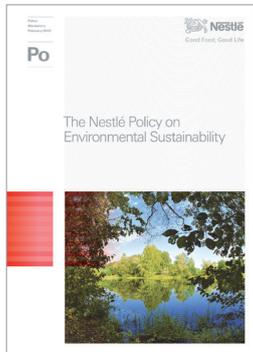


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## Appendix to The Nestlé Policy on Environmental Sustainability

# Nestlé Commitment on Biofuels

Liquid biofuels<sup>1</sup>, primarily for transportation are a key strategy promoted by governments and NGOs to reduce the reliance on fossil fuels. Nestlé is concerned by the production of liquid biofuel which relies on the use of food crops such as corn, rapeseed, sugar and palm oil. Nestlé believes that allocating agricultural land and water to biofuel production will severely impact food and water security.

Forecasts of food production suggest that significant challenges exist for the world to feed more future generations. Whilst crops such as palm oil and sugar cane, when grown responsibly, can produce high volumes of biofuel per hectare, many other crops have low levels of energy productivity and are not therefore efficient uses of land. Even a small percentage of energy from crop based biofuels has a devastating effect on the food market<sup>2</sup>.

Biofuels are often promoted as a strategy for reducing anthropogenic GHG emissions. However, according to the agricultural practices used, there may be no net GHG benefits from converting agricultural crops to biofuels, whilst the conversion of forests or land for biofuels may lead to emissions that are higher than fossil fuels (in addition to losses in biodiversity).

The water intensity of biofuel crops will put additional stresses on surface and ground water supplies and act as competition to other water users, particularly the water needed to grow food.

Nestlé believes that rather than focussing on biofuels, other strategies for reducing the use of fossil fuels for transport should be the focus of government policies and the advocacy strategies of NGOs. These should include stricter fuel efficiency standards, incentives for alternative fuels and technologies, as well as investment in public transportation and the infrastructure for the electrification of transport. Biofuels should

only be accepted when they: do not threaten food security; are able to demonstrably and significantly reduce GHG emissions; do not pose significant land use or significant water allocation and stewardship issues; and when they do not risk conservation conflicts. To facilitate this Nestlé believes that research on credible alternatives to the use of agricultural crops for biofuels is needed, such as the utilisation of wood, agricultural and forestry residues and algae (second and third generation biofuels).

For its part Nestlé commits to:

- Take all possible & practical measures not to use liquid biofuel derived from first generation agricultural products within its operations (trucks, factories, cars etc)<sup>3</sup>.
- Raise awareness on the dangers of using agricultural commodities, and the conversion of forests for the production of biofuels.
- Advocate for governments to: put food security and water stewardship considerations first when considering biofuels; adopt strict environmental and social criteria for biofuels; invest in other strategies for reducing reliance on fossil fuels for transport, and invest in research on credible alternatives to agricultural based biofuels.
- Improve energy efficiency within its operations (see separate position on Climate Change).

1 This commitment does not concern the use of biomass (eg process by-products such as coffee grounds, and wood) for electricity and heat generation. However, the concerns in this paper equally apply to the (smaller) use of food crops for bioplastics.

2 The 2011 WWF Energy Report proposes 34EJ of energy from crop based biofuels by 2040. This is equivalent to 3400kCal per capita per day, vs daily food consumption of 2875kCal per capita per day.

3 This does not cover the provision of blended fuels which are often mandated by Government and over which Nestlé has little leverage to influence the oil company suppliers.