

Human Right to Water at Nestlé

- *und was ist mit Schoggi?*

Christian Frutiger
Deputy Head Public Affairs
12 March 2013

We make Nestlé caring

... by using water, the world's most valuable resource, responsibly.



The Human Right to Water and Sanitation means:

Progressive realisation of:

- Access to *sufficient* and *safe* water for essential and domestic uses
- Access to *affordable* water and sanitation facilities
- Access to *adequate* and *culturally acceptable* sanitation services within or in the immediate vicinity of each household, school or workplace

Source: UN Special Rapporteur on the Right to Water and Sanitation

The Human Right to Water and Sanitation does not mean that:

No access to water/sanitation = Human Rights violation

→ However, a State has to undertake everything within its power to ensure that individuals are not deprived from their right to water/sanitation.

Water services = free of charge

→ However, Human Rights require services to be affordable and not compromising other Rights (food, housing, health, etc.)

Privatisation of water services = prohibited

→ However, States must ensure that the actions of both public and private service providers do not result in Human Rights violations

20 litres of water per capita/day = sufficient

→ Minimal daily water needs vary from one person to another. States should aim for at least 50 to 100 litres per person/day.

Source: Source: UN Special Rapporteur on the Right to Water and Sanitation



Nestlé : World's Leading Nutrition, Health and Wellness Company

- Founded 1866 in Switzerland as an infant nutrition company
- Leadership: Peter Brabeck-Letmathe, Chairman and Paul Bulcke, Chief Executive Officer
- **468** factories or operations in **86** countries; about half in developing countries, more than half of those in rural areas
- **339 397** employees
- 2012 key figures: CHF **92 bn** sales

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Nestlé in Society: CSV, and meeting our commitments

Creating Shared Value: The Definition

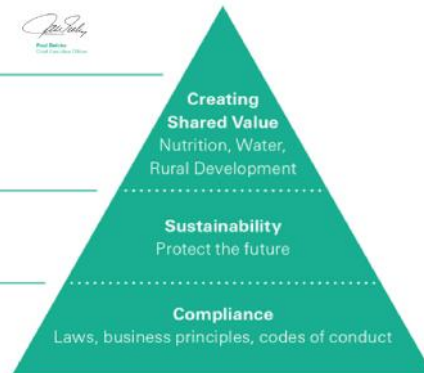
"For a company to be successful over time and create value for shareholders, it must also create value for society"



"... beyond sustainability, to create value for shareholders and society - integrally linked to our core business ..."

"... meet the needs of the present without compromising future generations ..."

"... comply with the highest standards ..."



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Nestlé's Human Rights Due Diligence Programme - Video

We make Nestlé exemplary
... in respecting human rights and good labour practices

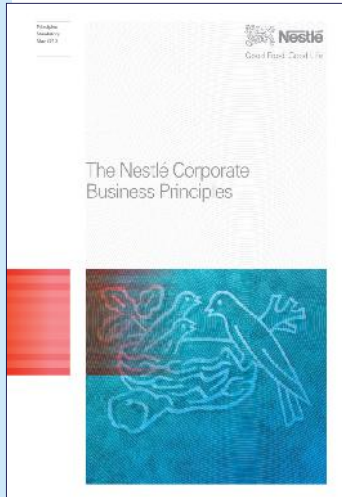
Nestlé's Human Rights Due Diligence Programme has 8 pillars.



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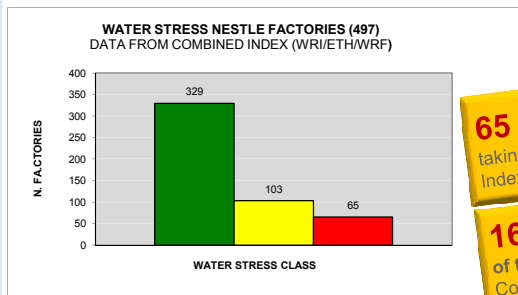
Policy Commitment Nestlé Corporate Business Principles



- **2010:** Fully revised edition published; Corporate Responsibility to Respect Human Rights; recognition of **Right to Water**.

