



Being Profitable, Being Sustainable





Being Profitable, Being Sustainable

Moderator: Julie Adams, ABC

Presenters:

Mike Desso, Nestle USA

Dorn Wenninger, Walmart

Creating Shared Value
Nutrition | Water | Rural Development



Nestlé



Nestlé in the United States

Meeting Society's Needs by Creating Shared Value

Being Profitable, Being Sustainable



Michael Desso
December 7, 2011
Almond Board of California



Creating Shared Value
Nutrition | Water | Rural Development



Nestlé is...

Nestlé in the United States



- The world's **largest food and beverage company** with a history of providing quality products supported by an expertise in nutrition, health and wellness
- The **largest private funder** of health and nutrition research globally
- We are committed to **Creating Shared Value**



5 Operating Companies

- Nestlé Nutrition
- Nestlé USA
- Nestlé Waters North America
- Nestlé Purina PetCare Company
- Nestlé Professional

6 Billion-Dollar Brands

- DiGiorno[®]
- Friskies[®]
- Gerber[®]
- Lean Cuisine[®]
- Nestlé[®] Pure Life[®]
- Stouffer's[®]



Creating Shared Value

Nutrition | Water | Rural Development



Nestlé



Nestlé is... a Good Food, Good Life Company. Good Food, Good Life is all about tasty, healthy products that can be enjoyed by **every member of the family** at every stage of life and for every way of life.



- Nestlé's Pledge to Your Health
 - Supporting healthy living
 - Portion- and calorie-controlled meals
 - Low-fat offerings
 - Whole-grain products
 - Helping consumers make smart choices
 - Reducing sugar and sodium
 - Easy-to-understand nutritional information



What is Creating Shared Value?

- For a company's business to prosper in the long term, it must create value for their employees, customers, consumers and their families, as well as society at large
- At Nestlé, Creating Shared Value focuses on:
 - Nutrition
 - Responsible management of water resources
 - Improving the lives of farmers and rural communities around the world

Creating Shared Value
is a basic principle
of our global
business strategy

business strategy

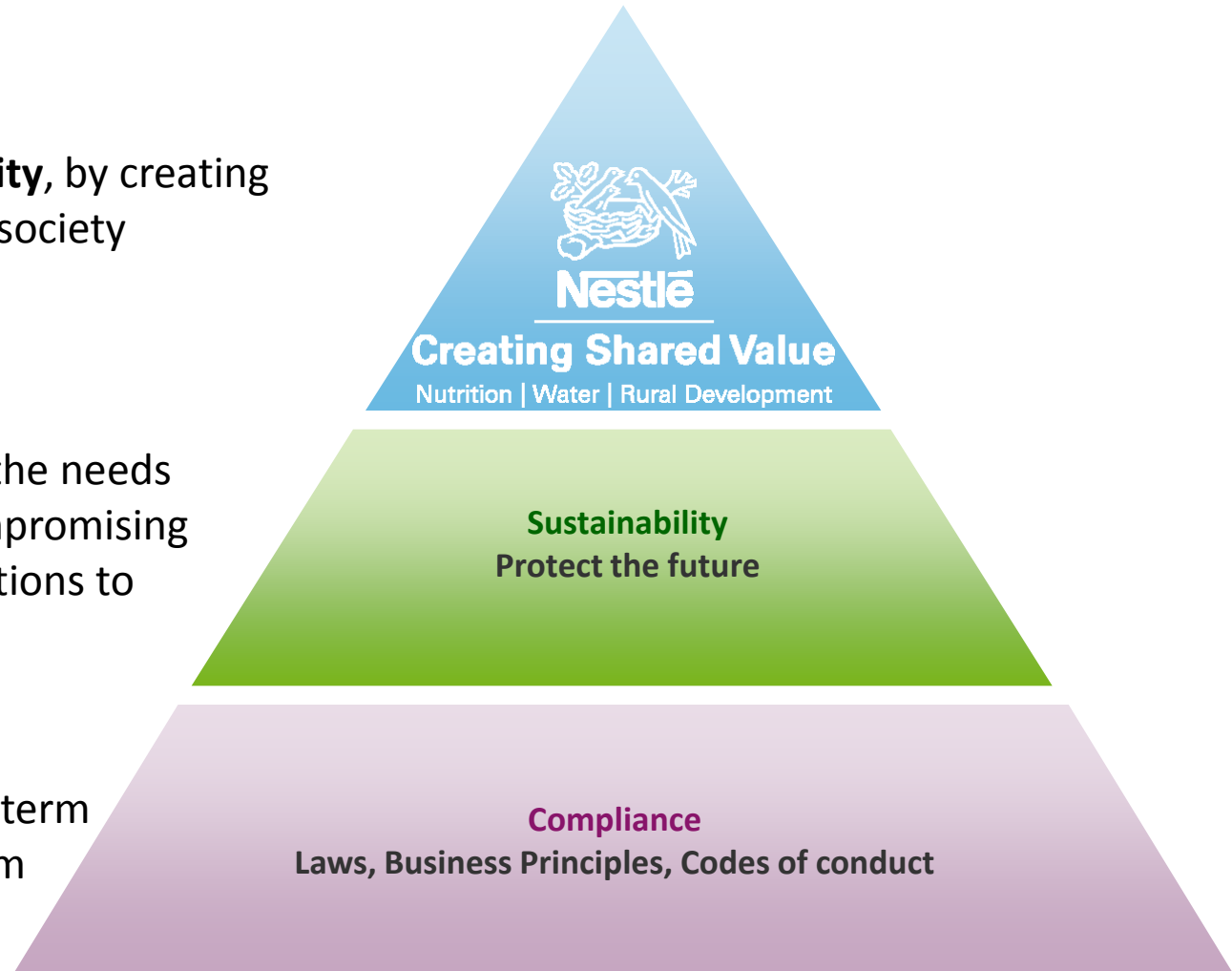


Creating Shared Value, the way we do business

“ Going **beyond sustainability**, by creating value for shareholders **and** society simultaneously”

“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”

“We will not sacrifice long-term development for short-term gain”



What does Sustainability Mean to You?

Creating Shared Value
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EXOFFICIO

DURABILITY SUSTAINABILITY

The durability of adventure starts with your first layer. When trail and life run together and stories are born.

Durability is sustainability.

