



Bureau Veritas' Independent Assurance Statement

To: The Stakeholders of Nestlé S.A.

Introduction and objectives of the engagement

Bureau Veritas UK Limited ('Bureau Veritas') has been engaged by Nestlé S.A. ('Nestlé') to provide independent assurance over the Creating Shared Value Progress Report 2019 (the 'CSV Report') published on Nestlé website (<https://www.nestle.com/csv>). The aim of our engagement is to provide assurance to Nestlé's stakeholders over the accuracy, reliability and objectivity of the reported information and that it covers the issues material to the business and its stakeholders.

Scope of work

The scope of our work was limited to assurance over performance data and information included in the CSV Report for the reporting period January 1, 2019 to December 31, 2019 (the 'Selected Information'). Subject to the limitations and exclusions listed in the next section, our review included:

- Statements, information and performance data contained within the CSV Report;
- Nestlé's management approach to its material issues;
- Alignment of the reported data and information to the requirements of the GRI Standards for sustainability reporting and the corresponding GRI index;
- Alignment of Nestlé's human rights disclosures to 'Tier 1' Assurance Indicators of the United Nations Guiding Principles (UNGP) Reporting Framework;¹ and
- Alignment of Nestlé's renewable energy reporting against RE100 criteria².

Assessment Standard

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) with 2018 addendum, Type 2³ at a moderate level of assurance.

Reporting Criteria

The Selected Information has been prepared in accordance with the relevant Global Reporting Initiative (GRI) standards as well as internal definitions set by Nestlé for tracking and monitoring the progress of their commitments. The definitions for Nestlé's greenhouse gas (GHG) reporting are aligned with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition). Nestlé publishes the full GRI index and the materiality matrix alongside the CSV report.

Limitations and exclusions

Our work was limited to Nestlé's head office based activities where Nestlé consolidates and reconciles data provided by its markets/countries of operation with the exception of select environmental indicators mentioned in the methodology section below. The reliability of the reported data is dependent on the accuracy of data collection and monitoring arrangements at market/site level, not addressed as part of this assurance.

Excluded from the scope of our work is the following:

¹ The UNGP Reporting Framework comprises comprehensive guidance for companies to report on how they respect human rights. For further information see <https://www.ungpreporting.org/framework-guidance/>

² As per the RE100 Technical Advisory Group guidance on 'Making credible renewable electricity usage claims', April 2016.

³ Type 2 moderate level Assurance: an engagement in which the assurance provider gives findings and conclusions on the principles of Inclusivity, Materiality and Responsiveness and verifies the reliability of specified sustainability performance information (AA1000AS (2008) Standard). For further information see www.accountability.org/standards/aa1000as/



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- Information related to activities outside the defined reporting period or scope;
- Company position statements (including any expression of opinion, belief, aspiration, expectation, aim or future intent);
- Historic text which was unchanged from previous years and did not relate to ongoing activities;
- Financial data taken from Nestlé's Annual Report and Accounts 2019 which is audited by an external financial auditor, including but not limited to any statements relating to tax, sales, and financial investments;
- Content of external websites or documents linked from the CSV Report and <https://www.nestle.com/csv> pages, and country or business unit specific CSV Reports of other Nestlé entities or joint ventures;
- Appropriateness of commitments and objectives chosen by Nestlé;
- Appropriateness of definitions and any internal reporting criteria adopted by Nestlé for its disclosures;
- Data on legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation reported under GRI disclosure 206-1;
- Data on deforestation-free supply chain, including but not limited to the percentage of relevant raw materials verified deforestation-free, reported in sections "Protecting natural capital" and "Implement Responsible Sourcing";
- Data related to responsible sourcing and traceability of Soy and Cereals categories and hence Total percentage of reported Responsibly sourced and traceable volumes in sections "Implement Responsible Sourcing" and "Protecting natural capital".

This moderate level assurance engagement relies on a risk based selected sample of the Selected Information and the associated limitations that this entails.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

The preparation and presentation of the Selected Information in the CSV Report are the sole responsibility of the management of Nestlé.