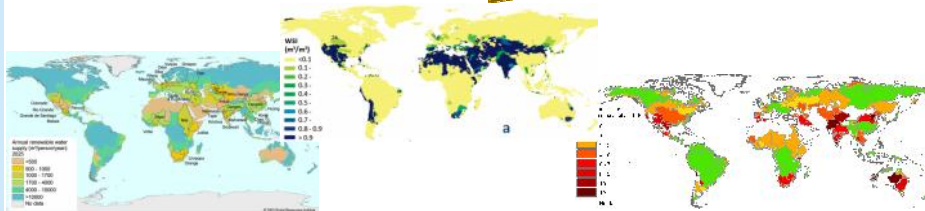


Responsibility to respect: Direct operations – Water Stress Index

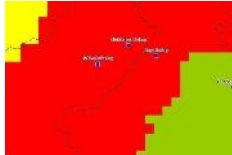
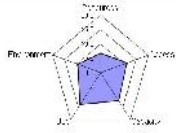


65 high water risk factories (13% of total) taking into account class 4 and 5 from Combined Index

168 medium to high water risk factories (33% of total) taking into account class 3, 4 and 5 from Combined Index



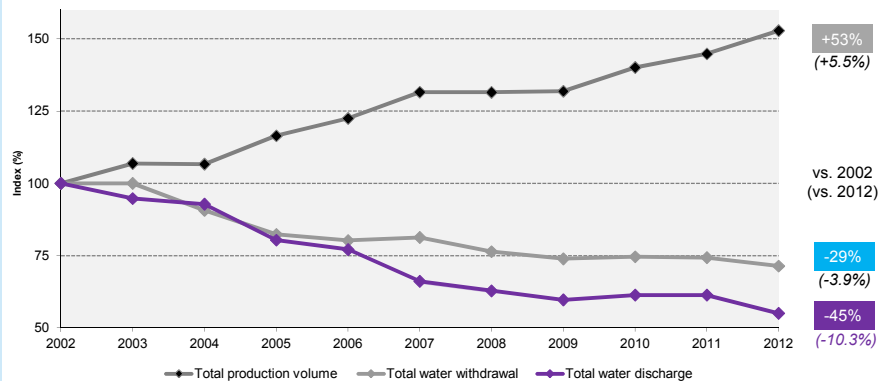
The « Water Resources Review » programme



- ✓ **Field survey** to assess sustainability level related to local water resources management
- ✓ Rolled out in **>100 Nestlé sites** since 2006
- ✓ **5 pillars:**
 - ✓ Quantity
 - ✓ Quality
 - ✓ Site Protection
 - ✓ Regulatory compliance
 - ✓ Relationships with stakeholders
- ✓ To **raise awareness**, estimate risk level, identify key issues and set up action plan towards **sustainable water resource management**
- ✓ Go beyond the factory fence: **Water Stewardship approach**



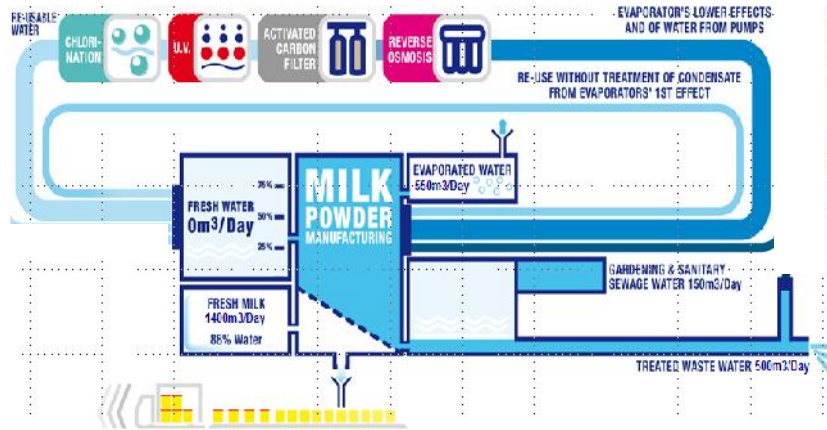
Water use efficiency at factory level



- ✓ reducing our water withdrawals volumes by **-29%** over the last decade (2002/2012)
- ✓ at the very time when our business has been growing by **+53%**.



