

Promoting Good Agricultural Practices world-wide



Good Food, Good Life



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Nestlé

- The Leading Food Company
 - 107'552 mio CHF in 2007
- Swiss based, active world-wide
 - 480 factories in 86 countries
 - about 275'000 employees
- Global sourcing strategy
 - local adaptation
 - source about 2/3 of our agricultural materials in emerging markets

Sourcing Objectives & Challenges



- Sourcing must contribute to:
 - sustainable & profitable business
 - competitive pricing
 - lowest system costs (zero-loss, zero-waste)
 - shared values throughout supply chain
- Sourcing must be the base for safety and quality

Quality is our priority

The 3 Dimensions of Food Quality



Why Promoting GAP

GAP – Good Agricultural Practices have to cope with:

- **Increasing food needs**
 - increasing world-population
 - changing eating habits (increasing demand for meat)
 - competition with industrial usage (e.g. bio-energy)
- **Climate changes**
- **Land losses** (top soil, constructions, etc.)
- **Environmental regulations compliance**
 - Weather variability, water scarcity, etc.
- **Social aspects**

The big challenge today is breaking the link between economic growth and negative environmental impact

There are clear limits to the earth's natural resources capacity

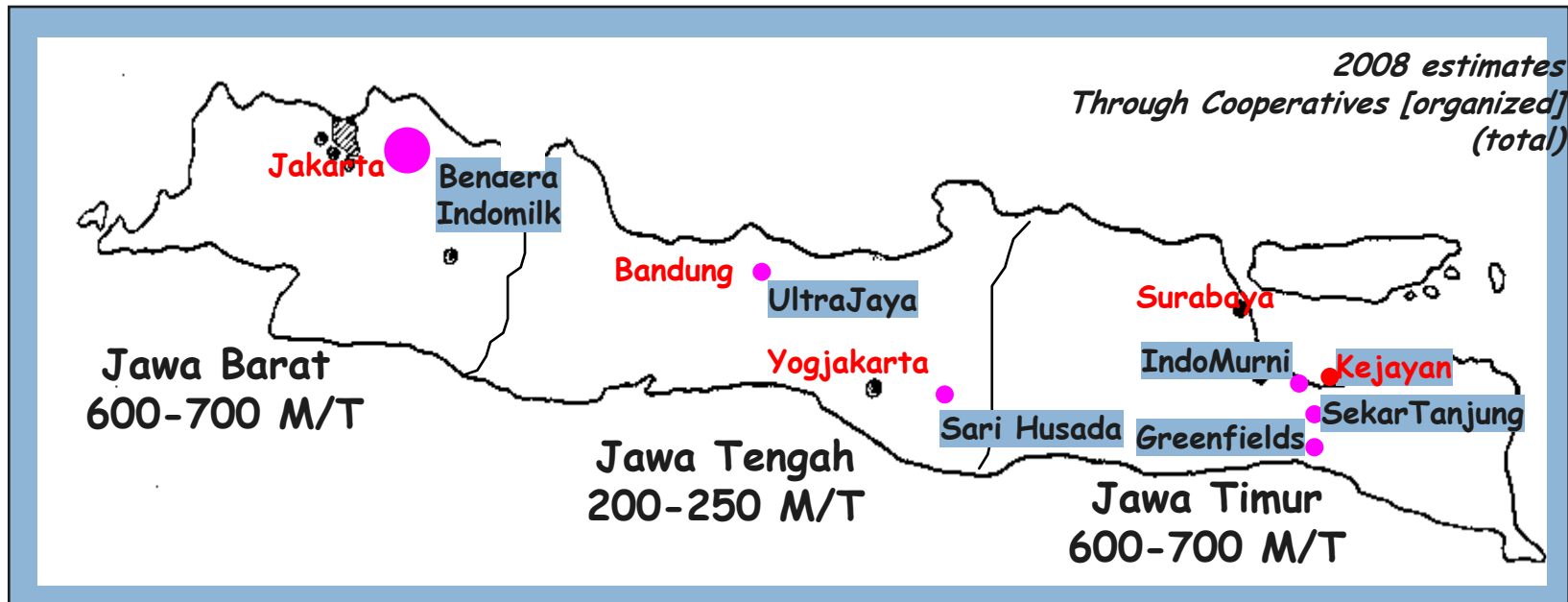
Key Objectives in GAP



- Lowering production costs (p/unit)
- Increasing productivity
- Maintain / increase food quality by
 - Eradicating worst practices
 - Supporting long term thinking / strategies
 - Optimized use of natural resources
 - land, water, human capital

