: 1735 3rd party audits of key suppliers (80% of spend from high risk countries)



Nestlé Responsible Sourcing

Principles :

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



Responsible Sourcing Guidelines (RSGs):

1. Horizontal:

- a) Nestlé no-deforestation commitment: Horizontal RSGs for forest based materials
- b) Nestlé RSGs for water use in agriculture
- c) Nestlé RSGs on child labour in agricultural supply chains



2. Category-specific:

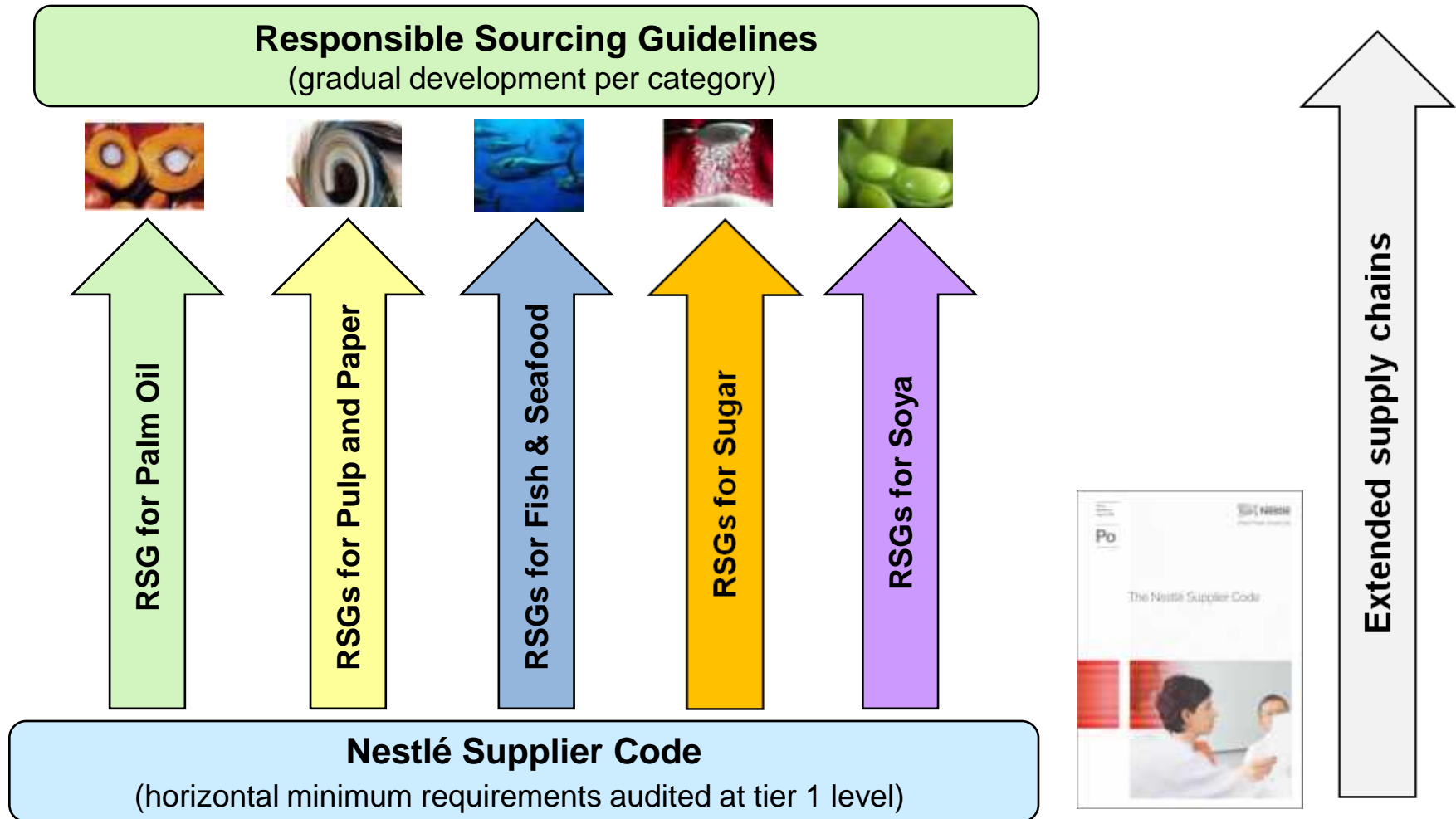
- Continuous development of RSGs for high-risk raw materials
- 12 priority materials for 2010-2012



Current scope of the Responsible Sourcing Traceability Programme



The Nestlé Supplier Code is complemented by RSGs addressing category-specific aspects in our extended supply chains





In 2010, Nestlé developed Responsible Sourcing Guidelines (RSGs) for palm oil to implement the company's no deforestation commitment

Objective:

- Ensure that all Nestlé palm oil comes from traceable and responsible sources
- Nestlé palm oil purchases 2010: 320'000 MT

The Nestlé – TFT approach:

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

Complementary to RSPO

Nestlé commitment to use only palm oil from sustainable sources by 2015. 50% from sustainable sources in 2011.



Thank you!



*"I can afford to close my eyes
because yours are open."*

Miss. Nabeela