Quick Drying, Wicking, Color Retention

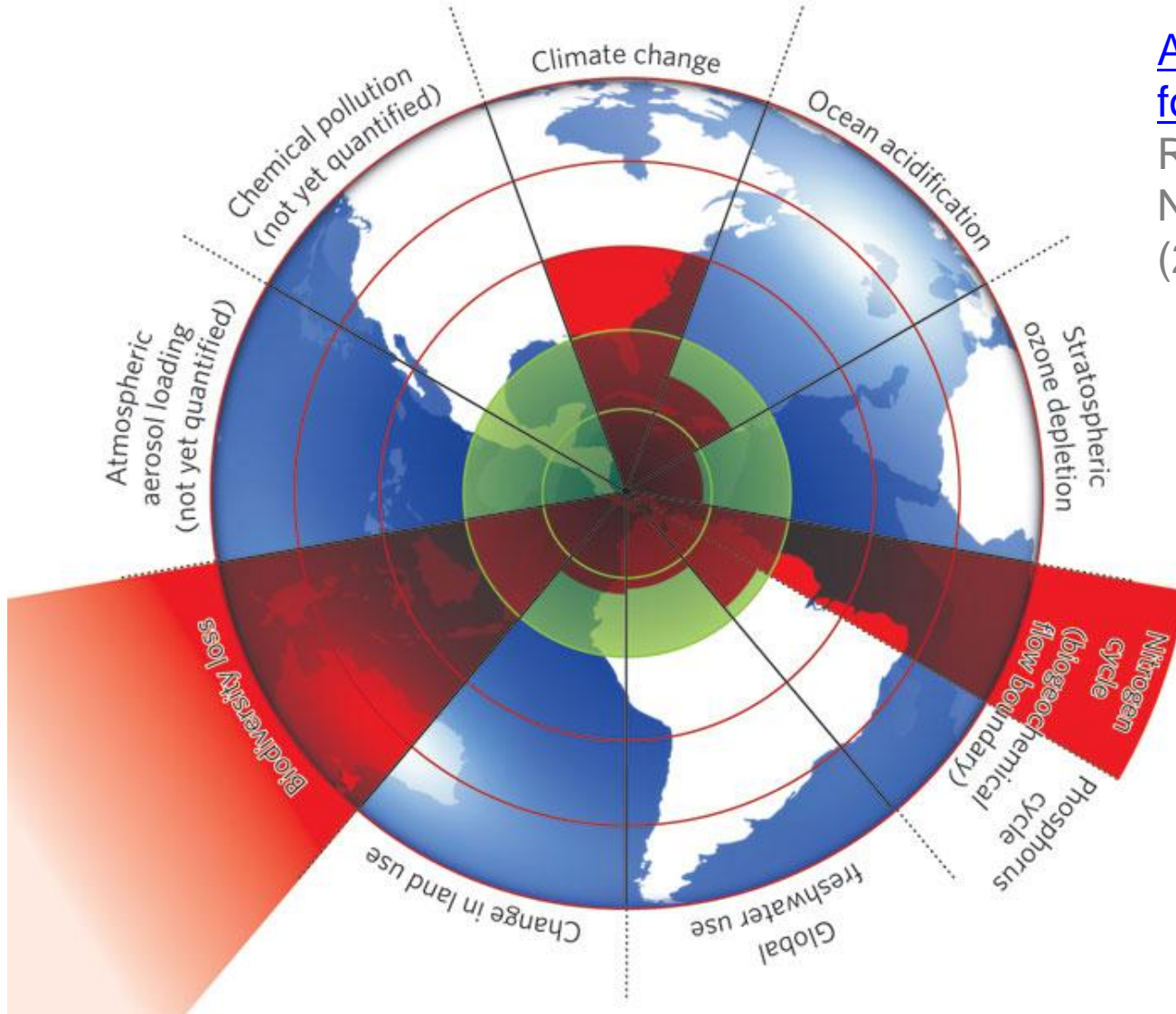


17 Countries. 6 Weeks. One Pair of Underwear. Ok, maybe two.

Locate a specialty retailer or shop online at www.exofficio.com



Planetary Boundaries



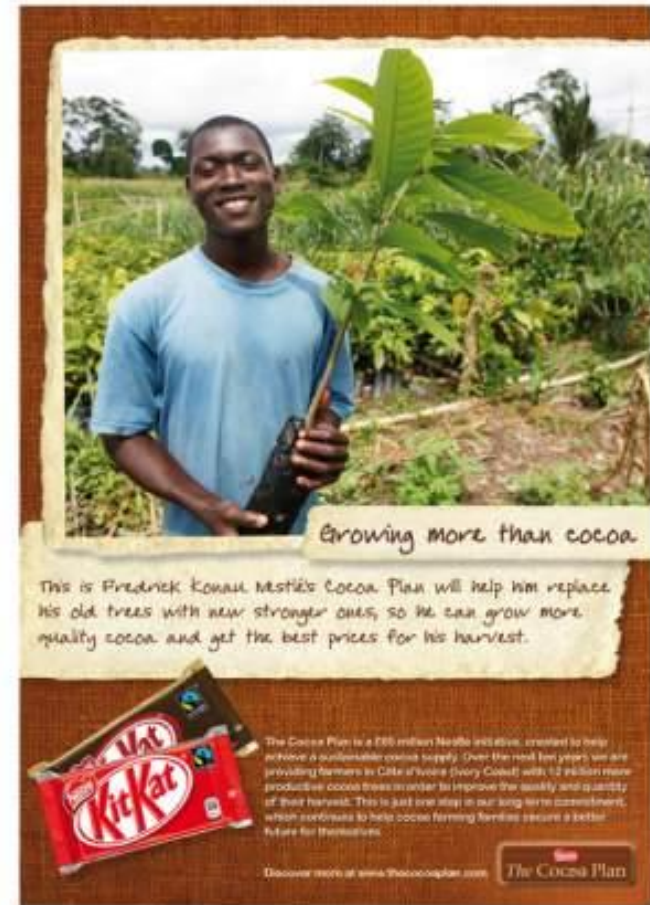
[A safe operating space for humanity](#)

Rockström et al.,
Nature 461, 472-475
(24 September 2009)



The Cocoa Plan

- In 2000, Nestlé and other chocolate companies formed the **World Cocoa Foundation** to deal with issues facing cocoa farmers
- In October 2009, Nestlé announced the formation of **The Cocoa Plan** and investment of CHF 110 million over ten years.
- On 23 October 2009, Nestlé and the Ivorian National Centre for Plant Science Research, signed a frame agreement for cooperation in plant science and propagation, with a target of **producing 1 million high-quality, disease-resistant cocoa plantlets** a year by 2012.





Honey bees are responsible for \$15 billion in U.S. agricultural crops each year, accounting for one-third of our food supply. Disturbingly, honey bees are dying off across North America.

Through the HÄAGEN-DAZS Loves Honey Bees™” campaign, Nestlé USA has **donated \$500,000** to researchers at **Penn State** and **University of California at Davis** to find the root of this problem.



