UNITED NATIONS GLOBAL COMPACT HEALTH CASE STUDY

Nestlé

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COMPANY OVERVIEW

Nestlé is the world’s largest food and beverage company. It is present in 190 countries around the world, and its 308,000 employees are committed to Nestlé’s purpose of enhancing quality of life and contributing to a healthier future. Nestlé offers a wide portfolio of products and services for people and their pets throughout their lives. Its more than 2,000 brands range from global icons like Nescafé or Nespresso to Maggi, Milo and Nesquick. Company performance is driven by its Nutrition, Health and Wellness strategy. Nestlé is based in the Swiss town of Vevey where it was founded more than 150 years ago.

At Nestlé, they believe that in order to prosper they need the communities they serve and in which they operate to prosper as well; and that over the long term, healthy populations, healthy economies and healthy business performance are mutually reinforcing. To build a business capable of both delivering superior shareholder value and helping people improve their nutrition, health and wellness, Creating Shared Value (CSV) is the approach the company take to the business as a whole.

With climate change, the loss of biodiversity, and the increasing frequency of natural disasters affecting people’s health and well-being, creating shared value allows Nestlé to take an integrated approach on climate, environment, and health-related issues. In addition to nutrition and health, Nestlé focuses on water, because water scarcity is a very serious issue in many parts of the world and water is quite simply the linchpin of food security. Nestlé also focuses on rural development, because the overall well-being of farmers, rural communities, small entrepreneurs and suppliers is intrinsic to the long-term success of their business.
CASE: NO. 1

CREATING SHARED VALUE

Creating Shared Value (CSV) is fundamental to how Nestlé does business. Nestlé activities and products should make a positive difference to society while contributing to Nestlé’s ongoing success. Long-term value creation requires focus. In consultation with experts, Nestlé chooses to prioritize in three areas where its business intersects the most with society: nutrition, rural development and water. Value creation is only possible with a solid foundation of compliance and a culture of respect, as well as a firm commitment to environmental and social sustainability. The impact on these focus areas is measured by progress against publicly stated commitments and ambitions, which are informed by a materiality assessment and regular feedback from external groups.

Nestlé’s Creating Shared Value approach is relevant given the many challenges facing the global food system. These challenges include high levels of malnutrition, climate change impacts on agricultural production, and an aging farmer population. According to the FAO and the WHO, undernourishment affects 821 million people, with 151 million stunted children under the age of 5. Meanwhile, obesity affects 2 billion people based on WHO estimates, leading to cardiovascular disease, type 2 diabetes and certain cancers. Climate change is also a threat to agricultural productivity. Shifting weather patterns can cause water scarcity, floods, and changes in pest ranges, all of which can threaten crop production. Lastly, farmer populations are aging and remain impoverished in many parts of the world.

"At Nestlé, we believe to be successful in the long term we must create value for both our shareholders and for society".
- Mark Schneider, Nestlé CEO
CASE: NO. 2

TAking AN INTEGRATED APPROACH FOR IMPROVING FARMER NUTRITION

As a company, Nestlé relies heavily on smallholder farmers who produce coffee, cocoa, milk, and more. Nestlé sources from 4.1 million farmers across 50 countries. Many of these farmers live in developing countries in communities facing malnutrition, poor water quality, and lack of access to sanitation and hygiene. As mentioned above, Nestlé as a company cannot prosper without healthy farming communities. Knowing that addressing challenges facing smallholder farmers was essential, Nestlé developed a Rural Development Framework in order to connect business and social needs. The company believes it is natural to strategically align business and social needs, because financial sustainability is rooted in long term supply of raw materials and farmer health and well-being.

By 2020: improve food availability and dietary diversity in five priority sourcing locations based upon the results of the Rural Development Framework Baseline.

The Rural Development Framework is a diagnostic tool that allows Nestlé to understand the conditions, challenges, and progress made in rural sourcing regions. The first set of pilot baseline data was collected in Vietnam, China, and Cote d’Ivoire in 2013. As of 2017, the baseline data was collected for 18 countries. Data was collected across 8 topic areas shown below:

- Farm economics
- Farmer knowledge & skills
- Farm workers
- Women’s empowerment
- Water & sanitation
- Nutrition
- Land and land tenure; and
- Natural resource stewardship

The findings of the 2015 baseline evaluation clearly showed that farmer undernutrition was a dominant challenge. The evaluation found that 30-70% of farmers are short of food for at least 3 months within a year. It also found that dietary diversity was very low. These concerning findings led Nestlé to pinpoint “no regret” interventions including training farmers on nutrition, promoting intercropping, and building kitchen gardens, providing vegetable planting materials, extending the Nestlé Health Kids programme in rural areas, and providing education on the importance of sanitation and hygiene.

Building on these recommendations, Nestlé set 2020 commitments to improve farmer nutrition and put in place interventions to reach these commitments.

