

# Promoting Good Agricultural Practices world-wide



Good Food, Good Life



Hans Jöhr  
Corporate Head of Agriculture

# The Nestlé Company



- 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

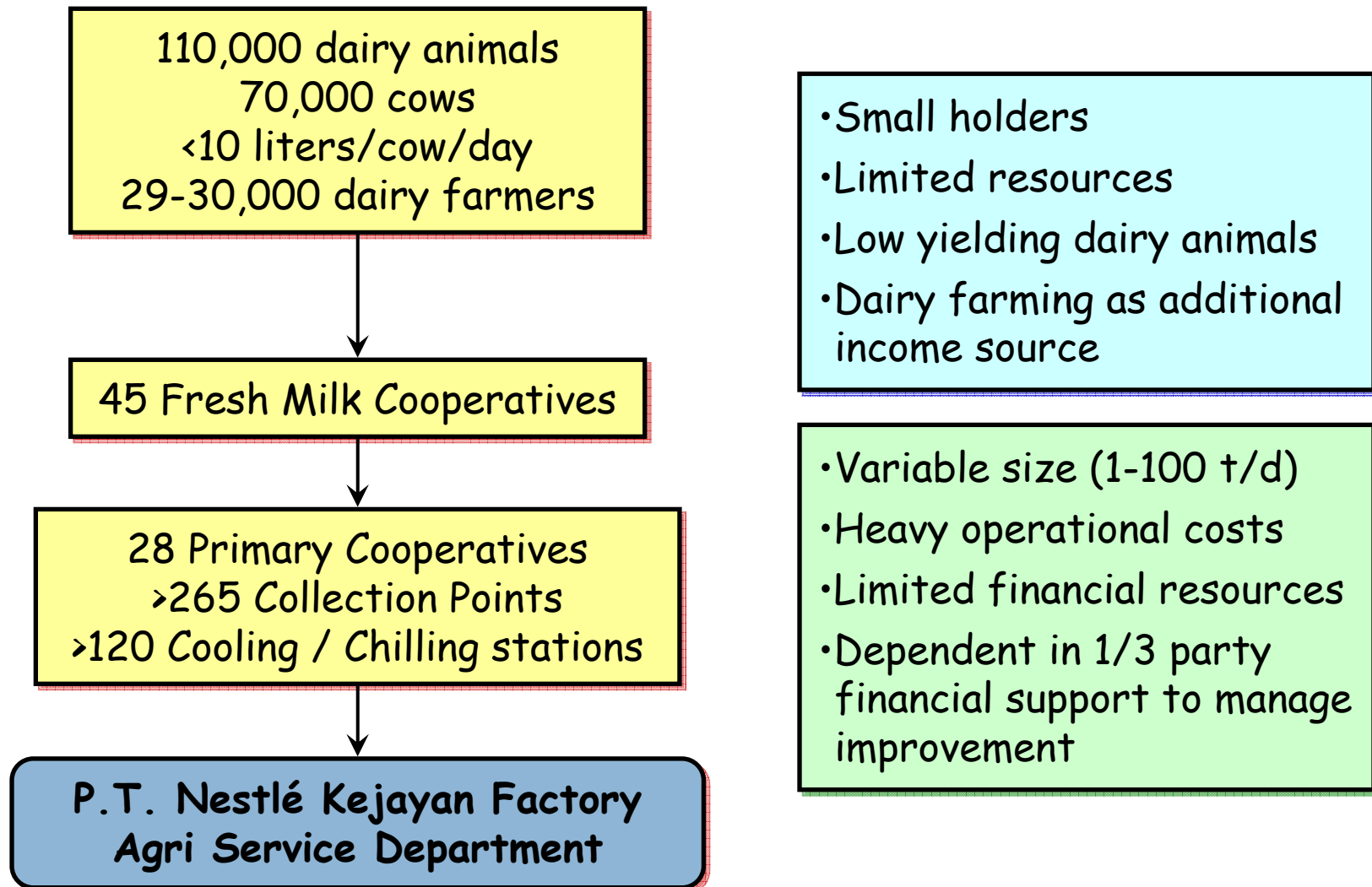
# Nestlé Presence in Indonesia



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

# Creating Shared Value in practice

## **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...



- 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

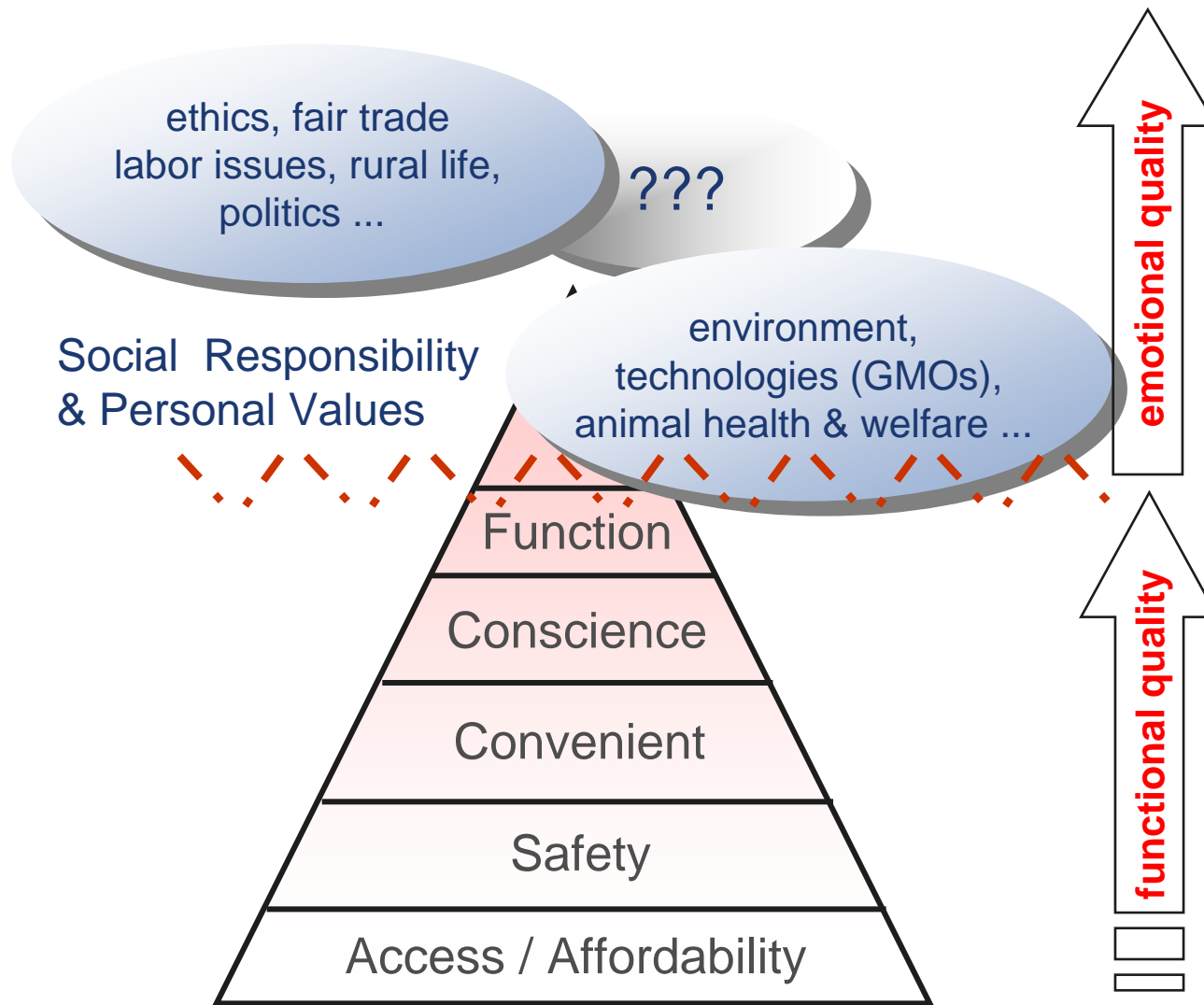


Milk districts in India, Pakistan, China, Morocco, Brazil, Chile, Colombia, Mexico, Indonesia.....