II. Sustainability

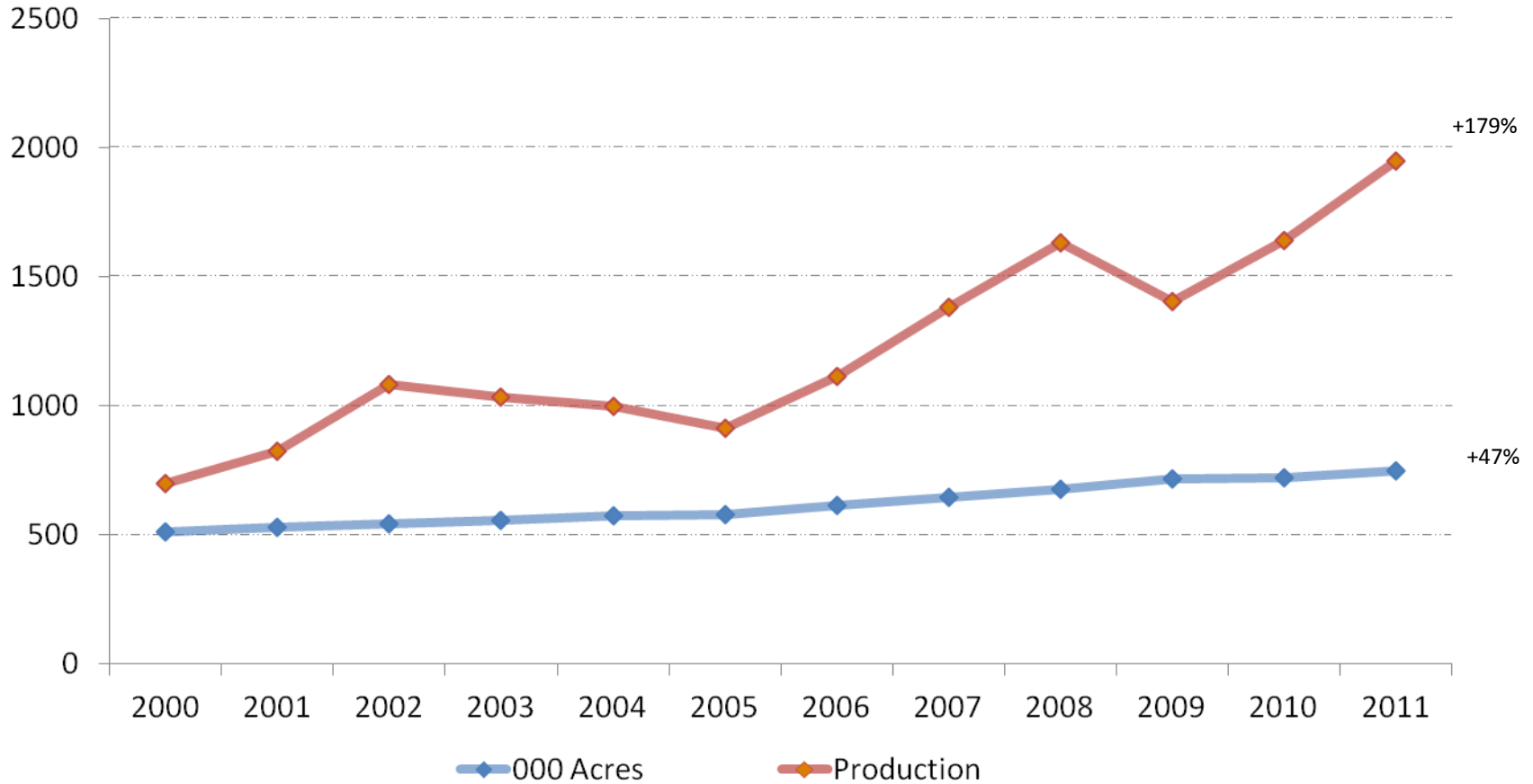
Nestlé supports and encourages operating practices, farming practices and agricultural production systems that are sustainable. This is an integral part of Nestlé's supply strategy and supplier development. Nestlé expects the Supplier to Nestlé to continuously strive towards improving the efficiency and sustainability of its operations, which will include water conservation programs.



The Nestlé Supplier Code



Decoupling Almond Production from Acreage



Creating Shared Value

Nutrition | Water | Rural Development



Nestlé

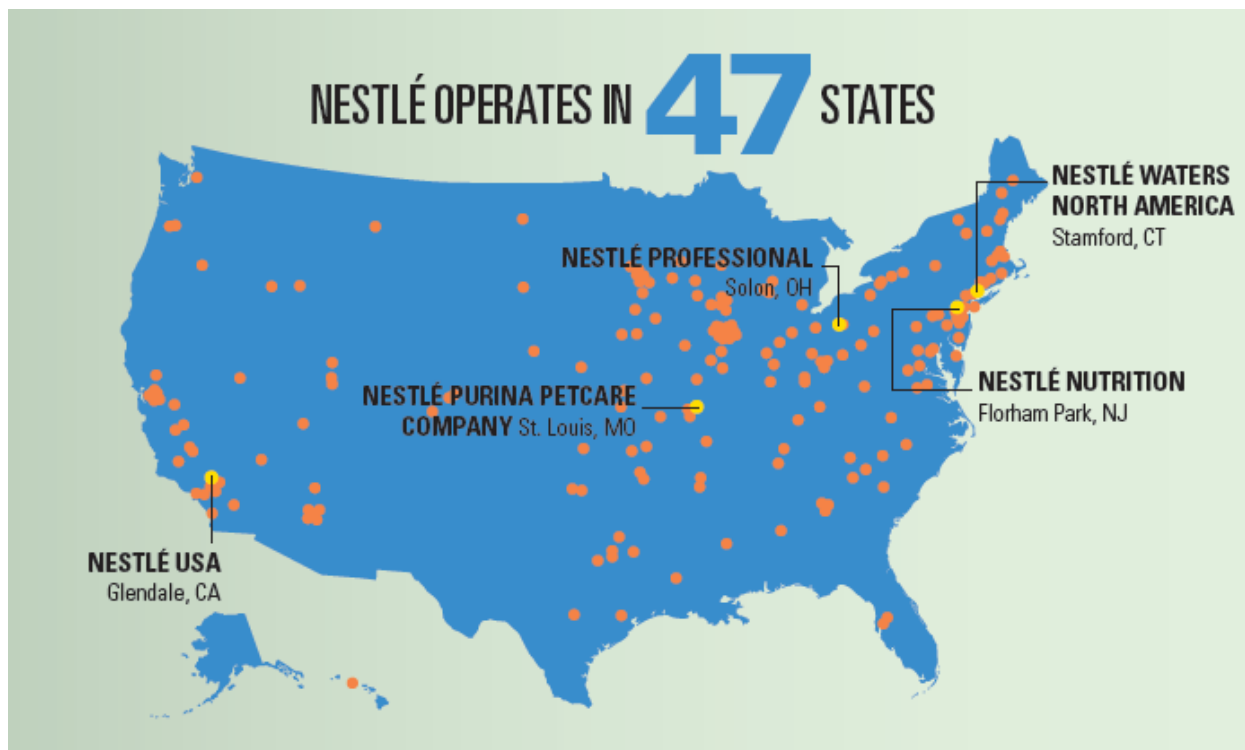


Nestlé is... Creating Quality Jobs and Economic Vitality. This is one of our top priorities.



Ten New Facilities Since 2008

- Allentown, PA
- Anderson, IN
- Denver, CO
- Fremont, MI
- Gray Summit, MO
- Greenwood, IN
- Kingfield, ME
- Sacramento, CA
- Solon, OH
- Stamford, CT



Nuts & Seeds at Nestle in the America's

US & Canada

- Almonds (approx. 2.5 M lbs/year)
 - 2.0 M lbs for Ice Cream Business
 - 0.5 M Confections & Snacks, Prepared Foods, Nutrition



Brazil, Chile, Peru, Argentina

- Almonds (3.2 M lbs/year)
 - 84% Chocolate
 - 16% Ice Cream
- Other important nuts:
 - Peanuts
 - Pecans
 - Coconut (South America)



Creating Shared Value

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Nestlé is... Creating Shared Value through Sustainable Business Practices. We strive to improve our operational efficiency and environmental performance.



