Nestlé promotes sustainability reporting among suppliers

Carlos Moyano, Nestlé’s Corporate Communication responsible in Spain, tells GRI why

Please introduce your organization, your industry and your main business lines.

Nestlé is the leading global food company. Our objective is to be recognized as the world leader in nutrition, health and wellbeing, and trusted by all our stakeholders. Nestlé Spain’s product areas are summarized as: Bottled water, coffee, breakfast cereals, confectionary, ice cream and dairy products, adult and infant nutrition products, and pet care products. Some of our famous brands include Nescafé, Kit Kat, Nesquik, Nespresso, Purina, Perrier, Aquarel, Maggi, Buitoni and La lechera. Nestle in Spain currently employs 5,901 people directly and has 12 factories. Total product sales in Spain in 2010 reached 2,209 million Euros.

What is your organization’s sustainability vision, and long-term strategy to achieve this vision?

Nestlé believes that a company needs a successful society to be a successful business. Nestlé’s vision is to advance Corporate Social Responsibility in order to create long-term value for society and for our shareholders: this is known as Creating Shared Value (CSV). CSV is the basic way we do business, which states that in order to create long-term value for shareholders, we have to create value for society. Creating Shared Value focuses on specific areas of the company's core business activities, where value can best be created.

What are the primary sustainability issues your organization and industry faces now, and in the longer term?

A number of key issues, where value creation can be jointly optimized, were identified recently by the company and stakeholders:

- Nutrition: Promoting nutrition, health and wellbeing globally, including the promotion of healthy lifestyles and the provision and communication of related information. Nutrition is a key issue for Nestlé, because food and nutrition are the basis of health and of our business; it’s the reason why we exist.
- Water: sustainable production, both within Nestlé’s own operations and as part of the supply chain, and including in relation to climate change, CO2 and specially water management;
- Rural development: Community support, including Nestle’s impact on the rural economy and environment; and the development of the small businesses in Nestle’s supply chain.

Nestle is the leading food company, with a varied range of products that include bottled water, coffee, chocolate, breakfast cereals, dairy products among others. The company has 12 factories in Spain, almost 6000 employees and national sales of 2,209 million Euros in 2010.

Carlos Moyano works for Nestlé since 1992. Currently he is responsible for Nestle’s Corporate Communication in Spain

To know more about Nestlé Spain http://www.empresa.nestle.es/
How does this project fit into your overall sustainability strategy?

Nestlé supports and encourages operating practices, farming practices and agricultural production systems that are sustainable. This is an integral part of Nestlé’s supply strategy and supplier development. One example in Spain is the creation of a milk district in the north of the country. All the farmers in the Nestlé milk district receive technical training on environment and animal welfare to be applied on their farms, and can receive microcredits from Nestlé to improve their environmental technology. In return, Nestlé assures a good quality source of milk for its products. Nestlé expects suppliers to continuously strive towards greater efficiency and sustainability in their operations. Nestlé is also responsible for the suppliers’ way of doing business. So this project can help to educate suppliers about the responsible management of their companies.

What are your expectations of this project with regards to your suppliers?

We hope our suppliers strive for excellence in their business, and that the project can help them to achieve it. Sustainability reporting should encourage them to make their business better, and establish new opportunities and improvements - not only from an economic perspective, but in the social and environmental context, too.

How will you use the information that your suppliers will communicate in their sustainability report?

We will track the key performance indicators in order to help them to improve their management. The better for them, the better for us.

How will this project impact your organization’s processes, such as procurement?

We will pay more attention to the social and environmental performance of our suppliers, taking into account these aspects in procurement – the way in which Nestlé expects suppliers to comply with the Nestlé Supplier Code. Auditing of suppliers, for example regarding waste treatment, is carried out regularly by Nestlé, because it’s necessary to remove the suppliers from our supply chain that don’t follow sustainable practices.

In the past, which main sustainability problems have you encountered in your supply chain and how have you handled them?

The main problem was to ensure that the materials used by our suppliers had a guaranteed sustainable origin. To this end, audits of our providers consider this traceability of materials to be a relevant factor. One example is our new Responsible Sourcing Traceability Programme, aimed at establishing visibility and responsible practices in our extended supply chains back to farm or feedstock level. In 2010, we began mapping and assessing our palm oil and paper and pulp supply chains back to origin, and by 2012, the programme will cover a total of 12 major raw and packaging materials, including our main commodities – coffee, cocoa and milk – and other priority materials such as soy, seafood, meat and poultry, vanilla, hazelnuts and shea. For each category, Responsible Sourcing Guidelines (RSGs) are developed that complement our Supplier Code. This programme implements our commitments on deforestation and forest stewardship and on child labour in agricultural supply chains, enacts our guidelines on the responsible use of water in agriculture, and addresses other social and environmental aspects specific to individual supply chains.

How do you see this program helping you tackle such issues?

By facilitating sustainability reporting against certain GRI indicators, the program should help to optimize the traceability of materials from providers, helping to ensure the sustainability of their supply sources long-term.
The Global Action Network - GANTSCh

The Global Action Network was launched in 2009 as a result of the very successful GRI/GIZ Transparency in the Supply Chain Pilot project, supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The GANTSCh Program helps suppliers of multinationals and members of Business or Industry Associations to understand:

- The sustainability context and how it is linked to their company,
- The business case and process of measuring, managing and reporting
- How reporting fosters risk management, stakeholder engagement and financial growth.

By beginning sustainability reporting, and embedding a culture of the responsible management of impacts, companies are empowered in driving down costs and generating growth.

For more information about the GANTSCh program please contact:

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