NESTLÉ S.A.

Ginger Cassady
Executive Director
Rainforest Action Network

13th October 2021

Subject: Update on our forest footprints

Dear Ms. Cassidy,

Thank you for your letter and for the opportunity to provide you with an update on our work to address deforestation and to develop and complete forest footprints in key landscapes we source forest-risk commodities from.

Since 2010, we have been working with our partners and suppliers to end deforestation in our supply chains. To this end, we've used a set of tools, including certification, on-site verification and satellite monitoring services to assess and address deforestation risks. We have made good progress and as of December 2020, 90% of our key forest-risk commodities were assessed as deforestation-free.

Over the last ten years we have gained a much better understanding of deforestation: about its dynamics and drivers, as well as effective tools to assess risks and address them. Most importantly, we have a better picture of the complexities of deforestation and the different tools needed to keep forests standing. As a result, we have raised our ambition and moved from a strategy aimed at managing deforestation risks to focusing on how we can achieve a positive impact in the critical landscapes and regions we source our raw materials from.

Our Forest Positive strategy, published in June 2021, acknowledges the importance of taking proactive action to keep forests standing and restore degraded forests and natural ecosystems while respecting the rights of Indigenous Peoples and Local Communities. Our first forest footprint pilot in Aceh, Indonesia, demonstrated the importance of being forward-looking. To this end, we have committed to carrying out a global forest footprint for key forest-risk areas in and around our supply chains by the end of 2023. This will help us identify areas of future risk to forests, peatlands and customary land rights near our supply chains and take proactive action.

We have already started this work. Building on our pilot in Aceh, we scaled up our forest footprint analysis over North Kalimantan, East Kalimantan, and the full island of Sumatra. In these areas, we expanded the analysis to include other ingredients and industries beyond palm oil, including pulp and paper. We're currently consulting various experts on the results of these analyses to ensure that the key information was captured and that this work enables us to focus action on the right priorities. These insights are also helping us to refine the methodology, identify new data sources, and prioritize engagement with key suppliers.

In parallel, we have initiated engagement with suppliers based on the preliminary results in East Kalimantan around the conservation of forest, respect of local and customary rights and peatland protection, inside and outside concessions. We have started engaging with Nestlé Tier 1 suppliers, palm oil mill and plantation companies, as well as other consumer goods companies, to better understand the dynamics of the forest risks and identify opportunities for collective action. We see significant opportunities to collaborate with other companies on these footprints to enhance engagement and forest positive outcomes.

Our desire from the start of this forest footprint exercise was to be transparent. We have been in regular dialogue with and sought input from RAN on the methodology we are using, our preliminary findings as well as the lessons we have learnt through the process. As with our first footprint, the new ones will be published which we anticipate doing in early 2022, after we have finalized the consultations and recommendations.

In the meantime, we can already share a few high-level lessons learnt from these new forest footprint exercises:

- Similar to our experience of conducting this exercise in Aceh, the need to improve supply chain transparency and traceability to drive proactive forest conservation is clearly evident.
- The analysis continues to be challenged by the lack of comprehensive customary land information. Engagement with local civil society organizations and organizations representing Indigenous Peoples and Local Communities will be key not only to overcome any data gaps but also to support next steps with the results in priority areas.
- The integration of other industries in the analysis has helped to identify different risks and opportunities. The overlap of forest and several commodity sourcing areas highlights the need to focus on cross-commodity solutions.
- Supplier feedback and expert stakeholder consultations on the preliminary results have contributed to strengthening the overall analysis and to defining more actionable recommendations for action.
- Supplier engagement has also led to insights into new data sets to be incorporated into future analyses and refinement of the analysis in specific priority areas to improve forest and peat conservation. This has also helped determine the connectivity between forest areas standing inside and outside concessions. This will help inform more holistic plans of action to protect remaining forest areas.

We trust that this demonstrates how dedicated we are to take proactive action to keep forests standing while taking steps to ensure respect for the rights of Indigenous Peoples and Local Communities. We will continue to transparently share the results of our footprints, what we learn through this process and call on other industry players to join us in this journey.

Kind regards,

Benjamin Ware
Head of Sustainable Sourcing and Climate Delivery