Nestlé - Forests 2020

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Nestlé is the world's largest food and beverage company. We have more than 2000 brands ranging from global icons to local favorites, and we are present in 187 countries around the world. Nestlé's purpose is "**We unlock the power of food to enhance quality of life for everyone, today and for generations to come".** We want to help shape a better and healthier world. This is how we contribute to society while ensuring the long-term success of our company. Our values are reflected in the way we do business, always acting with respect both for our own people and those we do business with.

Creating Shared Value remains the fundamental guiding principle for how Nestlé does business. CSV is the strategy tool that Nestlé uses to operationalize and manage all the actions it takes to ensure it creates value for shareholders and for society.

Our focus areas are firmly embedded in our purpose of enhancing quality of life and contributing to a healthier future. Individuals and families, our communities and the planet as a whole are interconnected, and our efforts in each of these areas are supported through **36 specific commitments towards 2020 .** These commitments will, in turn, enable us to meet our ambitions for 2030 in line with the timescale of the Sustainable Development Goals (SDGs). Our 2030 Ambitions are to: Help 50 million children live healthier lives; Help to improve 30 million livelihoods in communities directly connected to our business activities; Strive for zero environmental impact in our operations.

The Nestlé Corporate Business Principles rule the way we do business and form the basis of our culture and values. The business principles are to be found here :
https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2019	December 31 2019

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.
CHF

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on. For each forest risk commodity selected, identify the stages of the supply chain which best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Retailing	<Not Applicable>
Palm oil	Disclosing	Manufacturing Retailing	<Not Applicable>
Cattle products	Disclosing	Manufacturing Retailing	<Not Applicable>
Soy	Disclosing	Manufacturing Retailing	<Not Applicable>
Other - Rubber	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Cocoa	Disclosing	Processing Manufacturing Retailing	<Not Applicable>
Other - Coffee	Disclosing	Processing Manufacturing Retailing	<Not Applicable>

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?
No

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity
Using as input into product manufacturing

Form of commodity
Primary packaging
Secondary packaging
Tertiary packaging

Source
Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Area of origin
Australia
Austria
Belarus
Belgium
Brazil
Canada
Chile
China
Colombia
Croatia
Czechia
Denmark
Ecuador
Estonia
Finland
France
Germany
Hungary
India
Indonesia
Ireland
Italy
Japan
Latvia
Lithuania
Luxembourg
Malaysia
New Zealand
Norway
Poland
Portugal
Russian Federation
Slovakia
Slovenia
South Africa
Spain
Sweden
Thailand
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam

% of procurement spend
1-5%

Comment

Palm oil

Activity

Using as input into product manufacturing

Form of commodity

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Source

Trader/broker/commodity market

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Brazil

Cambodia

Cameroon

Colombia

Costa Rica

Côte d'Ivoire

Dominican Republic

Ecuador

Ghana

Guatemala

Honduras

Indonesia

Madagascar

Malaysia

Mexico

Nigeria

Papua New Guinea

Peru

Solomon Islands

Thailand

% of procurement spend

<1%

Comment

Cattle products

Activity

Using as input into product manufacturing

Form of commodity

Beef

By-products (e.g. glycerin, gelatin)

Source

Trader/broker/commodity market

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina

Australia

Austria

Brazil

Canada

Chile

China

Colombia

Czechia

Denmark

Finland

France

Germany

Italy

New Zealand

Nicaragua

Panama

Poland

Spain

Sweden

United States of America

Uruguay

% of procurement spend

<1%

Comment

Soy

Activity

Using as input into product manufacturing

Form of commodity

Whole soy beans

Soy bean oil

Soy bean meal

Soy derivatives

Source

Trader/broker/commodity market

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina

Brazil

Italy

Russian Federation

United States of America

% of procurement spend

<1%

Comment

Other - Cocoa

Activity

Using as input into product manufacturing

Form of commodity

Other, please specify (cocoa beans; cocoa butter; cocoa powder; cocoa liquor)

Source

Trader/broker/commodity market

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Brazil

Côte d'Ivoire

Ecuador

Ghana

Mexico

Venezuela (Bolivarian Republic of)

% of procurement spend

1-5%

Comment

Other - Coffee

Activity
Using as input into product manufacturing

Form of commodity
Other, please specify (green coffee beans)

Source
Trader/broker/commodity market
Contracted suppliers (processors)
Other, please specify (Cooperative / mill)