Bureau Veritas was not involved in the drafting of the CSV Report. Our responsibilities were to:

- Provide moderate level assurance as per AA1000 over the accuracy, reliability and objectivity of the information contained within the CSV Report;
- Form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- Report our detailed conclusions and recommendations in an internal report to Nestlé's management.

Methodology and summary of work

As part of our independent assurance, our work included:

- Conducting interviews at Nestlé's Head Office in Vevey, Switzerland and via teleconference with over 50 personnel at various levels throughout the organisation and responsible for content included in the CSV report;
- Conducting desktop based remote data verification of 10 sampled manufacturing sites for selected environmental indicators – energy, waste, water, GHG emissions;



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- Reviewing the internal systems, processes and controls to collect and report the Selected Information, including assessing the appropriateness of assumptions made, estimations techniques used and reporting boundaries;
- Reviewing a sample of the Selected Information to the corresponding source documentation;
- Reviewing a selection of market case studies featured within the CSV Report against corresponding source documentation;
- Confirming where relevant the accuracy of information with third parties and/or partner agencies;
- Assessing the disclosure and presentation of the Selected Information to ensure consistency with assured information;
- Evaluating the CSV Report and GRI index against the GRI Standards for sustainability reporting; and
- Assessing Nestlé's reporting against the requirements of the 'Tier 1' indicators of UNGP Reporting Framework and RE100 criteria.

Conclusion

Based on the scope of work, nothing came to our attention to suggest that:

- The Selected information is not fairly stated in all material aspects;
- Nestlé does not adhere to the principles of inclusivity, materiality, responsiveness and impact as per the AA1000 Accountability Principles (2018) ;
- The underlying information collection systems and processes are not appropriate for the reported information;

Any material errors or misstatements identified during the engagement were corrected prior to the CSV Report being published.

Observations of good practice and positive developments

We have observed progress and identified good practices in the following areas during 2019:

- Nestlé has further strengthened its commitments towards planet and has set commitments towards net zero carbon as well as tackling plastic waste;
- Nestlé deployed its new human rights training in 2019 and improved tracking of both online and face to face trainings through its iLearn system leading to better reporting and alignment to the GRI standards.
- Nestlé has refined its systems used for extracting data and calculating added portions of vegetables, nutrient-rich grains, pulses and bran, so that this is more complete and accurate, enabling the early achievement of its objective on the same.
- Nestlé has demonstrated further transparency on its ongoing efforts in their responsible sourcing and traceability efforts by publishing list of their direct suppliers, upstream locations and countries of origin for their priority categories.
- Nestlé has also disclosed disciplinary actions taken on their employees in the area of marketing of breast milk substitutes to re-inforce focus on compliance and transparency.

Key observations and recommendations for 2020

- There are different definitions, methodologies and scope used by Nestlé to measure and report on its objectives' progress and have internal guidelines to follow for the same. As Nestlé looks to set out its new commitments for beyond 2020, it should publish alongside the CSV Report the definitions and methodology applied to calculate the progress on various objectives underpinning said commitments.



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- For most of the 15 raw materials priority categories, the calculation of percentage responsibly sourced and traceable are based on procurement data from the previous year rather than the current year data. It is recommended that procurement data from the reporting year be used consistently across categories to calculate the percentages for responsibly sourced and traceable for all 15 raw materials. Any deviation from this should be clearly disclosed.
- Nestlé should look to collate and report all of its Human Resources data at one snapshot in time to avoid any discrepancies (even if immaterial) within the various break-ups being reported across categories, genders, type etc. It is also noted that for some of this data, various systems and reports are used by Nestlé which sometimes can cause discrepancies in the total headcount across the categories being reported on.