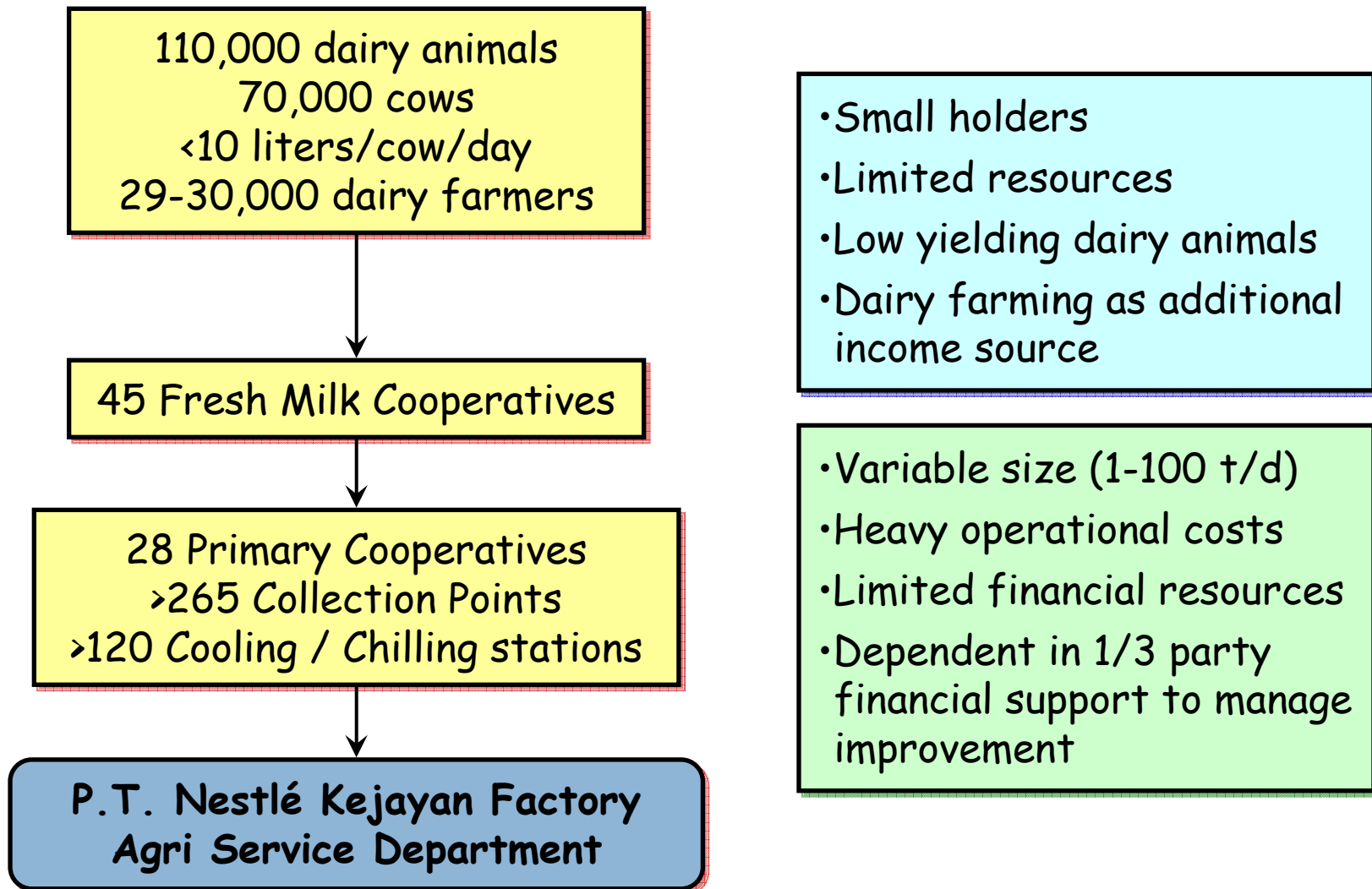
- Objective: Raw Milk Quality Improvement through Cooperatives Operations Upgrade
 - the role of the Nestle Agricultural Service Department at the KEJAYAN FACTORY