Country/Area of origin
Brazil
Burundi
Cameroon
China
Colombia
Costa Rica
Côte d'Ivoire
Cuba
El Salvador
Ethiopia
Guatemala
Honduras
India
Indonesia
Kenya
Lao People's Democratic Republic
Mexico
Nicaragua
Papua New Guinea
Peru
Philippines
Rwanda
Thailand
Uganda
United Republic of Tanzania
Viet Nam
Yemen
Zambia
Zimbabwe

% of procurement spend
1-5%

Comment

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	51-60%	This is calculated on the percentage of our products (SKUs) that use paper-based packaging as a primary packaging.
Palm oil	71-80%	We estimate that approximately 70% to 80% of our products use palm oil and therefore we estimate that 70-80% of our revenue is dependent on palm oil based on total Group sales.
Cattle products	6-10%	Meat is primarily used by our Purina Petcare Business, but is not in all Purina recipes. Purina Petcare was CHF 13.6 billion turnover in 2019 (equivalent to approx. 10% of our turnover)
Soy	1-5%	Soy is primarily used by our Purina Petcare Business, which is CHF 1 billion turnover (equivalent to 1% of our turnover) as well as in some of our plant-based products.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	21-30%	Cocoa is primarily used in our Confectionery and Beverages businesses - these amount to 30 billion turnover.
Other - Coffee	6-10%	Soluble coffee/coffee systems had a turnover of CHF9bn in 2019.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing
Soy	Consumption data available, disclosing
Other - Rubber	<Not Applicable>
Other - Cocoa	Consumption data available, disclosing
Other - Coffee	Consumption data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity
Timber products

Data type
Consumption data

Volume
1390

Metric
Other, please specify (kilotonnes)

Data coverage
Partial commodity production/consumption

Please explain
For our Traceability work, the focus is on the following product categories: corrugated, solidboard, paper labels, beverage cartons and paper straws.

Forest risk commodity
Palm oil

Data type
Consumption data

Volume
455

Metric
Other, please specify (kilotonnes)

Data coverage
Full commodity production/consumption

Please explain
<Not Applicable>

Forest risk commodity
Cattle products

Data type
Consumption data

Volume
153

Metric
Other, please specify (kilotonne)

Data coverage
Partial commodity production/consumption

Please explain
So far, we have focused our traceability efforts on meat and have therefore disclosed our supply chain and associated data (inc. consumption) for meat only. In 2019, we started tracing our meat by-products supply chain, an exercise we are just completing and will include this in next year's disclosure.

Forest risk commodity
Soy

Data type
Consumption data

Volume
490

Metric
Other, please specify (kilotonnes)

Data coverage

Partial commodity production/consumption

Please explain

Traceability has focused on soybean meal. We started tracing soybean oil in 2019, but this is currently excluded from the reporting as it would change the baseline of our target. Soy Oil and Lecithin will be added to the scope of our Responsible Sourcing work and traceability exercise as of January 2021. Total volumes will then be approx. 560 000 Tons (data from 2019).

Forest risk commodity
Other - Cocoa

Data type
Consumption data

Volume
183361

Metric
Other, please specify (Kilotonnes)

Data coverage
Partial commodity production/consumption

Please explain

Our total volume of consumption of cocoa in 2019 was 415 000 MT. However, for the purpose of this questionnaire we will cover the volume that we purchase through the Nestlé Cocoa Plan, our cocoa sustainability program - this was 183 361 MT in 2019. This represents 44% of our total purchase of cocoa. For question 1.5 b we are reporting based on our total volumes of cocoa (i.e. beyond the Nestlé Cocoa Plan).

Forest risk commodity
Other - Coffee

Data type
Consumption data

Volume
904

Metric
Other, please specify (kilotonnes)

Data coverage
Full commodity production/consumption

Please explain
<Not Applicable>

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity
Soy

Country/Area of origin
Argentina

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Santa Fe)

% of total production/consumption volume
4.7

Please explain

This location covers approximately 5% of the soy sourced by our business, out of 79.5% of soy that is currently traceable. Our traceability is to the crush site. This includes soy coming from the Gran Chaco biome. Together with the Brazilian Cerrado, these are the two regions prioritized for our work on natural capital. Traceability is the first step towards achieving our no deforestation commitments and help us in informing the next steps. We combine traceability with a risk-based approach, meaning that in high risk countries (Brazil and Argentina), we gather traceability information to the region (biome) of origin and in high risk biomes (Amazon and Cerrado in Brazil and Chaco in Argentina), we then verify if sourcing of conversion-free soy is ensured. As soy is a global commodity and an annual crop, it has multi-tiers supply chains which can be dynamic year on year. Establishing regular transparency beyond crush sites and back to farming areas is a challenge. We are currently working to improve our traceability in soy. We have joined industry and multi-stakeholder working groups who aim to support the key soy value chain stakeholders in monitoring the soy origins in the most high risk countries regarding Responsible Sourcing. Several approaches are looked at from an industry point of view, they can foster transparency from upstream to downstream stages of the value chain.