Recommendations for alignment of Human Rights reporting to the UNGP reporting framework:

- As per previous year's recommendation, Nestlé should consider reporting externally on individuals' objectives and incentives related to human rights at senior management level;
- Nestlé identified high risk countries from where it sources its raw materials with respect to its relevant salient human rights issues. This report was published in 2017 and reflects only 12 of the current 15 priority raw materials categories. Nestlé should consider to update this analysis to reflect a more current status including all 15 raw material categories as the sourcing locations, supply chains and the prevalent risks may evolve;
- As Nestlé is undertaking a review of its salient human rights issues and its human rights due diligence programme for 2020, it should disclose some of the lessons learnt since this programme began in 2011 that are driving the changes along with external factors such as regulatory developments.

Findings and conclusions concerning adherence to the AA1000 assurance principles, 2018 of Inclusivity, Materiality, Responsiveness and Impact:

Inclusivity⁴

Nestlé engages with its global stakeholder network on a regular basis through various channels adopted by its markets and at Head office level. In 2019, Nestlé hosted a Stakeholder Convening in London, to engage with a wide range of stakeholders face to face. Further, it also conducted a Nestlé Stakeholder Community survey to engage with key opinion leaders in its sector. The stakeholders engaged by Nestlé included employees, consumers, suppliers, communities, governments, non-governmental organizations (NGOs), shareholders, trade associations and academia.

Materiality⁵

Nestlé conducts a full materiality assessment on a biennial basis, as such, in 2019, Nestlé has used the same materiality analysis which was conducted in 2018. Nestlé has made efforts to be at the forefront of tackling its material issues by taking ambitious commitments and targets in different impact areas and are most important to stakeholders. Nestlé plans to conduct the full materiality assessment in 2020 to update its material topics and ensure relevance.

We believe that the materiality assessment conducted by Nestlé in 2018 continues to be relevant and is appropriate to Nestlé's reporting in 2019.

Responsiveness⁶

Nestlé remains responsive to stakeholder concerns through its annual publication of the CSV Report and have updated its objectives and commitments based on stakeholder expectations. There were three thematic areas discussed in the Nestlé's stakeholder convening in 2019 namely: Nutrition in first 1000 days, Diversity and Inclusion, and Plastic Packaging. Nestlé has adopted measures to address the recommendations in each of

⁴ **Inclusivity** is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

⁵ **Materiality** is determining the relevance and significance of an issue to an organisation and its stakeholders.

⁶ **Responsiveness** is the extent of an organisation's response to stakeholder issues and is realised through decisions, actions and communication with stakeholders.



these areas by publicly disclosing their work in the area of Infant Feeding, adopting Nestlé Gender Balance Acceleration Plan and announcing the actions on commitment of 100% recyclable or reusable packaging by 2025. Nestlé also published their second Tackling Child Labour Report for Cocoa supply chain to remain responsive on the efforts in addressing the human rights issues.

Impact⁷

Nestlé carries out their value chain mapping to ascertain which areas in the value chain are impacted most by its operations and material issues. Nestlé publishes its material issues and the commitments taken in each of the areas as well as the performance on those commitments on an annual basis in the CSV report to manage their impacts. Some of the examples include measuring and reporting against the commitments on net zero GHG emissions by 2050, tackling plastic waste, RE100, responsible sourcing, human rights and decreasing sugars, sodium and fats in foods and beverages.

Statement of Independence, Impartiality and Competence

Bureau Veritas is an independent professional services company that specializes in quality, environmental, health, safety and social accountability with over 190 years history. The assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified⁸ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented a Code of Ethics which meets the requirements of the International Federation of Inspections Agencies (IFIA)⁹ across its business which ensures that all our staff maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities. Bureau Veritas has a number of existing commercial contracts with Nestlé. Our assurance team does not have any involvement in projects with Nestlé outside those of an independent assurance scope and we do not consider there to be a conflict between the other services provided by Bureau Veritas and that of our assurance team.



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⁷ **Impact** relates to the organisations approach to monitor, measure and be accountable for how their actions affect their broader ecosystems.

⁸ Certificate available upon request

⁹ International Federation of Inspection Agencies – Compliance Code – Third Edition