Project Zer-Eau: Cow water reuse

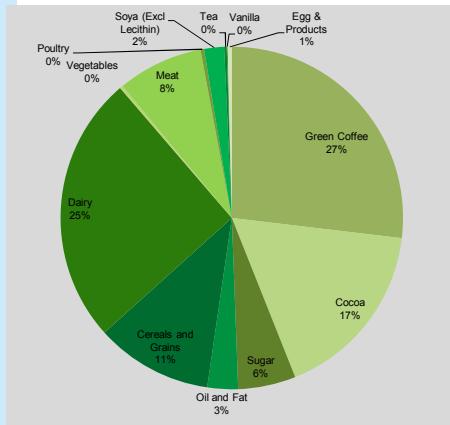


- ✓ Water embedded in **fresh milk (80%)**
- ✓ Cow water use helps **reducing freshwater abstraction** from overexploited resources

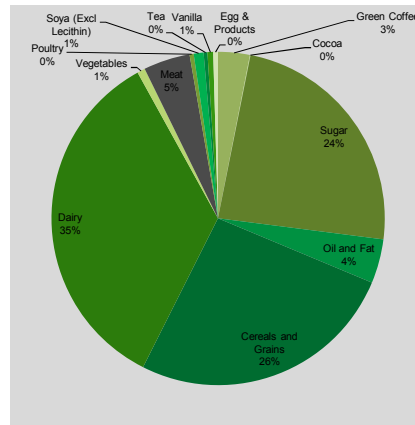


Now the real challenge: Consumptive Water Use for Nestlé's agricultural raw materials

Total CWU (rainwater + irrigation)
(~ 44.8 billion m³)



Blue CWU (irrigation)
(~ 2.9 billion m³)



- ✓ Blue CWU of 460 Nestlé factories = 0,1 billion m³



SAIN Case Vietnam Dak Lak

Nestlé's Sustainable Agriculture Initiatives
Vietnam

Results

- The field monitoring through various years has shown that the amount of water presently used for irrigation (up to 11 m³ per tree per hour) exceeds the crop water requirements. While the selected irrigation system volume can be set at about 0.5 m³.
- The volume of water used per season was reduced significantly at the end of the pilot period in 2009 (by as little as 7% compared to 2008) (from 3.00 to 1.50 m³ per planting hour) on an annual basis, while this did not affect yields. This can be converted into a total saving of 1.50 litres per tree per year.
- In absolute terms, a grossed-up total land potential saving of 7 billion litres of water.
- Through regular management farmers training for topic improvement toward sustainable coffee farming have been achieved.

Contacts:
Leticia Dall
Dak Lak: +84 262 251 1111
Leticia.dall@neste.com
Cristiano.garcia@neste.com

Sustainable green initiative evaluation for coffee irrigation in Dak Lak - Vietnam

Vietnam is the largest Robusta coffee producer worldwide and currently the largest coffee supplier to Nestlé globally. From 2004 to end 2009 under the umbrella of SAIN Platform, Nestlé worked together with NFA a pilot project aimed to demonstrate sustainable farming practices in the Province of Dak Lak, the main Robusta producing with an area of more than 104,000 hectares cultivated.

One of the main objectives was to improve the understanding of water use for coffee irrigation and identify possible improvements. To do so, the project implemented a field monitoring system.

The Dak Lak Province is characterized by sub-humid climate and influenced by the South Asian monsoon, with an average annual rainfall amount of 1800 mm. However, there have been water stress episodes during the dry season (December until half of April), where irrigation is needed in order to break flower bud dormancy and to reduce fruit setting.

Water is mainly (close to 30%) used for irrigating potential industrial crops, coffee in particular, while only 4% is for urban use and 0.2% for the industrial sector. More than 50% of irrigation water needs for coffee in Dak Lak is metted from about 2500 groundwater wells (1 well per 50 ha). According to local authorities, the groundwater reserves in Dak Lak province are presently exploited for 71% of their total capacity.

The water supply in the Central Highlands consists mainly of a rainfed and a deficit system. The rainfed system is a planting row with a maximum of 2.5m x 2.5m x 0.2m and water is applied by a hose. During the dry season farmer is locally advised to apply water every 20-25 days with a field application depth of 100 mm (2 to 4 applications of 0.8 to 1.0 m³ of water per round per tree).