Nestlé Presence in Indonesia



National production:	1,500 - 1,600 t/d
Java Island:	97%
To Dairy Industry:	80%
Through Coops network (GKSI):	~70%
P.T. Nestlé Indonesia :	350-450 t/d

Raw Milk Supply Chain



Field Improvements - Results



From plastic pales to food grade containers...

Field Improvements - Results



From long plastic loading hoses to stainless steel piping...



Field Improvements - Results

From open collection centers to proper milk rooms...



Field Improvements - Results



From petrol engine
water pumps to food
grade pumps...



Field Improvements - Results



From plastic to
stainless steel...



Indonesia

Dairy Development Activities



- **Fodder** 18 Cooperatives
 - Legume, Centrosema P.
 - Legume, Caliandra (fodder tree)



Indonesia

Dairy Development Activities



- **Silage 11 Cooperatives**
 - Silage training at Brawijaya University
 - MP&DD organized sessions at different Cooperatives



- **Fodder choppers 3 Cooperatives**
 - Demonstration programs
 - Cooperatives buying choppers for use at farmers group level

For society, results in:

- improved earnings of suppliers
- increase skills, job stability
- higher quality of life
- greater stability, economic and social development



Linking farmers to markets to generate regular cash flow

Our knowledge sharing so far...



Milk Sourcing
Nestlé's Sustainable Agriculture Initiatives

China

Project Results

Biogas - produced by milk suppliers

The Nestlé Shanghai risk team has been providing training to the dairy sector in the highly competitive Chinese market. The project focuses on the use of biogas as a sustainable energy source. The project has resulted in the installation of biogas plants in several dairy farms, which will help reduce greenhouse gas emissions and improve the local environment.

The project has also resulted in the installation of biogas plants in several dairy farms, which will help reduce greenhouse gas emissions and improve the local environment.

Project Impact

By 2012, 2000 dairy farms in 17 provinces will have installed biogas plants, which will help reduce greenhouse gas emissions and improve the local environment.

France
Nestlé's Sustainable Agriculture Initiatives

Project Results

"Préférence" - new orientation in sustainable potato production

"Préférence" is an efficient, supportive and sustainable potato production system. It is designed to help farmers improve their productivity and profitability while maintaining high standards of sustainability. The project focuses on the use of biogas as a sustainable energy source.

The project has also resulted in the installation of biogas plants in several dairy farms, which will help reduce greenhouse gas emissions and improve the local environment.

Project Impact

By 2012, 2000 dairy farms in 17 provinces will have installed biogas plants, which will help reduce greenhouse gas emissions and improve the local environment.

Risk
Nestlé's Sustainable Agriculture Initiatives

Project Results

Risk Assessment in Agricultural Raw Material Sourcing

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Project Impact

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Best Practice
Nestlé's Sustainable Agriculture Initiatives

Project Results

Sustainable Animal Agriculture

The project focuses on the use of biogas as a sustainable energy source. The project has resulted in the installation of biogas plants in several dairy farms, which will help reduce greenhouse gas emissions and improve the local environment.

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Project Impact

By 2012, 2000 dairy farms in 17 provinces will have installed biogas plants, which will help reduce greenhouse gas emissions and improve the local environment.

Milk
Nestlé's Sustainable Agriculture Initiatives

Project Results

Development of milk powder suppliers in Russia

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The project has also resulted in the installation of biogas plants in several dairy farms, which will help reduce greenhouse gas emissions and improve the local environment.