Forest risk commodity
Soy

Country/Area of origin
Brazil

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Mato Grosso, Paraná, Minas Gerais, Goiás, Rio Grande do Sul)

% of total production/consumption volume
10.5

Please explain

These locations cover approximately 10.5% of the soy sourced by our business, out of 79.5% of soy that is currently traceable. Our traceability is to the crush site. This includes soy coming from the Gran Chaco biome. Together with the Brazilian Cerrado, these are the two regions prioritized for our work on natural capital. In these high risk countries (Brazil and Argentina), we gather traceability information to the region (biome) of origin and in high risk biomes (Amazon and Cerrado in Brazil and Chaco in Argentina), we then verify if sourcing of conversion-free soy is ensured. As soy is a global commodity and an annual crop, it has multi-tiers supply chains which can be dynamic year on year. Establishing regular transparency beyond crush sites and back to farming areas is a challenge. We are currently working to improve our traceability in soy. We have joined industry and multi-stakeholder working groups who aim to support the key soy value chain stakeholders in monitoring the soy origins in the most high risk countries regarding Responsible Sourcing. Several approaches are looked at from an industry point of view, they can foster transparency from upstream to downstream stages of the value chain.

Forest risk commodity
Soy

Country/Area of origin
India

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Madhya Pradesh)

% of total production/consumption volume
0.1

Please explain

This location covers approximately 0,1% of the soy sourced by our business, out of 79.5% of soy that is currently traceable. As soy is a global commodity and an annual crop, it has multi-tiers supply chains which can be dynamic year on year. Establishing regular transparency beyond crush sites and back to farming areas is a challenge. We are currently working to improve our traceability in soy. We have joined industry and multi-stakeholder working groups who aim to support the key soy value chain stakeholders in monitoring the soy origins in the most high risk countries regarding Responsible Sourcing. Several approaches are looked at from an industry point of view, they can foster transparency from upstream to downstream stages of the value chain.

Forest risk commodity
Soy

Country/Area of origin
Any other countries/areas

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
62.9

Please explain

62.9% of our sourcing of soy comes from US, Canada, Russia, Italy and Serbia (56.9% of which is coming from the US), out of 79.5% of soy that is currently traceable. These are considered as low risk locations.

Forest risk commodity
Soy

Country/Area of origin
Unknown origin

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
20.5

Please explain

20.5% of our soy volumes are currently not traceable. Improving our traceability has been one of our key priorities since the beginning of 2020. One of the key actions to achieve this is engaging our suppliers to get them to map their supply chains. As soy is a global commodity and an annual crop, it has multi-tiers supply chains which can be dynamic year on year. Establishing regular transparency beyond crush sites and back to farming areas is a challenge. We are currently working to improve our traceability in soy. We have joined industry and multi-stakeholder working groups who aim to support the key soy value chain stakeholders in monitoring the soy origins in the most high risk countries regarding Responsible Sourcing. Several approaches are looked at from an industry point of view, they can foster transparency from upstream to downstream stages of the value chain.

Forest risk commodity
Palm oil

Country/Area of origin
Brazil

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Para)

% of total production/consumption volume
2

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 100% of the volume is RSPO certified and additionally monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity
Palm oil

Country/Area of origin

Cambodia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Sihanouk Province)

% of total production/consumption volume
0.1

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 100% of the volume is RSPO certified and additionally monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity
Palm oil

Country/Area of origin
Cameroon

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Littoral Region)

% of total production/consumption volume
0.2

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 100% of the volume is monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity
Palm oil

Country/Area of origin
Colombia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Casanare, Vichada)

% of total production/consumption volume
4

Please explain

Forest risk commodity
Palm oil

Country/Area of origin
Côte d'Ivoire

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Bas-Sassandra)

% of total production/consumption volume
1

Please explain

Forest risk commodity
Palm oil

Country/Area of origin
Ecuador

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
1

Please explain
For these countries, we have GPS coordinates for the mills and the country they are located in, which is what we use for our work related to these parts of the supply chain. We don't currently maintain a list indicating the province of each of these mills, though that could be obtained by looking up each of these coordinates individually. Where our supplier has indicated which province the mill is located in we have that information recorded, but this isn't a complete data set.

