



NESTLÉ S.A.

Ginger Cassady  
Executive Director  
Rainforest Action Network

Vevey, March 24, 2020

Dear Ginger Cassady,

Thank you for your letter of March 10<sup>th</sup> 2020. M. Schneider asked me to respond on his behalf. We welcome your interest in Nestlé's commitment to ending deforestation and human rights abuses in our supply chains and addressing climate change. We also support the work you do to encourage more transparency in the sector.

Ending deforestation and forest degradation while upholding human rights in our supply chains is a key priority for Nestlé. We have been working with our suppliers and partners for a number of years to address challenges linked to the sustainable sourcing of key raw materials. We continue to make progress, adapt our approaches based on experience and report transparently on successes and challenges.

#### **Our approach to forest conservation and reforestation**

Over the past ten years, we have focused on using a combination of tools, including [supply chain mapping](#), certification, [satellite monitoring](#) and on-the-ground verification, to ensure that the raw materials that we buy are not linked to deforestation. As a result of these efforts, we have increased our [traceability to plantation](#) and the volume of verified deforestation-free raw materials. We expect over 90 percent of these to be verified deforestation-free by the end of 2020, up from 77 percent at the beginning of 2019.

While it may take more time than originally expected to achieve No-Deforestation, we will continue to work with smallholder farmers and large suppliers alike to be close to 100% deforestation-free within the next three years. In doing so, an important challenge is finding the right balance between the livelihoods of smallholder farmers and the protection of forests. We are therefore assessing the best way to progress carefully while not creating any unintended consequences on human rights and social development, including by:

- Funding the High Carbon Stock Approach (HCSA) to pilot a simplified way to identify, manage and monitor High Carbon Stock (HCS) forest and High Carbon Value (HCV) areas through a practical guidance and checklist for smallholders.
- Integrating new forest monitoring and protection measures into several smallholder support programs we fund.

We're also paying particular attention to our palm oil supply chain where we face the most significant challenges. To accelerate progress, we have invested in satellite monitoring coverage for our entire palm oil supply chain with [Starling](#). Based on this [granular risk information](#), we have carried out very specific engagements with our suppliers around deforestation alerts, investigated cases of potential deforestation, achieved new commitments from suppliers to full traceability to plantation and verified no-deforestation. This work has also revealed significant gaps in the tools available today to mitigate deforestation risks at scale. We're working together with some of our suppliers and partners to develop or improve existing tools, including:

- Developing a targeted approach to engage suppliers and mills on traceability to plantation and corresponding deforestation verification to be rolled out in 2020.
- [Supporting the development](#) of the Radar Alerts for Detecting Deforestation (RADD) to ensure there is a public monitoring tool available to all stakeholders.
- Developing a common framework of reporting (NDPE Implementation Reporting Framework).

Complementing our work to protect forests, we are also scaling up the deployment of nature-based solutions, like agroforestry and restoration of degraded ecosystems, to absorb more carbon, improve soil health and enhance biodiversity. This is part of our plan to [achieve zero net greenhouse gas emissions by 2050](#). We have already announced [reforestation projects](#) in key sourcing locations in the Americas. Combining these two approaches –



- 2 -

conservation and reforestation – aims at transforming the way we source raw materials, while mitigating our carbon emissions.

### **Our approach to human rights**

Addressing exploitation of communities and workers in our supply chains is equally important. Human rights abuses are unacceptable and we are committed to addressing and eliminating them wherever they occur in our supply chains.

Given the complexity and differences in issues among the different countries where we operate, we have to take a multilayered approach to addressing them. Our activities focus on our [11 salient human rights issues](#). To effectively address each of these, we pursue a broad range of activities and initiatives around the world, often with key partners.

In palm oil for instance, we carried out the industry's first collaborative [human rights impact assessment \(HRIA\)](#) focusing specifically on the labor rights of workers. Based on the HRIA's findings, we developed the [Nestlé Global Action Plan on Labor Rights in Palm Oil Supply Chains](#) and have been working with our partners to [improve practices in mills and on plantations](#). For instance, we've been working on an in-depth review of our management systems and approach with the NGO Verité, and supported initiatives in the areas of worker voice, ethical recruitment, fair targets and payments, children in plantations, access to clean water, and conflict management. In 2020, one key priority will be to strengthen our grievance management process.

### **Our commitment to transparency**

We believe that reporting on progress, disclosing suppliers and other information about sourcing of high-risk raw materials is key to drive greater transparency within the industry and hold everyone accountable. This is why we've publicly disclosed [verified deforestation-free status](#) for key raw materials. We will get the 2020 numbers independently verified.

Reporting on the impacts of the rights of Indigenous Peoples and communities in our supply chains is important too. This is a complex undertaking that we are working on by compiling information from the different initiatives we are driving.

### **Our commitment to collaboration**

Achieving real transformation is a true system challenge. It requires effective collective action and collaboration on the ground as well as political engagement at national and regional levels. We have demonstrated that we want to play our part through increased engagement with collaborative initiatives aiming at addressing both the environmental and social challenges in our supply chains. These include the newly formed Consumers Goods Forum's Forest Positive and Human Rights Coalitions of Action, the [HCSA Steering Group](#), the International Human Rights and Business (IHRB)'s [Leadership Group for Responsible Recruitment](#), and the [Interlaken Group](#).

Nevertheless, we recognize that system change will require more than this. We need organizations like Rainforest Action Network to hold accountable companies who still do not bother to report transparently or who do not show effective progress, so that we can achieve the collective action needed to overcome the roadblocks individual companies continue to face. We also need you to encourage other stakeholders, including certification bodies and governments, to play their part.

We would be happy to discuss this in more details and will get in touch with your team to make arrangements for a call.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "B. Ware", with a stylized flourish underneath.

Benjamin Ware  
Global Head of Sustainable Sourcing  
Nestlé SA