Project Impact

By 2012, 2000 dairy farms in 17 provinces will have installed biogas plants, which will help reduce greenhouse gas emissions and improve the local environment.

- Interactions with more than **610 000 farmers** directly supported by 750 sourcing agronomists and over 5200 technical staff working in up-stream supply chain
- **115000 farmers trained** (field/farmer schools) in 2007
- Running > **150 Sustainable Agriculture projects** worldwide with many different stakeholders

Building Value in the Community: Helping over 610'000 farmers

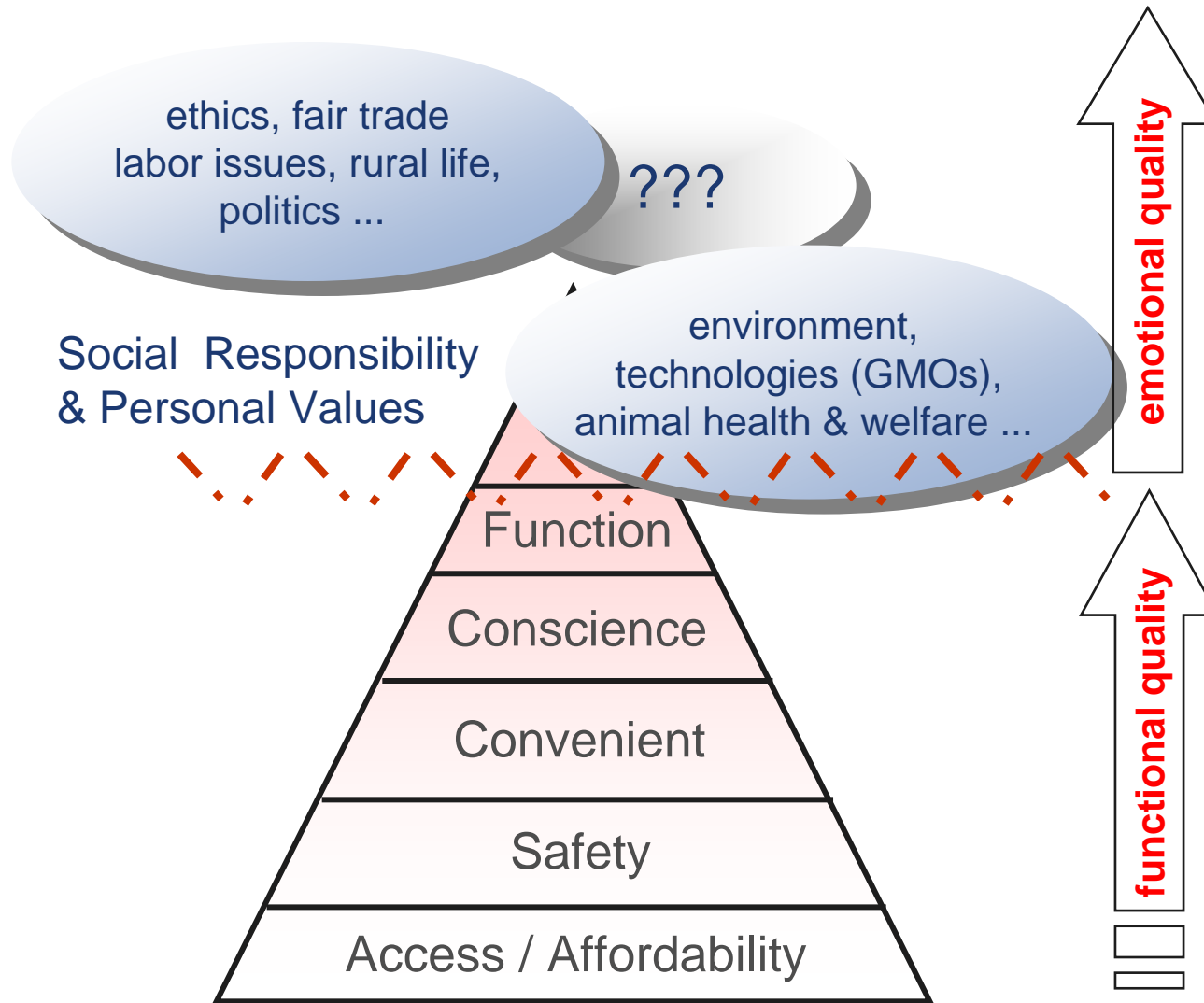


Milk districts in India, Pakistan, China, Morocco, Brazil, Chile, Colombia, Mexico, Indonesia.....