Forest risk commodity
Palm oil

Country/Area of origin
Guatemala

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Peten Alta Verapaz Escuintla Izabal Guatemala)

% of total production/consumption volume
0.7

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 100% of the volume is monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity
Palm oil

Country/Area of origin
Indonesia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Aceh, Bangka Belitung, Banten, Bengkulu, Jambi, Kalimantan Barat, K. Selatan, K.Tengah, K. Timur, K. Utara, Lampung, Papua, Riau, Sulawesi Barat, S. Selatan, S. Tengah, S., S.Utara, Sumatera Barat, Sumatera Selatan, Sumatera Utara)

% of total production/consumption volume
47

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 100% of the volume is monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity
Palm oil

Country/Area of origin
Malaysia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Johor, Kedah, Kelantan, Melaka, Negeri Sembilan, Pahang, Penang, Perak, Sabah, Sarawak, Terengganu)

% of total production/consumption volume
33

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 100% of the volume is monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity
Palm oil

Country/Area of origin
Mexico

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Tabasco)

% of total production/consumption volume
1

Please explain
For these countries, we have GPS coordinates for the mills and the country they are located in, which is what we use for our work related to these parts of the supply chain. We don't currently maintain a list indicating the province of each of these mills, though that could be obtained by looking up each of these coordinates individually. Where our supplier has indicated which province the mill is located in we have that information recorded, but this isn't a complete data set.

Forest risk commodity
Palm oil

Country/Area of origin
Nigeria

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
1

Please explain

Forest risk commodity
Palm oil

Country/Area of origin
Papua New Guinea

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Oro, West New Britain, Milne Bay, Bialla, Latangi Island, Morobe)

% of total production/consumption volume
2

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. Most of the volume is RSPO certified and 100% of the volume is monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity
Palm oil

Country/Area of origin
Peru

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Tocache)

% of total production/consumption volume

1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 100% of the volume is monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Narathiwat, Prachuap Khiri Khan, Krabi, Surat Thani, Nakhon Si Thammarat, Trang, Chumphon, Pattani, Trat, Samut Songkhram, , KalasaeKanchanaburi,)

% of total production/consumption volume

0.5

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 100% of the volume is monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

0.7

Please explain

We also source some palm oil from Ghana and Costa Rica, Dominican Republic, and Solomon Islands

---

Forest risk commodity

Palm oil

Country/Area of origin

Unknown origin

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

4

Please explain

Note this is Indonesia & Malaysia but breakdown unknown

Forest risk commodity

Timber products

Country/Area of origin

Australia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Tasmania, Victoria)

% of total production/consumption volume

0.49

Please explain

We source 0.49% of our total sourcing of timber from Australia, including from Tasmania and Victoria.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Aracruz-Espirit Santo; Campos Novos - SC; Cruz Machado - PR; Imperatriz; Inácio Martins - PR; Mallet - PR; Maranhao; Paraná; São Paulo; SC; Tres Lagoas)

% of total production/consumption volume

7.62

Please explain

We source 7.62% of our total sourcing of timber from Brazil, including from Aracruz-Espirit Santo; Campos Novos - SC; Cruz Machado - PR; Imperatriz; Inácio Martins -

PR; Mallet - PR; Maranhao; Paraná; São Paulo; SC; Tres Lagoas.

Forest risk commodity
Timber products

Country/Area of origin
Colombia

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
0

Please explain
We source 0.008% of our total sourcing of timber from Colombia.

Forest risk commodity
Timber products

Country/Area of origin
Ecuador

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
0

Please explain
We source 0.002% of our pulp and paper from Ecuador.

Forest risk commodity
Timber products

Country/Area of origin
India

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
0.12

Please explain
We source 0.12% of our pulp and paper from India.

Forest risk commodity
Timber products

Country/Area of origin
Indonesia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Sumatra)

% of total production/consumption volume
0.01

Please explain
We source 0.01% of our pulp and paper from Indonesia, including from Sumatra.

Forest risk commodity
Timber products

Country/Area of origin
Malaysia

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
0

Please explain
We source 0.004% of our pulp and paper from Malaysia.