- 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



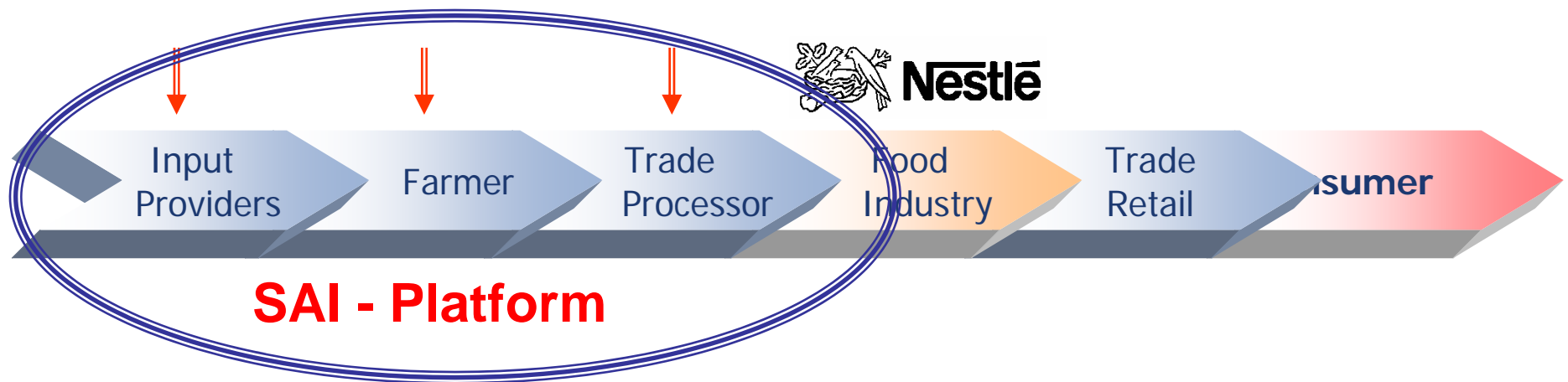


# Challenges common for Food Industry

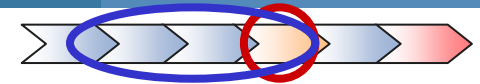
- Many Challenges in upstream supply chain – pre-competitive and common for Food Industry – and they may affect:



- 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

# Member companies (April 2008)



In cooperation with



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

look at

**[www.saiplatform.org](http://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)*

