

Palm Oil Responsible Sourcing at Nestlé 2017 Update

At Nestlé, we use refined palm oil in a number of products. Our ambition is for all of the palm oil we use to be produced in an environmentally and socially responsible manner, meeting consumer expectations and ensuring care for people and the planet. By 2020, we aim to use 100% responsibly sourced palm oil. We have made significant progress in improving the sustainability of our palm oil sourcing; at the start of 2017, our palm oil was 92% traceable to mill, 47% traceable to plantation, and 57% Responsibly Sourced. To achieve our goals, we are investing in engaging with our suppliers, building smallholder capacity, ending deforestation, and addressing labour issues. This overview provides an update on palm oil responsible sourcing progress and activities in 2017.

Engaging our Suppliers

There are systemic issues in the palm oil supply chain that are difficult for any one company or organisation to overcome on its own. As such, we partner with our suppliers and expert organisations, who are committed to finding solutions to complex challenges.

tft Through our partnership with The Forest Trust (TFT), we map our supply chains, assess sites in our supply chain against the Nestlé Responsible Sourcing Guideline (RSG), and engage in capacity building activities. In 2017, we conducted these activities in several regions in Asia where most of our palm oil originates, as well as with six suppliers in Latin America and five suppliers in Africa.

One way in which we worked with our suppliers in addressing challenges this year was through a 2-day 'Pioneers Forum', hosted by TFT, and co-funded by Nestlé. At this event, innovative



Speaker at the Pioneers Forum

suppliers exchanged their experiences of practices that address some of the most challenging sustainability issues, including policies on no-burning, ending the withholding of workers' passports and waste management. Following this one mill operator took a leadership position in developing solutions to return passports to all of their workers - as shown in this [video](#).

Building Smallholder Capacity

Recognising the 40% contribution of smallholders to global



palm oil production, TFT and Nestlé collaborated on five smallholder initiatives under the **TFT Rurality Program** this year in Indonesia, Malaysia, Ghana, Ivory Coast, and Peru. The aim of these initiatives is to build smallholder inclusion in our supply chains while improving resiliency and their capacity to produce responsibly. Between 800-1000 individual farmers are engaged in these projects. Some innovative examples from 2017 include exploring a digital management tool to help decision making for



Rurality smallholders in Sabah, Malaysia after a training

farmers in Ivory Coast and engaging with a local conservation organisation in a plan to mitigate the human-elephant conflict in Malaysia.

In Malaysia, Nestlé is also collaborating with the Sime Darby Foundation and Wild Asia on the **UpLeaf Project**, engaging 187 palm oil smallholders on responsible production, resulting in sustainability certification over 980ha and producing around 2000MT of certified crude palm oil. In 2018, we aim to reach an additional 100 smallholders.

In Honduras, Nestlé is co-funding Wilmar's **WISSH Project** that will support



5,000 smallholders in responsible production and resiliency. A newly released [video](#) showcases the WISSH project over the past two years.

Ending Deforestation

In 2010, Nestlé made a '[no deforestation](#)' commitment, stating that all of our products, globally, will not be associated with deforestation by 2020 and we also support the Consumer Goods Forum's ambition for zero net deforestation by 2020. Deforestation is a complicated issue driven by many factors and to address it we are working with a number of stakeholders, using a variety of tools. In recognition of



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communities where workers in Nestlé Germany’s palm oil supply chain reside. Within the framework of [Creating Shared Value](#) for society and rural communities and Nestlé’s commitment on [water stewardship](#) we will fund water infrastructures in dozens of villages where access to drinking water is scarce.

Nestlé, as part of a group of palm oil buyers comprising Colgate-Palmolive, Kellogg’s, Unilever and Wilmar, in collaboration with **Business for Social Responsibility (BSR)**, is conducting a series of supplier workshops in major palm oil producing regions in Sumatra and Kalimantan, Indonesia. Tailored for medium and small suppliers, the workshops are designed to heighten awareness on fair wages, robust employment contracts and the importance of grievance mechanisms. Representatives from government and civil society organisations will also be invited to participate so that every actor in the supply chain has a voice at these engagements.

With TFT, Nestlé is supporting additional **social impact trainings**. The TFT Centre for Social Excellence is providing training to staff of one of our West African-based suppliers focused on improving labour conditions and Human Rights, community conflict resolution, and social impact mitigation related to land use change and a new workforce. TFT will also run a training for one of our suppliers in Guatemala on integrating their Policy to Prohibit Violence and Intimidation into management culture with an emphasis on protecting human rights and promoting tolerance of organisations and individuals critical of the company.



Because we cannot address labour issues endemic to the palm oil industry alone, we also are committed to working with industry to find solutions. This year, Nestlé joined the [Responsible Labor Initiative](#), a multi-industry, multi-stakeholder initiative

focused on ensuring that the rights of workers vulnerable to forced labour in global supply chains are consistently respected and promoted. Nestlé will use this platform to develop and deploy tools collaboratively in the palm oil industry.

Nestlé also worked with industry in sponsoring the [Issara Global Forum](#) where we spoke directly with industry, intergovernmental organisations, and recruitment agencies about responsible recruitment to develop collaborative solutions to labour rights issues



Recruitment experts speak on responsible recruitment at the Issara Global Forum

Additional Information

We appreciate your continued engagement on the responsible sourcing of palm oil at Nestlé. If you have any questions or comments, please contact publicaffairs@nestle.com