- Key Performance Indicators (KPIs)
 - Nestlé uses KPIs to measure the environmental impact of our ever-changing operations
 - As our portfolio expands and changes, so does our environmental impact
 - All our businesses strive to use less water, less energy and to create fewer greenhouse gas emissions per ton of product manufactured



Nestlé Waters North America plans to have **37 diesel-electric hybrid trucks** in operation by the end of 2011

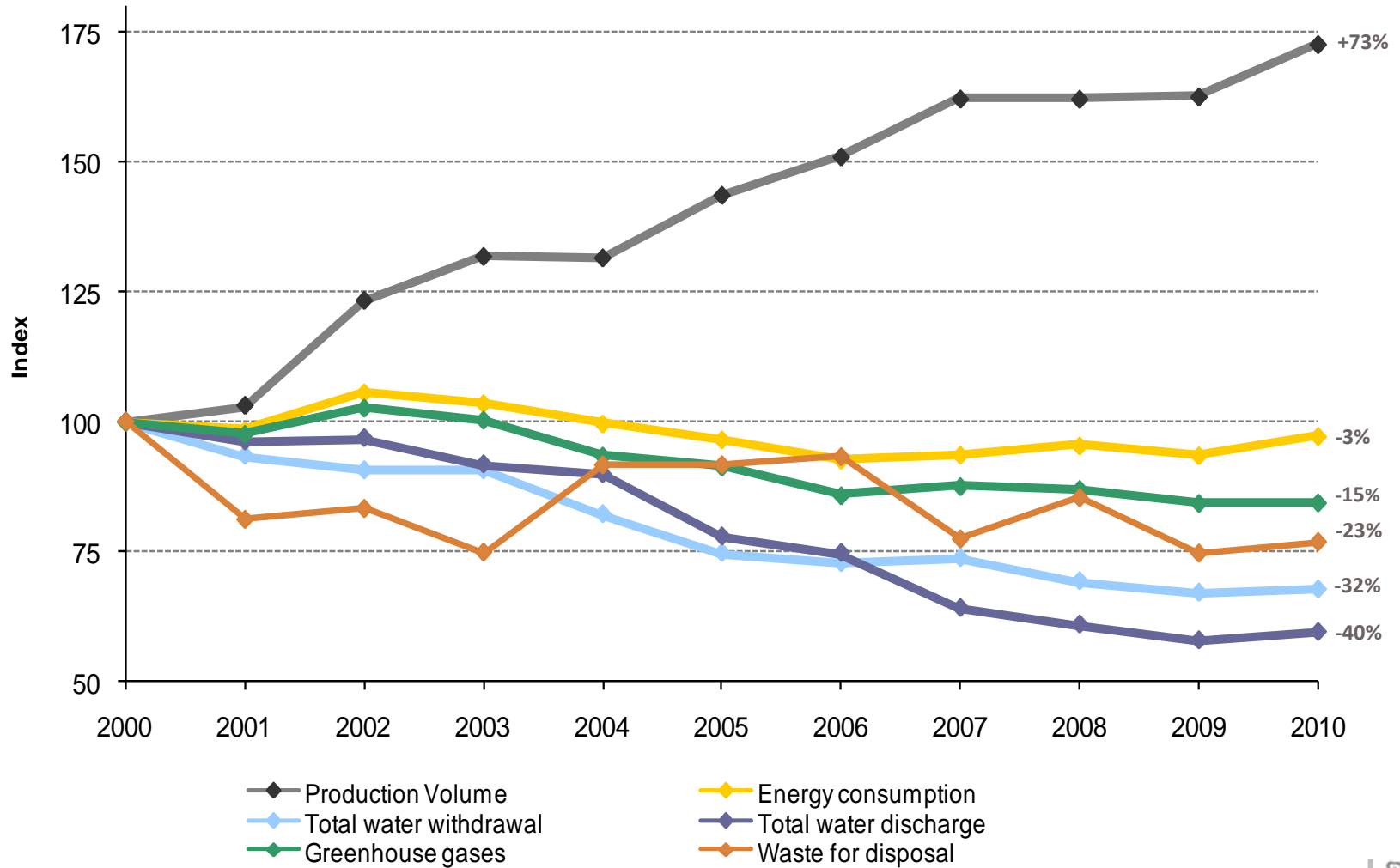
Improving the Inputs of Our Operations

- Between 2009 and 2010:
 - The water withdrawal rate per ton of product decreased by 2%
 - The energy consumption rate per ton of product manufactured had no change
- Over the past five years, Nestlé Waters North America **reduced water consumption in its factories by 2.2%** while product volume increased by 27%



In Solon, OH, approximately 80% of Nestlé USA's Prepared Foods factory's energy needs are met with **methane gas emissions from a landfill**

Decoupling volume growth from resource use



Designing and Building a Sustainable Future



Nestlé has **14 buildings designed for LEED certification** for sustainable construction



Nestlé Waters North America's recyclable Eco-Shape® .5L bottle is one of the **lightest .5L bottles, containing 35% less plastic** than the same size bottle four years ago



Nestlé Nutrition reduced plastic in Infant Nutrition Meals and Drinks products by **588,000 pounds** last year



NESTLÉ® JUICY JUICE®'s 64 fluid-ounce plastic bottle was redesigned, resulting in the reduction of nearly **725,000 pounds of plastic** each year



Creating Shared Value

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Nestlé is... Creating Shared Value in Our Communities. We carry out our *Creating Shared Value* commitment through numerous efforts focused on **nutrition, water and sustainability, and community development.**



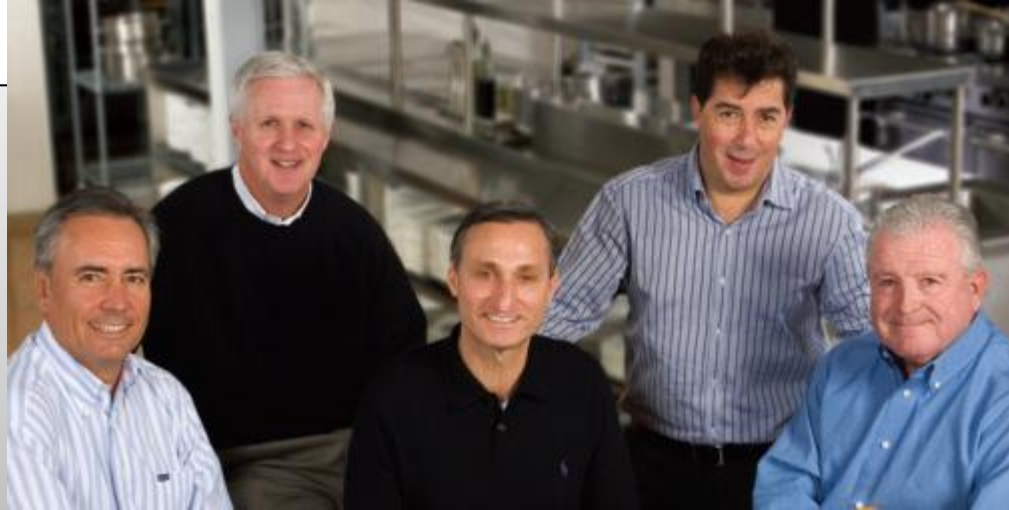
Creating Shared Value for Water and Sustainability



