

RESPONSIBLE SOURCING



São Paulo, October 2015

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1. Business Opportunity

WHERE
does it
come
from?

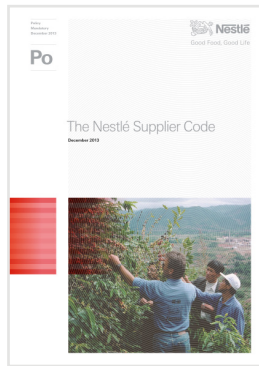


HOW is
it made?

2. Context & Strategic Approach

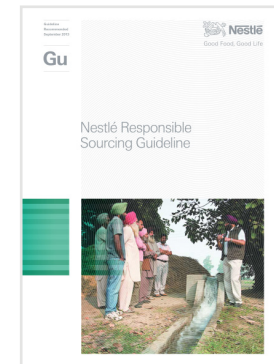
NESTLÉ SUPPLIER CODE

The Nestlé Supplier Code specifies the minimum requirements we ask our suppliers to adhere to and comply with.



Our Responsible Sourcing Guideline sets out detailed requirements relating to high-priority ingredients and materials, and is applicable to all stages of the upstream value chain back to the primary production level.

NESTLÉ RESPONSIBLE SOURCING GUIDELINE



CHF
28.5
BILLION

annual spend

26.0
MILLION

tonnes of raw materials sourced

149 000

direct suppliers

7 300

suppliers of raw or processed materials

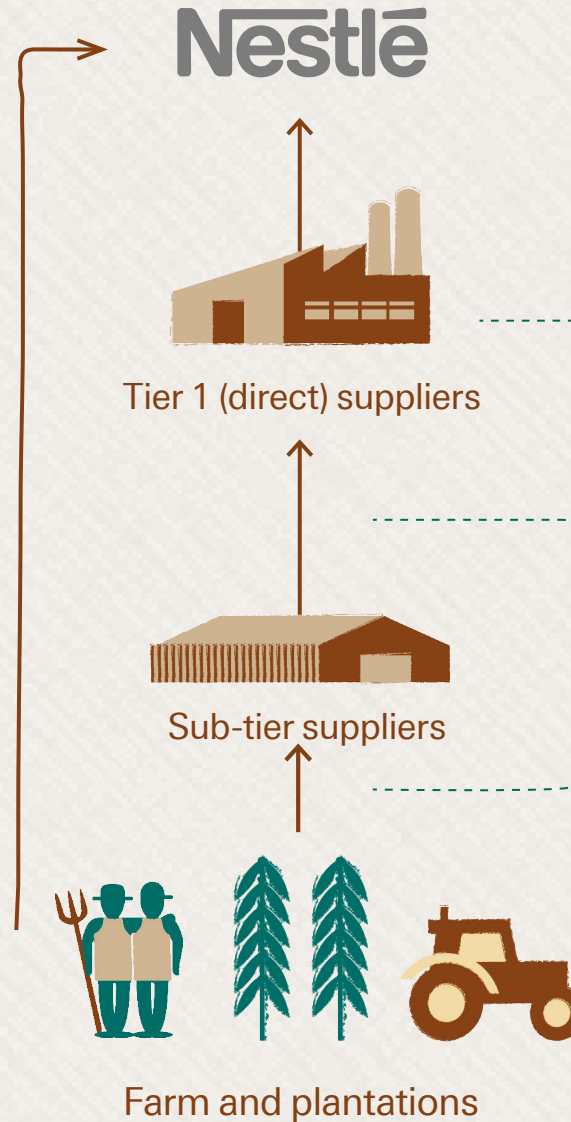
3 700

packaging suppliers

3. How it Works

FARMER CONNECT – SOURCING DIRECT FROM FARMERS

We purchase directly from farmers or farming collectives, and plantations around the world (led by CO-AGR).



AUDITING

Audits, carried out by independent verification firms, check whether our direct suppliers are implementing our Supplier Code (led by CO-PRO).

TRACEABILITY

We work with our direct suppliers to map the supply chain back to origin, right down to farm and smallholder level, identifying everyone involved at every stage (led by CO-PRO).

FARM ASSESSMENTS

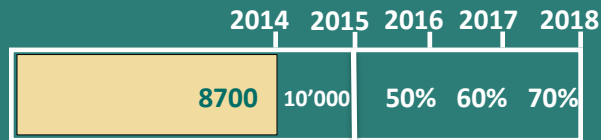
Farms and plantations are assessed on their implementation of our Responsible Sourcing Guideline by partner organisations such as Proforest and The Forest Trust (led by CO-PRO).