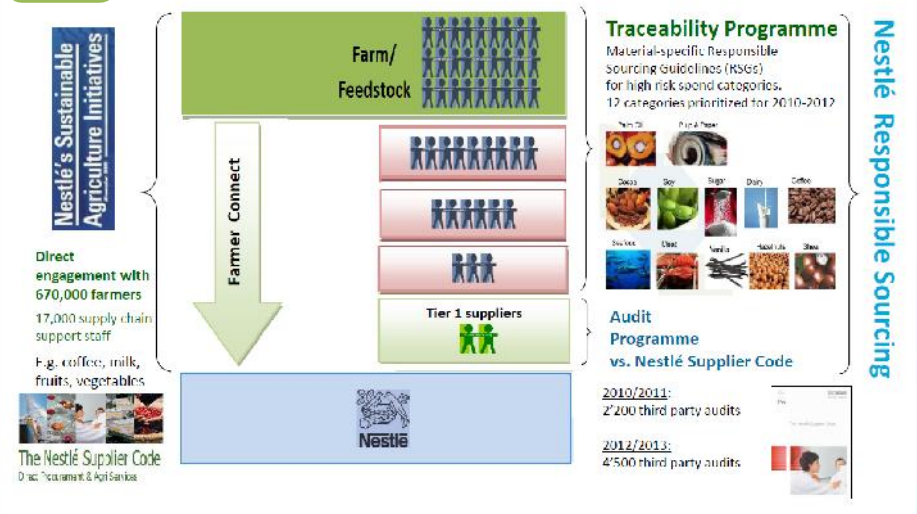
NESCAFÉ **Nestlé**
NESTLÉ HAS A GREEN LINE

Nestlé
Good Food, Good Life

- ✓ Coffee farming booming in Central highlands
- ✓ Very productive but... with unsustainable practices
- ✓ Need for improvement of water use efficiency and fertilizers management
- ✓ Water footprint project with SDC, IWMI and EDE 2011/2013
- ✓ Confirmed that potential water savings are huge
- ✓ Demo plots within "4C" Units
- ✓ Dissemination of BPs and scale up within the Vietnam Coffee Task Force



Responsible Sourcing Programme: Overview



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Child Labour - Policy Commitments

✓ Nestlé Commitment on Child Labour in Agriculture Supply Chains



The Nestlé Commitment on Child Labour in Agricultural Supply Chains

Nestlé is against all forms of exploitation of children, and is firmly committed to actions to eradicate child labour from its agricultural supply chains, in line with our commitments in the Nestlé Corporate Business Principles.

Nestlé recognises that in addition to individual actions, companies, together with Governments, and with the help of NGOs need to work together to create the conditions that will prevent and eliminate the occurrence of child labour. Nestlé is committed to work with all relevant stakeholders to help address child labour.



✓ Nestlé Supplier Code

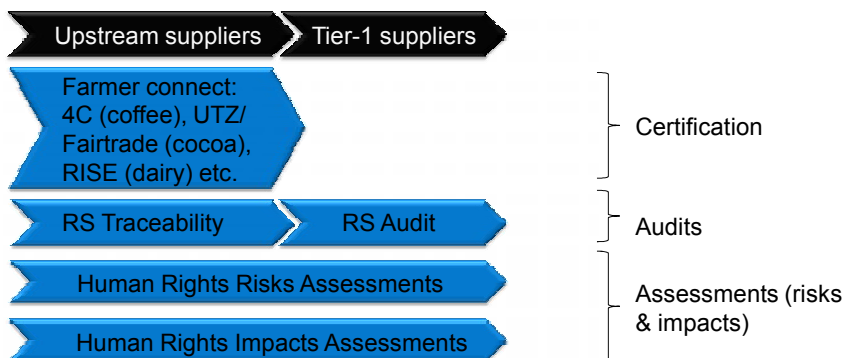
Child labour

The use of child labour by the Supplier is strictly prohibited. Child labour refers to work that is mentally, physically, socially, morally dangerous or harmful for children, or improperly interferes with their schooling needs.