- Improved livestock through genetics, feeding, management skills, etc.
- 30 million CHF in microcredit
- Improved milk quality and quantity
- Bringing whole regions out of poverty (rural development)
- Widely known and highly recognized



Consumer expectations and concerns

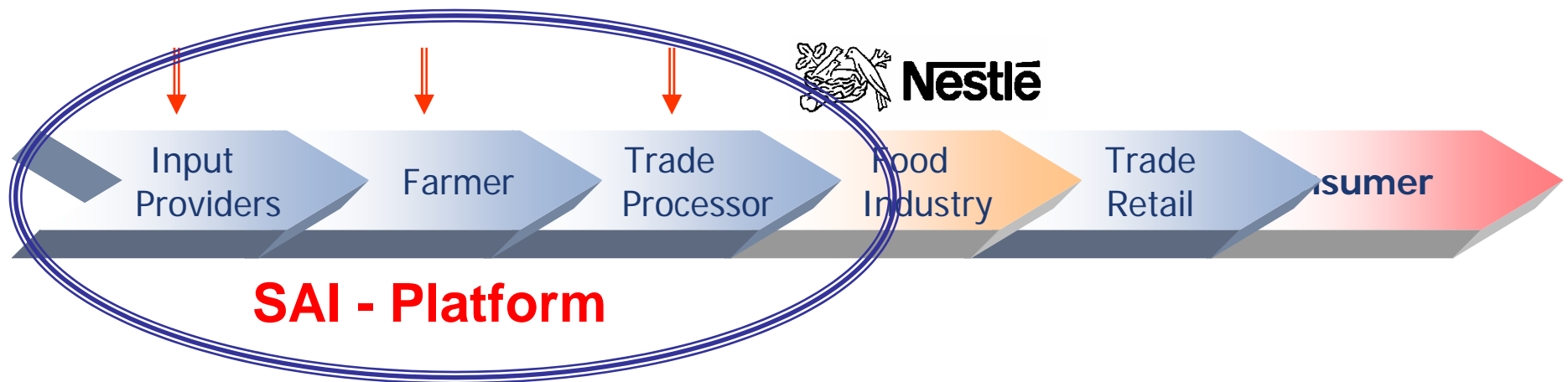


Challenges common for Food Industry

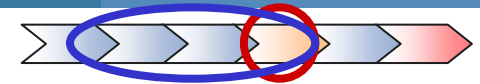
- Many Challenges in upstream supply chain – pre-competitive and common for Food Industry – and they may affect:



- **quality & safety**
- efficiency & productivity
- consumer perception



Collaborate on industry level



Food Industry Initiative

support of sustainable
agriculture in general

**mainstream agriculture
pre-competitive**



- Key raw materials
- Direct sourcing
- Preferred suppliers

60+ Countries
Agricultural raw
materials supply
chain



In cooperation with



SAI Platform DVD on rolling out Good Agricultural Practices (GAP)

look at

www.saiplatform.org

- **Agricultural practices need to change** / to improve – to match with today's and future food needs
-
- Efforts of all **stakeholders** needed
 - research and development
 - political institutions
 - input suppliers
 - Extension / advisory services
- **Together we CAN make a difference!!!!**

**Thank you for your interest
and attention**

"Sustainable Agriculture is productive, competitive and efficient while at the same time protecting and improving the natural environment and conditions of the local community"

*(definition mutually agreed by SAI founding members;
Group Danone, Nestlé and Unilever)*

