

Nestlé is fully committed to the Responsible Sourcing of palm oil, and we are working hard to achieve our ambition of 100% Responsibly Sourced palm oil by 2020. We have always viewed the RSPO certification as one tool in achieving that ambition, but it is not the only tool.

We respect the RSPO board decision and recognise that there are fundamental differences in the theory of change that Nestlé and RSPO are employing to realise the ambition of a wholly sustainable palm oil industry. We believe in achieving traceability to plantations and transforming supply chain practices through interventionist activities instead of solely relying on audits or certificates. We also believe that in order to achieve genuine industry change, we need to embed the true cost of sustainable production into supply chain procurement practices, rather than focusing on premium mechanisms only.

Whilst we recognise that we have a long road ahead of us to achieve our ambitions, our Responsible Sourcing strategy has enabled us to trace 50% of the palm oil we buy back to the plantations and 92% back to the mills. In addition, 58% of our palm oil is today Responsibly Sourced and we have achieved the status of 63% deforestation free, across commodities, versus our 2020 no deforestation [commitment](#). This work has been delivered with a great focus on smallholders, and by establishing a fine balance between certification, third party verification and capacity building projects, all under third party scrutiny, ultimately creating shared value for the farmers we source from.

This Responsibly Sourced performance, which includes a portion of RSPO segregated oil, goes beyond the current requirements of the RSPO Principles & Criteria. It includes explicit Nestlé Responsible Sourcing Provisions achieved for focus areas including the protection of peatland and high-carbon stock land, which are critical in combating deforestation, and for preventing social conflict arising from potential disputes over land rights and land acquisition.

On this basis, we would like to take this opportunity to address the main point made by RSPO in their statement:

*Clause 3.6: In the required Annual Communication on Progress, existing RSPO members are required to specify steps taken last year, specific steps intended for the coming year and for the long term in the form of a time-bound plan of working towards producing or buying certified sustainable palm oil, applying any or a combination of the RSPO approved supply chain mechanism and relevant to the scope of the member's operations (e.g. specifying volume or percentage targets, or a commitment to above-average proportions of trade or investment volumes in comparison to production or demand trends). Clause 3.8: Subsequently, members need to report progress against.*

We have time-bound plans in place for Responsibly Sourced palm oil, against which we annually [report](#) on progress and provide third party assurance on. Notification of these plans and relevant online links were submitted to RSPO as part of the ACOP 2017 submission process. However, as Nestlé's goal is not to achieve 100% RSPO certification of palm oil, we were asked by RSPO to remove our response and re-submit that we have 'No Action Plan'.

Whilst we respect the decision of RSPO to consider only action plans focused on moving towards 100% certification, we believe that this approach is not conducive to achieving the levels of industry transparency and transformation the sector so urgently needs. We will continue to provide full transparency to our clients and consumers with progress against our commitments. As an example, in early June we published a [list of 10 companies](#) that will be removed from our supply chain for not making enough progresses towards our Responsible Sourcing Provisions as well as a dedicated Action Plan to address labour rights issues in the palm oil industry,

For the next 30 days, in a spirit of open collaboration we will dedicate more time to dialogue with the RSPO board, in order to see how the Nestlé group can better contribute to the Roundtable and hopefully re-qualify for the membership and leadership they are demanding of us. In parallel, we will continue with our Responsible Sourcing operations, including directly engaging smallholders, working to ensure no deforestation, and focusing on [addressing systemic labour rights issues](#) in the supply chain through the deployment of an exhaustive and complementary set of tools and mechanisms.

Best Regards, Benjamin Ware

Global Head of Responsible Sourcing

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