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Controls in Place: Upstream and Tier-1 Suppliers



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Working with the Fair Labour Association

WORKING WITH THE FAIR LABOR ASSOCIATION... STRENGTHENING THE NESTLÉ COCOA PLAN

FLA REPORT 2012
87 FARMS VISITED BY FLA
460 HOLIDAY CHECKS

6000 FARMERS TRAINED IN COPE DURING AS PART OF THE NESTLÉ COCOA PLAN

11 RECOMMENDATIONS FROM FLA
11 FLA RECOMMENDATIONS

ZERO TOLERANCE OF CHILD LABOUR IN OUR SUPPLY CHAIN

110 MILLION COCOA BEANS TO BE PRODUCED FROM 2012

10% OF THE COCOA BEANS TO BE PRODUCED FROM THE NESTLÉ COCOA PLAN

NEW MONITORING AND REMEDIATION SCHEME
2 NESTLÉ COCOA PLAN COOPERATIVES IN THE PILOT SCHEME

30 MORE BY 2015 COOPERATIVES ASSOCIATED
600 COMMUNITIES

BY 2015 A MINIMUM OF **3 MILLION** FARMERS TO BE TRAINED IN COPE

BY 2015 **24000** MORE FARMERS IN CÔTE D'IVOIRE WILL BE TRAINED

12 MILLION COCOA PLANTS TO BE DISTRIBUTED BY 2015 AS PART OF THE NESTLÉ COCOA PLAN

140 FAMILIES AND PARTICIPATED IN SUPPORT COACHING COURSES FOR CHILDREN'S EDUCATION AND WOMEN'S EMPLOYMENT

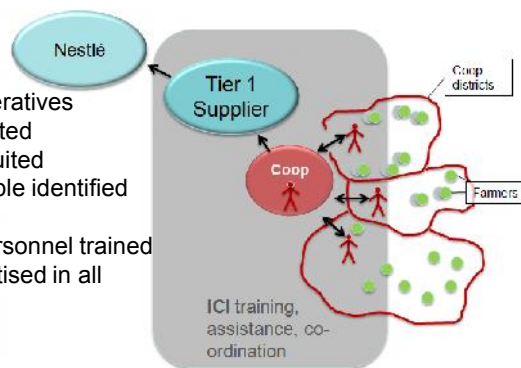
Better schools
40 schools in Côte d'Ivoire over 2012-2016

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FLA Action Plan: Achievements So Far

- ✓ **Child Labour Monitoring & Remediation System:**
 - Pilots launched in 2 cooperatives
 - 2 baseline studies completed
 - 2 child labour agents recruited
 - 47 community liaison people identified
- ✓ **Child Labour Training:**
 - 90 supplier and Nestlé personnel trained
 - Child labour training prioritised in all farmer training courses
- ✓ **Access to education:**
 - 13 schools built in 2012
- ✓ **Stakeholder Convening in Abidjan:**
 - 40 local stakeholders discussed KPIs and collective actions
- ✓ **Illustrated supplier code:**
 - Completed and distributed to over 20,000 farmers
 - Grievance mechanism set up and open to all stakeholders



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FLA Action Plan: Our Commitments

By 2016, we will:

- ✓ Scale up the Child Labour Monitoring & Remediation System (CLMRS) to all Cocoa Plan cooperatives
- ✓ Scale up the Cocoa Plan from 46,000MT (2012) to 100,000MT (2015)
- ✓ Integrate the costs of the CLMRS as part of the premium allocation
- ✓ Simplify the premium structure and require the coops to keep records of all premiums paid to farmers
- ✓ Engage with certifiers to make child labour requirements more effective (ongoing improvements vs. "one-shot" audits)
- ✓ Staff up our local team
- ✓ Build 40 schools
- ✓ Open our cocoa supply chain to FLA audits
- ✓ Report on progress on a periodical basis

We make Nestlé exemplary
...in respecting human rights and good labor practices.

| 12 March 2013



Besten Dank!



Nestlé Commitments on W.A.T.E.R.

W

ork to achieve water efficiency across our operations

Leading in water resource management and excelling in the reduction of the direct water use in all our facilities

a

dvocate for effective water policies and stewardship

Promoting public policies that place value on water at every level

t

reat the water we discharge effectively

Setting strict targets for returning clean water to the environment

e

ngage with suppliers, especially those in agriculture

Helping to improve their water management with focus on impacts at watershed level

r

aise awareness of water access and conservation

Engaging employees, communities and consumers in the water imperative