- Keep America Beautiful
 - Both Nestlé Waters North America and Nestlé Purina PetCare Company work closely with the organization to **encourage recycling to make America's communities cleaner, greener, safer and more livable**
 - In 2010, Nestlé Waters North America was awarded Keep America Beautiful's Vision for America Award
- Project WET
 - Project WET has reached more than **145 million students and 300,000 teachers** in every state




Nestlé's Commitment to Creating Shared Value

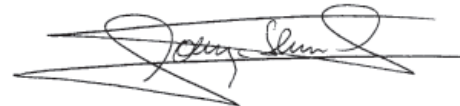


At Nestlé, *Creating Shared Value* means for our business to prosper in the long term we must create value for our employees, customers, shareholders, consumers and their pets, and society as a whole. This is the essence of operating a sustainable business.

Sincerely,



Kim Jeffery, President & CEO,
Nestlé Waters North America



Jorge Sadurni, President & CEO,
Nestlé Professional, North America



Brad Alford, Chairman & CEO,
Nestlé USA



Kurt Schmidt, President & CEO,
Nestlé Nutrition



W. P. McGinnis, President & CEO,
Nestlé Purina PetCare Company



Creating Shared Value

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Nestlé

To learn more, visit:

NestleNutrition.com

NestleUSA.com

NestleWatersNorthAmerica.com

Purina.com

NestleProfessional.com

NestleHealthScience.com

Nestlé in the United States





Being Profitable, Being Sustainable



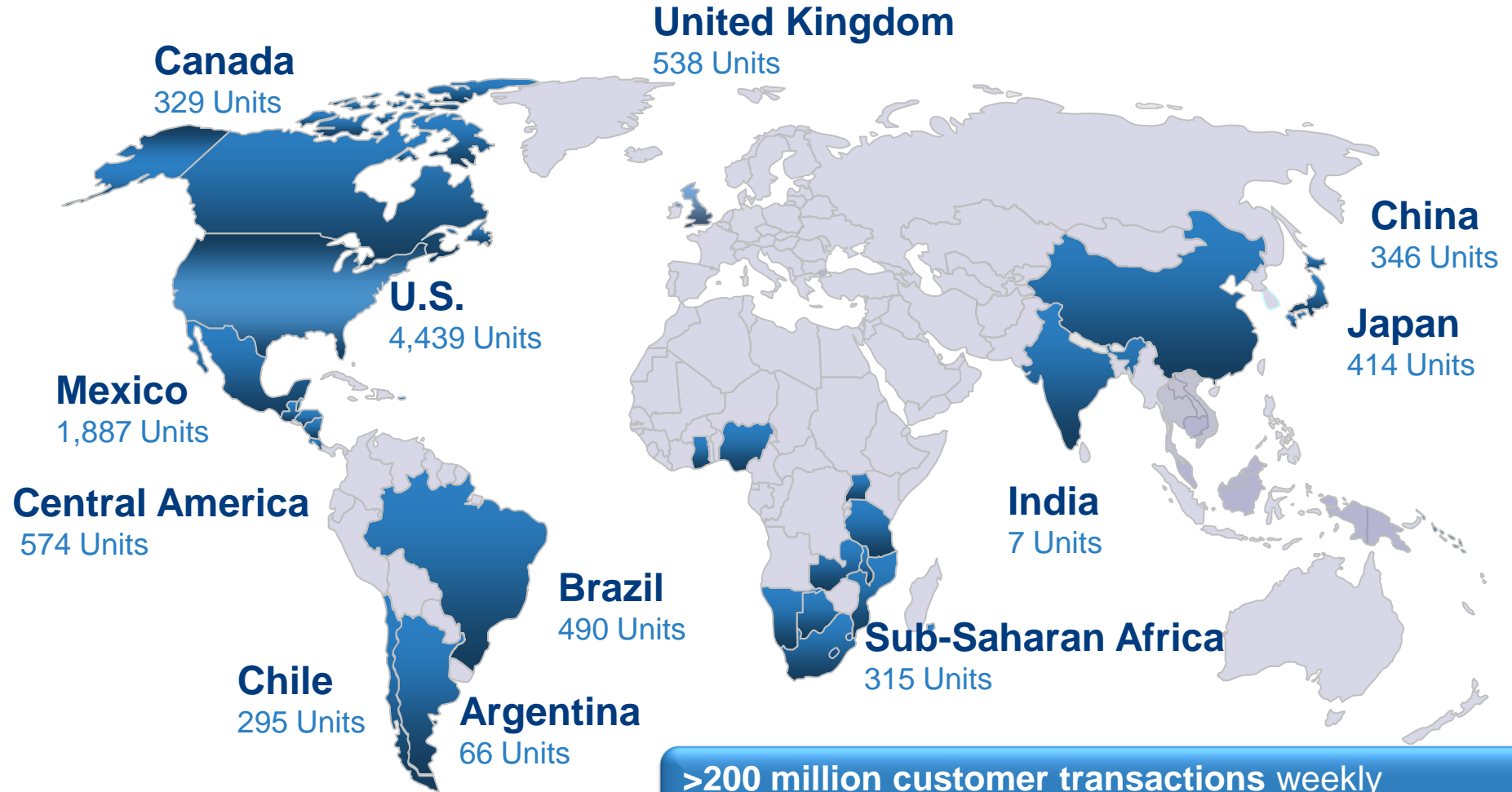
Walmart's Sustainable Food Commitments

Dorn Wenninger
Vice President Global Food Sourcing
Walmart





Walmart's Global Presence

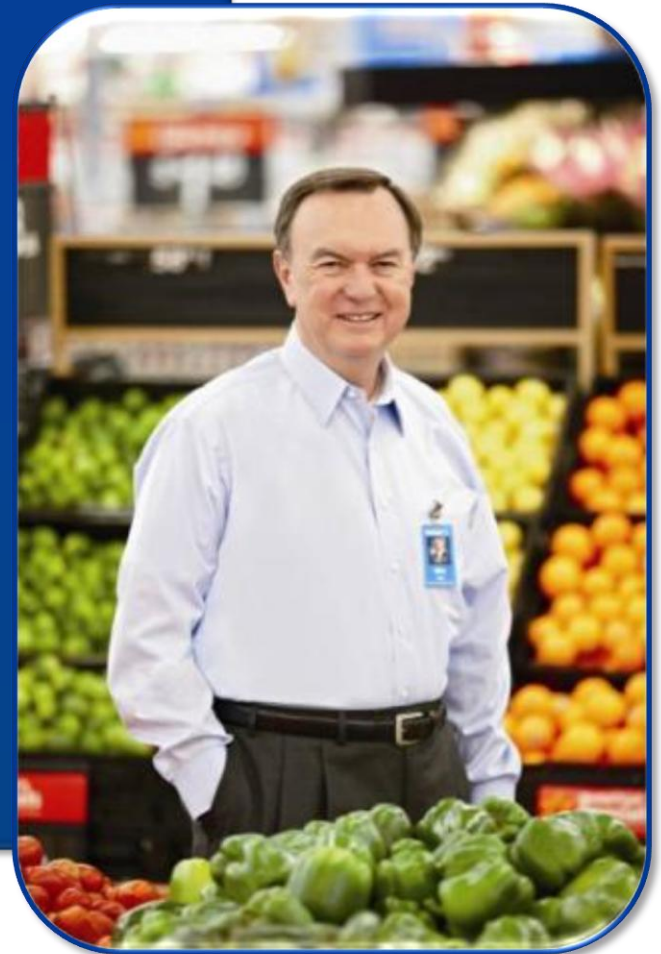


>200 million customer transactions weekly
2.1 million associates
9,700 retail units in 28 countries
\$419 billion net sales in fiscal year 2011

“[Our Next Generation Customers] don’t want to have to choose between products they can afford and products that mean a better life, like sustainably grown local fruits and vegetables. They **care about sustainability** and like that we do too...

They also have **higher expectations** for the role of business in solving problems. Only those businesses that **solve problems will earn trust.**”

Mike Duke
President and CEO
Walmart
Shareholders Meeting, 2011



Michael Pollan: The World's 7 Most Powerful Foodies

#5 Jack Sinclair, Head of Grocery, Wal-Mart

He buys more food than anyone in America. He's moving the nation's biggest food retailer to regionalize its produce buying and make its processed foods less toxic.

- <http://www.forbes.com/pictures/lmm45ffdk/5-jack-sinclair-head-of-grocery-wal-mart>

Walmart's Sustainability Goals



**To be supplied 100%
by renewable energy**



To create zero waste



**Sell products that sustain
people and the environment**

Sustainable Agriculture Commitments