Nestlé is working to reach this commitment by providing education and resources through key supply chain programs including the Nescafé Plan, Farmer Connect, and the Nestlé Cocoa Plan. The company is running pilot programs in three locations to help farming families receive the nutrition they need to be healthy contributors to Nestlé’s supply chain.

In Kenya, the Nescafé Plan pilot program focuses on growing nutrition knowledge to promote healthier diets for farmers and their families. Nestlé worked with the FAO, the Kenyan government, local governments, and civil society organization to develop a Country Programming Framework. The Framework helped set priorities to improve the food system in Kenya. Following the guidance of the framework, a local nutritionist was hired to generate innovative ways to improve nutrition knowledge in farming communities in Kenya. The program implemented cooking classes and cooking competitions between farming couples.
By asking for couples to compete, the program was able to break down cultural barriers and provide both males and females with the necessary nutrition information. The program is also encouraging families to plant kitchen gardens with drought resistant and nutritious plants such as amaranth and spider plant. Promoting kitchen gardens will help rural families diversify their diets and provide nutritious food during lean months. Sanitation training was embedded in the programme as improper sanitation can allow water-borne diseases to undo any nutrition improvements.

A recent visit to the region indicated that the next major concern for the project is water availability. The rains in Kenya were very late this year and continue to be inconsistent. To create a successful kitchen garden, affordable and clean water access is essential, which was evident when comparing those farmers with and without access to a borehole. This demonstrates the need for integrating environmental solutions that support nutrition and well-being of these communities.

In Mexico, Nestlé took a very different approach by collaborating with the food bank initiative Bancos Alimentos Mexico. Nestlé works with the food bank to deliver fresh and packed nutritious and diverse foods to people in coffee-growing communities. The company specifically monitors the process in order to assure the food provided to these communities improves each family’s overall diet.

The approach Nestlé takes in the Philippines is also entirely different than in Kenya and Mexico. In the Philippines, many coffee growers operate on one-hectare farms. The program focuses on increasing yields, setting up demonstration farms and farmer business schools, and showing farmers how to maximize income and nutrition. The company has invested in a plantlet nursery, launched a text service to farmers showing coffee prices, and demonstrated co-cropping to help farmers diversify their income and their diets.

Nestlé will continue growing and innovating their programs to deliver on their 2020 farmer nutrition commitments. The company is investigating the feasibility of new interventions to reach the 2020 goals, as well as extending to other countries. These include:

- Discovering low cost preservation methods to manage food loss and waste/preservation of fruits and vegetables so that items can be consumed out of season or sold to the market as an added value product.
- Establishing an agri-entrepreneurship platform to make sure excess produce reaches the local market at reasonable price.
- Establishing vegetable greenhouse businesses with women in Ivory Coast cocoa communities

**CASE: NO. 3**

**PROMOTING POLICY FOR A HEALTHY PLANET AND HEALTHY DIETS**

As a major food producer in a food system facing growing issues of diet-related diseases, Nestlé believes it is essential to generate policy recommendations that promote better dietary trends. Nestlé takes part in two impactful collaborations: the World Business Council for Sustainable Development’s (WBCSD) Food Reform for Sustainability and Health (FReSH), and the Sustainable Food Policy Alliance.

As part of FReSH, Nestlé contributes to research, guidance, and policy recommendations for healthy diets and sustainable food production. The initiative has conducted research on existing country dietary guidelines and identified gaps and recommendations for future action. FReSH took an integrated approach when assessing dietary guidelines, looking at health and environmental considerations. The program emphasizes the need for diets to change to include considerations of health, climate change, and environmental stresses guiding people towards diets that promote a sustainable future.

As a member of the Sustainable Food Policy Alliance, Nestlé North America promotes climate policies in the food system and holistic dietary guidance frameworks. The Alliance promotes climate action and integrated dietary guidance frameworks, because addressing climate change, natural resource degradation, and dietary related disease is necessary in order to produce a sustainable food system. Nestlé and the other members of the Sustainable Food Policy Alliance have the following stance on climate change:
“As leading food companies, SFPA members Danone North America, Mars, Incorporated, Nestlé USA, and Unilever United States are already aggressively implementing solutions to reduce our overall environmental footprints and address the supply chain volatility created by climate change and other natural resource challenges. We recognize the urgency of taking climate action, as made clear in the recent 1.5°C Special Report published by the Intergovernmental Panel on Climate Change, which called for global greenhouse gas (GHG) emissions to reach net zero by 2050 to avoid the worst effects of climate change. Propelled by this urgency, we are increasing the energy efficiency of our operations, investing in clean energy and transportation, and partnering with farms to reduce emissions and promote regenerative soil health management.”

“SFPA strongly encourages the federal government to adopt policies that will significantly reduce GHG emissions across the economy in a manner that places the United States on a path with other nations to adequately address climate change. We support local and state actions taken across the United States and stand ready to partner with the federal government to reduce GHG emissions to a level in line with science-based global goals.” The Sustainable Food Policy Alliance also believes the following considerations must be taken when developing the United States Nutrition and Dietary Guidance Framework: