



Supplier Development at Nestlé

Rukevwe OKPAKOVWODO

Procurement Business Partner Mgr.

Foods, PBMS & Local Sourcing

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Rukevwe OKPAKOVWODO



Nestlé Good food, Good life

Regional. Procurement. Mgr.- AOA & GCR

Global Procurement Mgr. – Ingredients

**Procurement Business Partner Mgr. – Foods, PBMS
& Local Sourcing**

Agenda - Supplier Development at Nestlé

Company Overview - Key Activities and Products





Challenges and Opportunities in Supplier Development

Our Supplier Development Progress - Case Studies

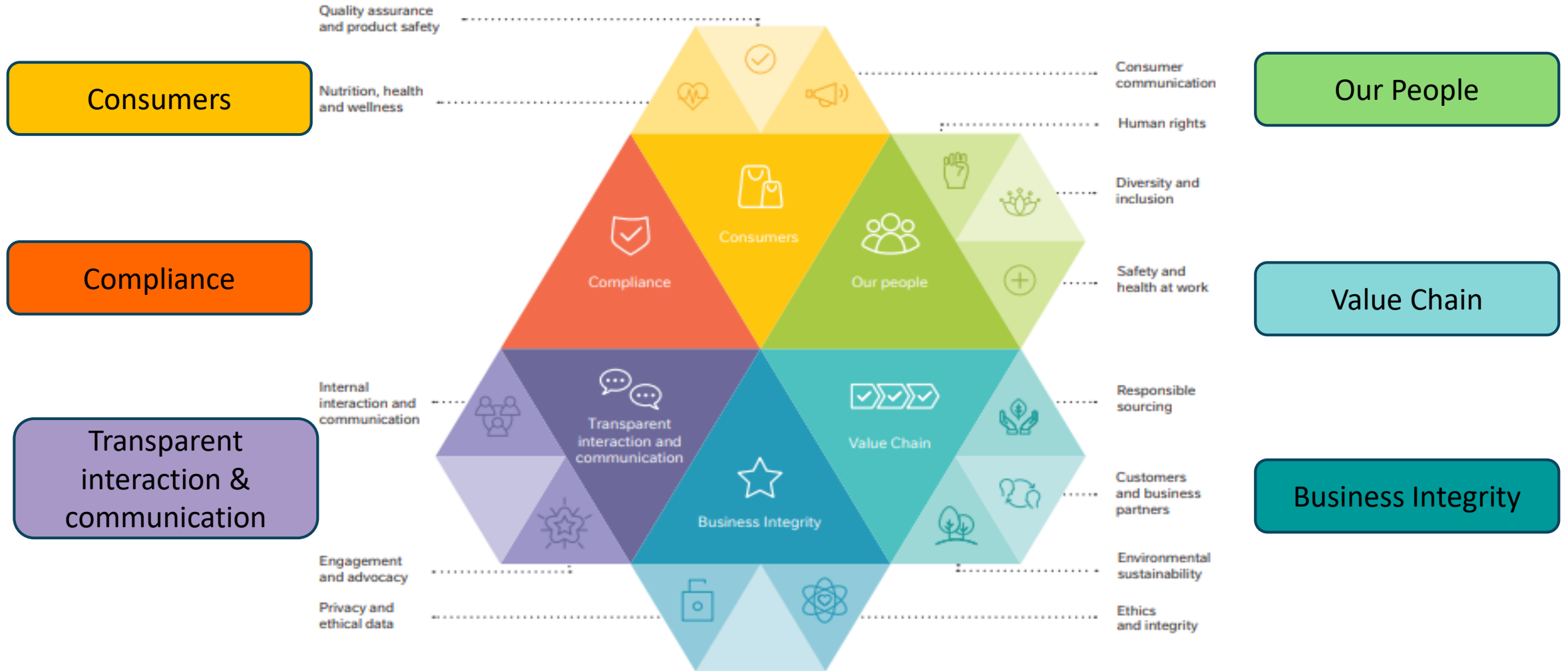
Selecting Suppliers for Successful Supplier Development Programs

Q & A

Nestlé Malaysia in a nutshell

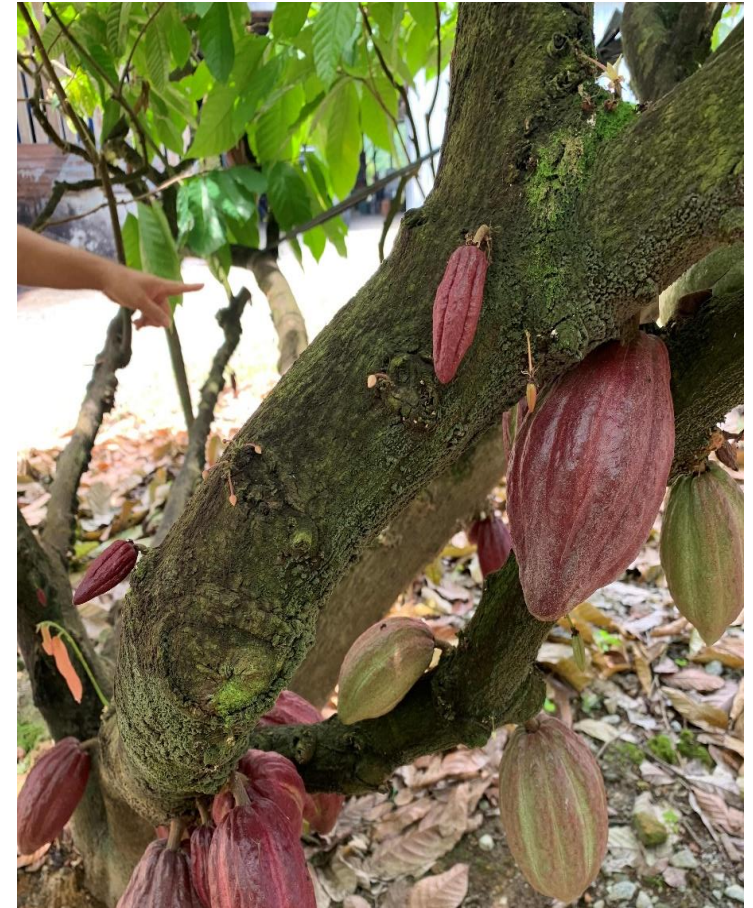
OUR PORTFOLIO MILO FOODS COFFEE READY-TO-DRINK PLANT-BASED MEAL SOLUTIONS ICE CREAM CONFECTIONERY DAIRY AND ADULT NUTRITION NUTRITION HEALTH SCIENCE NESTLÉ PROFESSIONAL	Head Office in Bandar Utama, Petaling Jaya, Selangor 	Employs  5,336 people as of 31 December 2023	Buatan Malaysia, Untuk Rakyat Malaysia	
	Operates  6 Factories and 1 national distribution centre	Market capitalisation of RM27.6 billion as at 31 December 2023	Public listed on Bursa Malaysia since 1989	 Biggest Halal producer in the Nestlé world
	Operating commercially in Malaysia since 1912			
	Employs 100% Malaysian manufacturing workforce	Wide Portfolio of Over 500 Made-In-Malaysia Halal-Certified Products, including household brands such as MILO, MAGGI, and NESCAFÉ	RM13 million contributed to uplifting communities & relief efforts in 2023	

Nestlé Corporate Business Principles



Challenges and Opportunities in Supplier Development

Think long term, focus strategic on partnerships and sustainable solutions



Our Supplier Development approach at Nestlé

Empowering Communities, Sourcing Responsibly, Commitment to Ethical Supplier Selection and Sustaining Our Planet



Supplier Partnerships



Sustainable Sourcing



Sustainability



Nestlé Chili Club– Spicing Up the Community

Background

- Commenced in 1995 to create new income opportunities and provide sustainable source of income for the hard-core poor farmers in the local community
- Through transfer of technology on GAP, farmers improve their yield and quality of crops to meet global standards

Results

- Offering the farmers a stable and fair market price
- Improved earnings of **more than 70 farmers**
- Produced **more than 200mt** of fresh chili for production of MAGGI chili sauce
- New **collaboration** with Economic Planning Unit, **Ministry of Economics** in supporting the B40 farmers





Nestlé Paddy Club– Initiative on Sustainable Rice

BACKGROUND

- Project initiated in **2010** in Kerpan, Kedah and Sanglang, Perlis
- A farming initiative where we work with farmers through a rice-growing sustainability innovation to produce quality rice for the manufacturing of Nestlé infant cereals



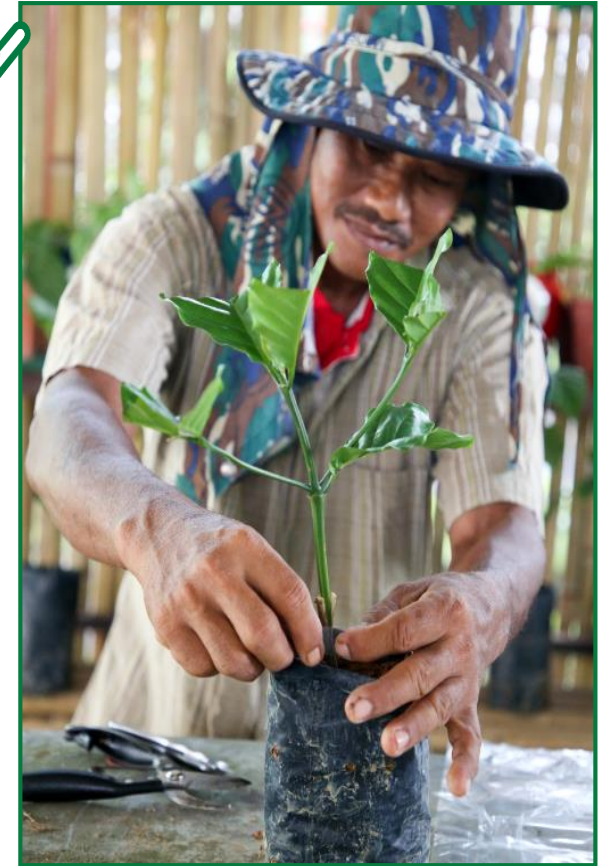
RESULTS

- Stable, traceable and safe supply of 3500mt of rice for Nestlé Nutrition
- Improved earnings of more than 200 farmers
- More than 600 hectares of cultivated area
- Average yield above 5MT/ha, well above the national average of 3.7MT/ha





Sourcing of Local Coffee Bean for *Kopi Kedah*



Seeding Propagation

Background

- Supporting Local Farmers for Coffee Farming & Sourcing of Local Coffee Bean for *Kopi Kedah*

Results

- Since **2019**, we have provided technical support to raise a total of more than **270,000** Robusta coffee seedlings.
- Supported coffee farmers in Kedah with the purchased of **100MT** of coffee beans in 2022 to produce our coffee products.



Nestlé Farmer Connect Responsible Sourcing for Cocoa:

BACKGROUND

- Nestlé and the Malaysian Cocoa Board (**MCB**) have inked a MOU to collaborate in the **Nestlé Borneo Cocoa Initiative** on 30 Sept 2023.
- To support local cocoa farmers in adopting sustainable and responsible production of NFCRS- verified cocoa to be used in locally- produced **KIT KAT products**.

RESULTS

- Sourcing of around **100mt** of Borneo (Sabah & Sarawak) origin cocoa bean for the product launch in Q2 2024.
- Introduction of **regenerative agriculture** to cocoa farmers



Responsible Sourcing: Ensuring Ethical and Sustainable Supply Chains

From Farm to Fork - Ensuring Transparency and Traceability in our Products, Materials, Packaging, Equipment, and Services we buy



Selection Process for Supplier Development Partnerships



STEP 1: RESEARCH AND UNDERSTAND COMPANIES REQUIREMENTS



STEP 2: SHOWCASE YOUR CAPABILITIES HIGHLIGHT YOUR COMPANY'S CAPABILITIES, EXPERTISE, AND EXPERIENCE THAT ALIGN WITH NESTLE'S NEEDS. DEMONSTRATE HOW YOUR PRODUCTS OR SERVICES CAN ADD VALUE TO