Support farmers and their communities

Provide market access
Offer technical training
Increase farmer income
Energize local farm economies



Produce more food with fewer resources, less waste

Reduce food waste
Promote agricultural practices that:

- Build healthy soil
- Optimize use of energy, water, fertilizer, pesticides



Sustainably source key agricultural products

Sustainably source

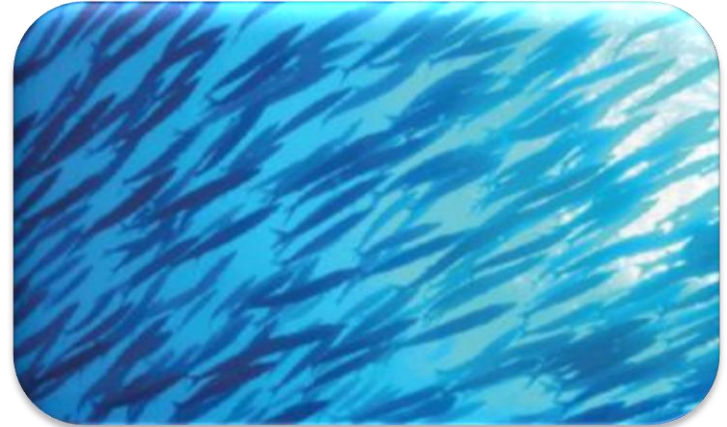
- Palm oil
- Beef from Brazil
- Seafood

Energizing and Supporting Local Farm Economies



- **Walmart US** will double sales of **locally sourced produce** to reach 9% of all produce sold, to be supported by the Heritage Agriculture program.
- **Sam's Club** will triple sales of produce and floral products certifies by **Fair Trade** and **Rain Forest Alliance** and grow it's fresh business with **minority owned companies** by 15%.

Sourcing Fish Sustainably



- **Walmart US and Sam's Club** will require all fresh and frozen, farmed and wild seafood suppliers to submit a plan to become **third-party certified as sustainable using GAA, MSC, BAP or equivalent standards** by June of 2012.

Energizing Local Farm Economies

- Jalapenos, chilli peppers & tomatillos now being produced by small and medium farmers in **30 states**
- Benefits:
 - Thousands of **food miles** saved
 - **Fresher** and **cheaper**
 - **Increased farmer income**



Supporting Women and Small Farmers in Central America

“I am a hydroponic lettuce producer, at the beginning I delivered 500 units a week now I am delivering 2,000 units per week thanks to the support of Walmart’s Tierra Fértil program. I feel very proud when I see my produce in the supermarket and even prouder for the growth of my plantation.”

- Jessica Oviedo Alfaro, lettuce producer in Costa Rica



13,692 families benefitted in Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala

Benefits

Customers: ↓ prices, ↑ quality, ↑ safety, ↑ selection

Farmers: Income ↑ 15%

Environment: ↑ soil quality, ↓ fertilizer, pesticide, water

Walmart: ↓ cost

Produce More Food With Fewer Resources and Less Waste: Full Crop Utilization



- Typically 7% of Pacific Northwest apple production **left in field** due to low quality and price.
- Those culls now used for production of concentrate, not-from-concentrate apple juice and apple sauce, reducing dependence on imports, keeping prices stable.
- Benefits: Reduced **food miles** and crop **decomposition**, increased **farmer income**.

Making Food Healthier & Healthier Food More Affordable



- Work with suppliers to reduce sodium and sugars and eliminate trans fats
- Make healthier food choices more affordable
- Build stores in underserved communities in need of fresh and affordable groceries
- Help educate consumers about healthier food solutions and choices

Fighting Hunger in America

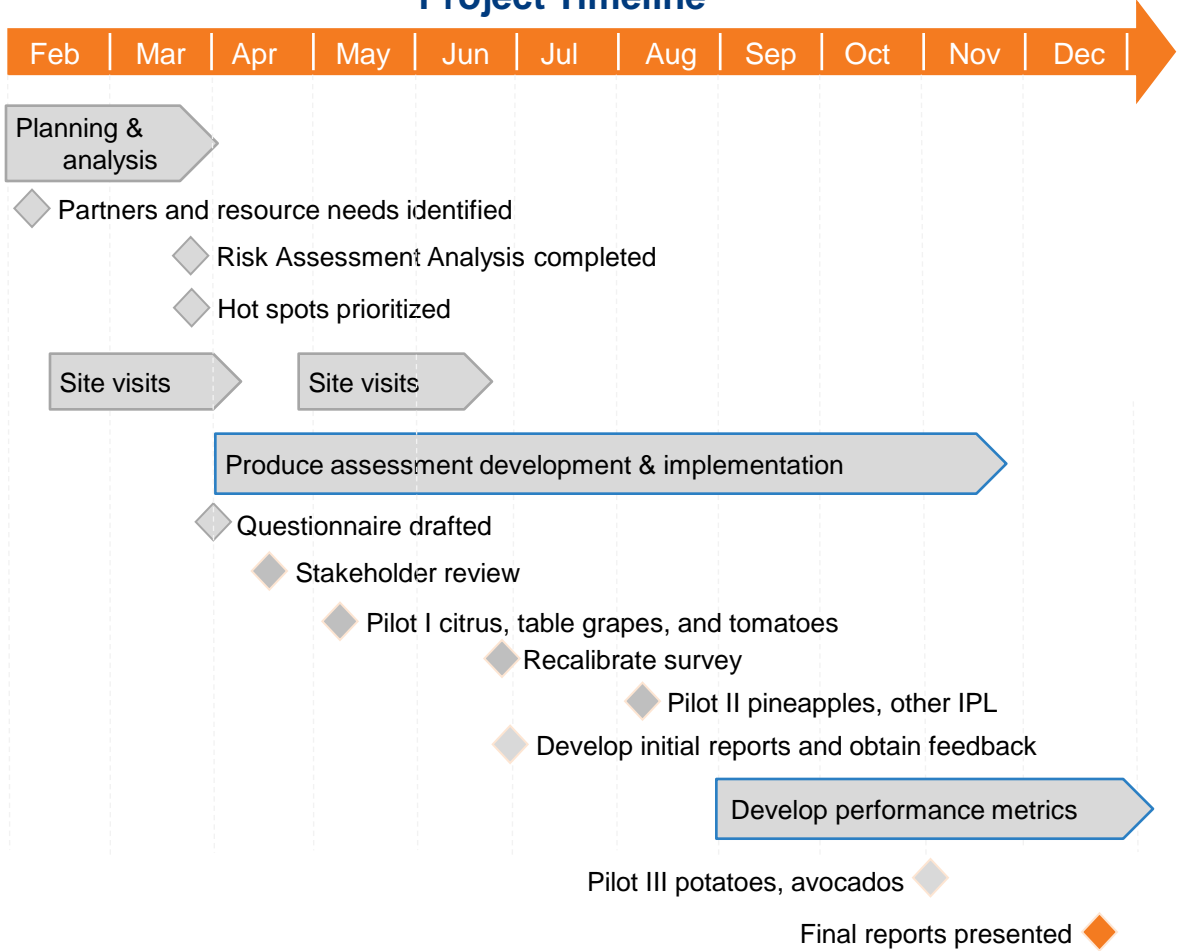


- Food donations from our stores, clubs and distribution center locations
- \$250 million in grants
- Associate volunteer lending expertise
- Partnerships with government agencies, food manufacturers and other corporations.

Overview of Progress and Timeline for the Produce Assessment

The produce assessment has been developed through partnership with the industry and is being piloted with our suppliers

Project Timeline



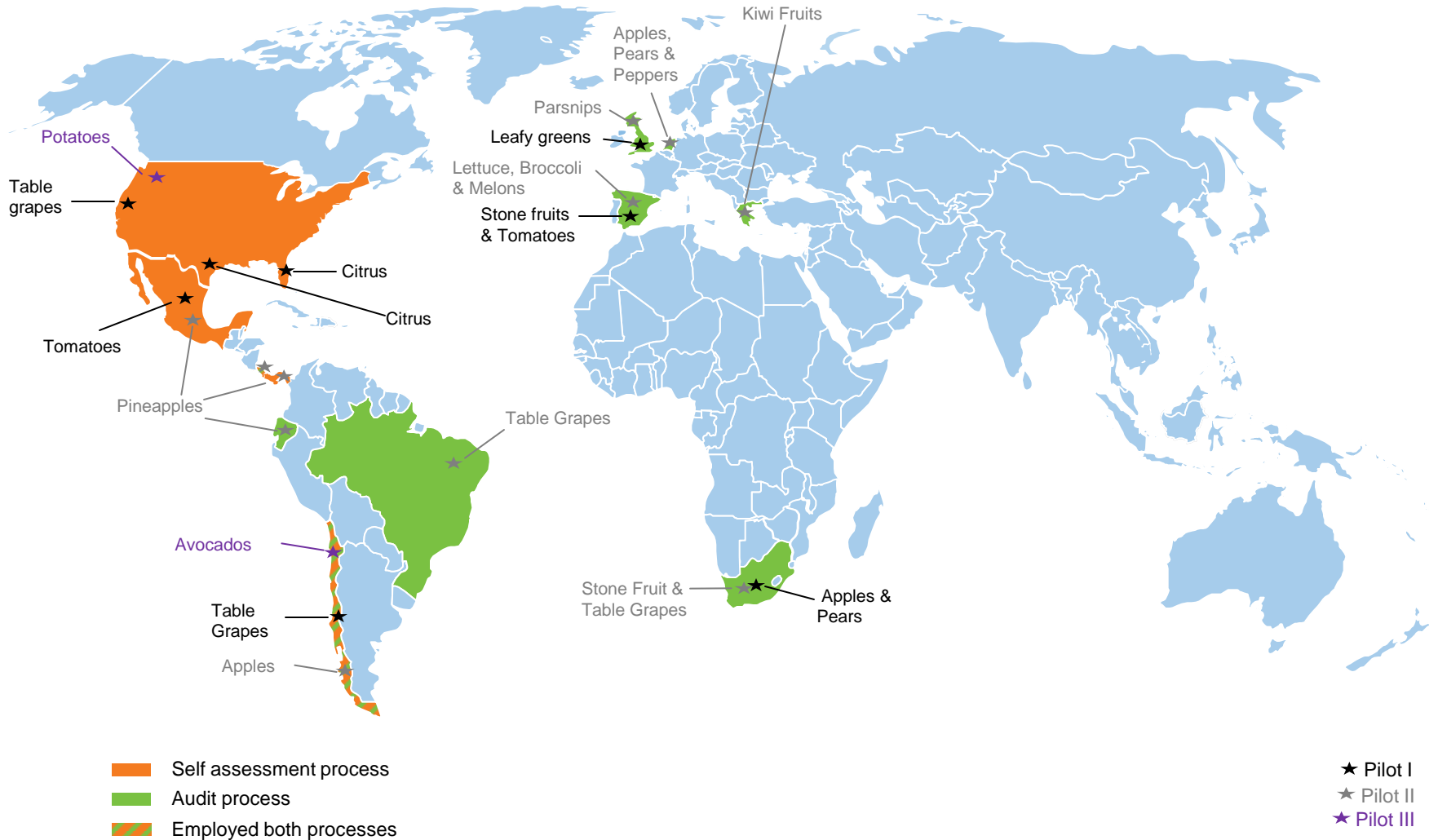
Key Accomplishments

- Growers, universities and non-governmental organizations have been involved in developing the assessment
- Assessments have been piloted with 60+ suppliers in 4 continents
- Defined key issue areas for social and biodiversity assessment

Next Steps

- Refine performance metrics methodology and develop peer group analysis
- Develop final scorecard reports for pilots and roll out plan

Produce Assessment Pilot Locations



Produce Assessment - Sample

Walmart Fresh Produce Sustainability Assessment - Grower Section

1. Company and Contact Information

Supplier name

City

State/Region

Zip/Region code

Country

Contact person

Title

Email

Phone

Reporting year

Guidance Notes

Please refer to the Fresh Produce Sustainability Assessment Guidebook Vers. 1.0 (henceforth "the Guidebook") for information regarding objectives, data confidentiality and detailed guidance

Enter the company name and information for the individual responsible for completing the assessment. Services which are subcontracted must still be accounted for in metric reporting. Please submit a separate assessment for each subcontractor.

The assessment includes all inputs and activities during the 12 month period starting on the date of the last harvest to the date the crop is harvested in the current reporting year. Please refer to the Guidebook for additional guidance

Enter the information for the farm included in this assessment.

Field names - appropriate fields in the same farm growing the same crop for the

2. Farm and Crop Information

Farm name

Field names

City

State/Region

Zip/Region code

Country

Total farm area

Packing facility on site?

Reporting crop

Reporting crop type

Farming system

3. Farm and Crop Management

Crop Management

3.1 What was the area planted and annual yield (total grown output) for the crop varieties in the reporting crop season?

Main Crop Variety	Annual Yield (Metric Tons)	Age Range	Harvest Date (mm/dd/yy)
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total	0	0	

Crop Variety - list main varieties of the reporting crop
Annual Yield - weight of total crop that is harvested and sold or transferred off farm in metric tons. If harvested unit is a carton, case, etc., please include weight of crop only
Age Range (perennial only) - enter age range of plants of the specific variety. Range options are 0-5 yrs, 5-15 yrs, 15-25 yrs and 25+ yrs
Harvest Date - for perennial plants this is the date of harvest of the crop from the plants and should fall within the reporting year

Nutrient Management

3.2 What is the total fertilizer applied for the crop planted for the entire reporting period?

Fertilizer Type	Amount Type	Unit of Amount Applied	Total P ₂ O ₅	Total K ₂ O
	<Please Select>	<Please Select>		
Synthetic fertilizer	Total Applied	Total N		
Organic fertilizer				
Total	0	0	0	0

[Compost Reference](#)

Amount Type - select option to report nutrient input as rate/acre or total quantity applied to the reporting fields
Synthetic fertilizer - enter total amount of synthetic fertilizer and the total N, P₂O₅ and K₂O applied during the reporting year
Organic fertilizer - enter total organic (and biological) fertilizer and total N, P₂O₅ and K₂O applied during the reporting year. Click on Compost Reference for NPK information of selected organic matter

3.3 What were the main fertilizer products applied for the crop planted? List at least the top 3 products.

Product	Dates Applied	%N	%P ₂ O ₅	%K ₂ O	Amount Applied	Unit of Amount Applied
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<Please Select>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<Please Select>

List 3 main (as % of spend) products applied for the reporting crop. Provide name of product, dates applied (from mm/dd/yyyy to mm/dd/yyyy), NPK% of the product as provided on the product label (XX-XX-XX), amount applied, and the unit of measurement of the applied amount.

3.4 Do you have a nutrient reduction target?

A **Reduction Target** is a specific number (in %) formulated by the farm owner to improve input efficiencies over time

3.4b If "Yes", please complete the table below

Description of Target
<input type="text"/>

Reduction target (%) - the target number in % terms

Target type - reduction target of either fertilizer intensity (e.g., rate/acre) or absolute

Is Junk Food Really Cheaper?

Comparison Shopping: McDonald's for Four

\$27.89

- 2 Big Macs
- 1 cheeseburger
- 1 6-pc. Chicken McNuggets
- 2 medium fries
- 2 small fries
- 2 medium Cokes
- 2 small Cokes

Chicken, Potatoes and Salad for Four

\$13.78

A savings of \$14.11, or 51%, over the McDonald's meal.
Prices per item:

- Chicken: \$5.96
- Potatoes: \$2.98
- Salad: \$1.50
- Milk: \$1.49
- Bread: 75 cents
- Oil: 55 cents
- Pepper: 5 cents
- Salt: 5 cents
- Onion: 50 cents

Pinto Beans and Rice for Four

\$9.26

A savings of \$18.63, or 67%, over the McDonald's meal.
Prices per item:

- Pinto Beans: \$2.00
- Rice: \$3.00
- Milk: \$1.49
- Bacon: \$1.89
- Onion: 37 cents
- Pepper: 5 cents
- Salt: 5 cents

“The potential here [with Walmart] is to **democratize the whole sustainability idea** – not make it something that just the elites on the coasts do but **something that small-town and middle America also embrace.**”

Glenn Prickett, Conservation International
FORTUNE

“Walmart—hardly thought of as a left-wing company ... increased profitability, new store building and stock prices **as a result of becoming one of the most green companies in the world.**”

Former U.S. President Bill Clinton
speaking on NPR

“Thursday’s [sustainable agriculture] announcement was the **most comprehensive and far-reaching initiative** since the original goals were laid out...”

Ylan Mui, The Washington Post

“Walmart is doing important work in waste reduction and conservation. They did an overall review of operations, from the sustainable perspective, and targeted important areas where they can save resources and reduce waste.”

Matt Hale, Environmental Protection Agency
The Wall Street Journal

Keep our promise to the Walmart customer

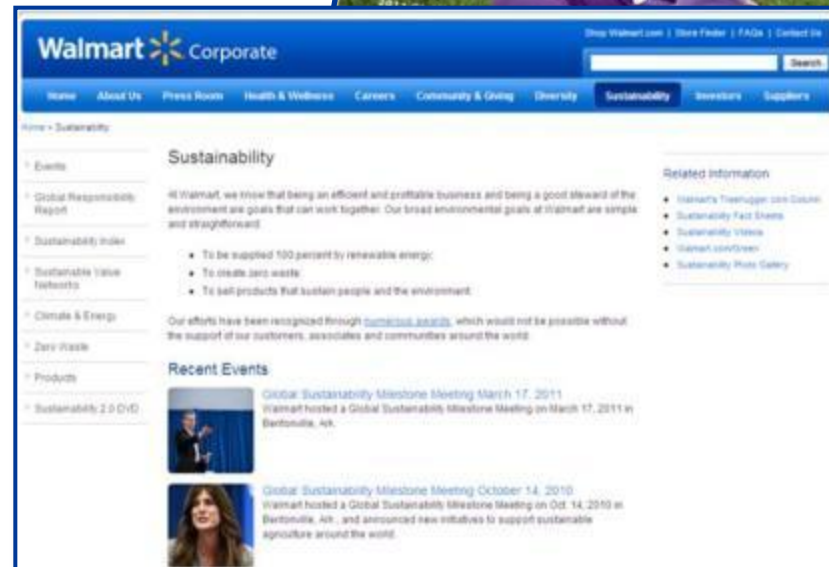
Lead -- Use our size and scale to make a difference

Know that our greatest power is in our business



Resources

- **2011 Global Responsibility Report:**
<http://walmartstores.com/Sustainability/7951.aspx>
- **Sustainability Website:**
www.walmartstores.com/sustainability
- **Sustainability 2.0 DVD:**
<http://walmartstores.com/Sustainability/8844.aspx>
- **Shareholders 2011:**
www.walmartstores.com/shareholdersmeeting







Questions