4. Business Targets



Nestle Supplier Code
Tier 1 Vendors
Sites Targets

SMETA Audits

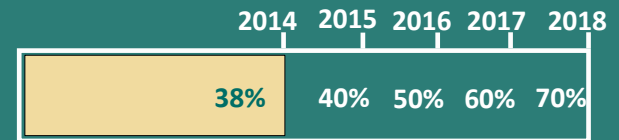


With 70% full compliance maintained each year
 2016: Target Change = Nbr of audits to % Volume



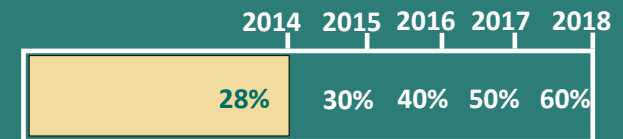
Responsible Sourcing Guideline
Upstream supply chain & origins [Farms]
Targets

Traceability



Cereals in 2016 (Tones 5 Mio)

Responsibly Sourced



Cereals in 2016 (Tones 5 Mio)



Q3 2015 Achievements



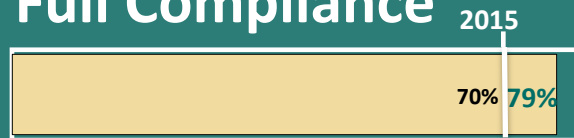
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Tier 1 Vendors
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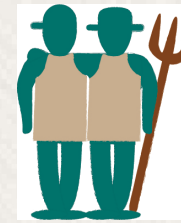


Total Number of audits done since implementation of the Nestle Supplier Code, started January 2010.

Full Compliance

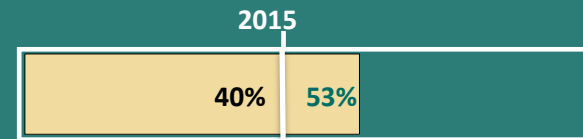


% of SMETA Audits done since 2010 and having reached a full compliance status [not a single non compliance remaining on any of the 4 pillars: Labor Standards, Health and Safety, Environment, Business Integrity]



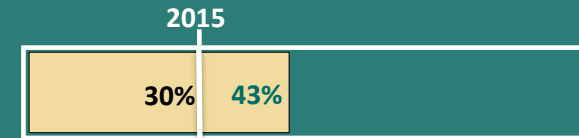
Responsible Sourcing Guideline
Upstream supply chain & origins [Farms]
Targets [12 categories]

Traceability



% of total volume [12 categories] traceable to all potential origins

Responsibly Sourced



% of total volume [12 categories] being assessed against RSG and in Compliance or Action Plan



Above Targets have been elevated in 2013 as Nestle In Society Commitments
Status Q3 2015: On track to meet Commitments

Responsible Sourcing



Palm Oil



Fish & Seafood



Soya



Hazelnut



Pulp & Paper



Vanilla



Sugar



Cocoa



Coffee



Dairy

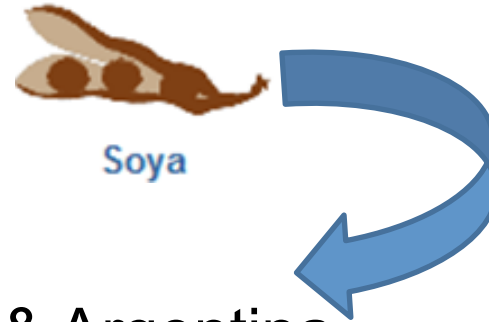


Shea



Meat, poultry, eggs

Responsible Sourcing



- Key locations – USA, Brazil & Argentina
- Working with Proforest

Supply Chain Issues

- Loss of High Conservation Value areas is a risk
- Amazon Biome – Soy Moratorium and not source from areas cleared of natural habitat after 2006
- Other regions in line with RTRS (after 2008)

Responsible Sourcing (Responsible Soy)

2015 targets

55%

Traceable by
December 2015

30%

Responsible by
December 2015

Results to date – Q3 2015

56%

Traceable back to crush and
supply base

40%

Responsible Sourced

Responsible Sourcing (Responsible Soy)

Challenges & Solutions

- Traceability – long supply chains – working closely to look for solutions
- Soy growers are independent from soy crushers – building relationships & demonstrating the benefits
- Programme to be engaged in all levels – experienced partners who are able to work through the concerns of the suppliers & growers.



Questions?