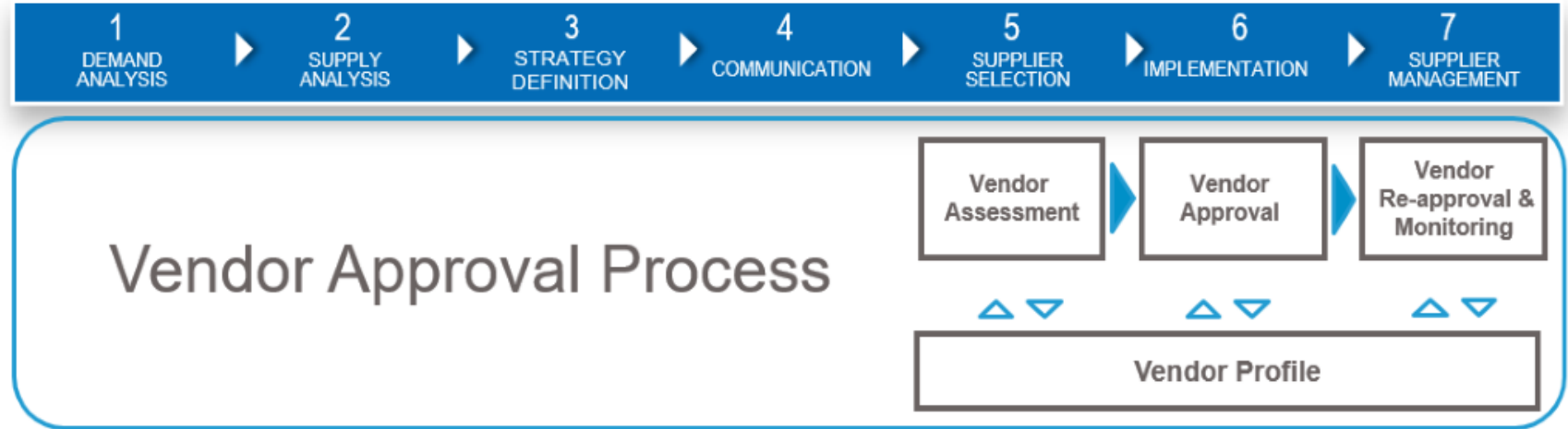
STEP 3: ENSURE COMPLIANCE WITH ALL RELEVANT LOCAL REGULATIONS AND CERTIFICATIONS REQUIRED BY NESTLE. THIS INCLUDES QUALITY STANDARDS, SUSTAINABILITY PRACTICES, AND ETHICAL SOURCING



Vendor Qualification Process



Vendor Approval Process integrated within 7-Step Sourcing Strategy







Checklist:

Non- GMO Declaration Major Allergen Declaration (MAD), **Halal Checklist** , **Halal Certificate (approved by JAKIM)** ,Specification & MSDS (ensure alignment with Nestlé's spec) ,Audit report (by Nestle) Process Flowchart Indicating CCPs, HACCP Summary/Hazard Control , Ingredient Listing (for packaging material) Etc...

*Raw and packaging materials

Re-cap : Embedding Supplier Development in your Supply Chain

Focus on Empowering Communities, Sourcing Responsibly, Commitment to Ethical Supplier Selection, Sustaining Our Planet

	<p>Contributing to Nutritious and Sustainable Diets</p> <p>Improving quality of life for individuals and families by providing accessible, nutritious, and sustainable choices.</p> <p>Nutrition</p>	<p>Strengthening Communities</p> <p>Enhancing the wellbeing of communities and enabling a just transition towards regenerative practices.</p> <p>Produced Sustainably</p> <p>Human Rights Youth Opportunities</p>	
	<p>Helping to Protect, Renew and Restore Natural Resources</p> <p>Minimising our environmental footprint and contributing to a future where natural resources are conserved for generations to come.</p> <p>Climate Nature & Biodiversity</p> <p>Water Packaging & Circularity</p>	<p>Operating Responsibly</p> <p>Cultivating a positive business environment that empowers our employees to make sustainable decisions, driving responsible growth for our Company.</p> <p>Our People</p>	

Q & A



Contact Information

For further discussions, please contact us at:

Website: www.nestle.com/my

Thank You



Thank You