Forest risk commodity
Timber products

Country/Area of origin
Thailand

State or equivalent jurisdiction
Please select

% of total production/consumption volume

0

Please explain

We source 0.004% of our pulp and paper from Thailand

Forest risk commodity
Timber products

Country/Area of origin
Viet Nam

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Quang Nam, Dong Nai, Quang Ninh)

% of total production/consumption volume
0.07

Please explain

We source 0.0076% of our pulp and paper from Vietnam, including from Quang Nam, Dong Nai, Quang Ninh

---

Forest risk commodity
Timber products

Country/Area of origin
Any other countries/areas

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
79.89

Please explain

We source almost 80% of our pulp and paper from other countries. These are: Austria, Belarus, Belgium, Canada, Chile, China, Croatia, Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, New Zealand, Norway, Poland, Portugal, Russia, Slovakia, Slovenia, South Africa, Spain, Sweden, Ukraine, UK, Uruguay, USA. Among those our biggest sourcing country (by far) is USA with 46,02% of total sourcing volume, followed by Chile (8.58%), Sweden (8.35%) and Russia (4.27%)

Forest risk commodity
Timber products

Country/Area of origin
Unknown origin

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
11.27

Please explain

11.27% of our pulp and paper volumes are currently not traceable. Improving our traceability has continued to be one of our key priorities in 2020. We continue to do this through online platform Supply Shift, which allows us to connect with suppliers more efficiently and to gain improved traceability information all the way to the Country of Origin and region.

Forest risk commodity
Other - Coffee

Country/Area of origin
Brazil

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (outh of Minas, Cerrado Mineiro, Espirito Santo, Bahia)

% of total production/consumption volume
23

Please explain

Basis for the calculation of the % of coffee per area of origin: % of green coffee from this origin vs. total green coffee usage, yearly basis

---

Forest risk commodity
Other - Coffee

Country/Area of origin
Cameroon

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (South-west, East and Littoral regions)

% of total production/consumption volume
0.2

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
Colombia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Antioquia, North Santander, Quindio, Valle, Caldas, Cundinamarca, , Risaralda, Cauca, Huila, Narino)

% of total production/consumption volume
6.5

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
Côte d'Ivoire

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Dimbokro, Abengourou, Bongouanou, Gagnoa, Aboisso, Man, Danané, Agboville, Daloa, Divo, Issia, Vavoua, Biankouma, Guiglo, Adzopé, Bondoukou)

% of total production/consumption volume
2.7

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
Guatemala

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Acatenango, Fraijanes, Coban, San Marcos)

% of total production/consumption volume
1

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
Honduras

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Santa Barbara, Lempira, Ocotepeque, Olancho, El Paraiso, Yoro, Copan)

% of total production/consumption volume
3.1

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
India

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Kerala, Karnataka State)

% of total production/consumption volume
3.2

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
Indonesia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Sumatra in the provinces of Lampung, South Sumatra and Bengkulu)

% of total production/consumption volume
3.2

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
Kenya

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (high plateaus around Mt. Kenya, the Aberdare Range, Kisii, Nyanza, Bungoma, Nakuru, Kericho)

% of total production/consumption volume

0.8

Please explain

Forest risk commodity

Other - Coffee

Country/Area of origin

Lao People's Democratic Republic

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Bolaven Plateau)

% of total production/consumption volume

0.1

Please explain

Forest risk commodity

Other - Coffee

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Chiapas, Veracruz, Puebla, Oaxaca, Guerrero)

% of total production/consumption volume

6.5

Please explain

Forest risk commodity

Other - Coffee

Country/Area of origin

Nicaragua

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Matagalpa, Nueva Segovia, Jinotega)

% of total production/consumption volume

1

Please explain

Forest risk commodity

Other - Coffee

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Eastern Highland Province, the Western Highland Province, Simbu)

% of total production/consumption volume

0.1

Please explain

Forest risk commodity

Other - Coffee

Country/Area of origin

Peru

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Junin, Cajamarca)

% of total production/consumption volume

1.2

Please explain

Forest risk commodity

Other - Coffee

Country/Area of origin

Philippines

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Mindanao (Sultan Kudarat and Bukidnon Province), South & North Luzon)

% of total production/consumption volume

0.6

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
Thailand

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Chumphon, Ranong, Surat Thani Provinces)

% of total production/consumption volume
0.7

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
Viet Nam

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Central Highlands - Dak Lak, Lam Dong, Gia Lai, Dak Nong, Kon Tum Provinces)

% of total production/consumption volume
41

Please explain

Forest risk commodity
Other - Coffee

Country/Area of origin
Unknown origin

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
5.1

Please explain

Forest risk commodity
Other - Cocoa

Country/Area of origin
Brazil

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Bahia, Para, Espirito Santo)

% of total production/consumption volume
18.6

Please explain

Forest risk commodity
Other - Cocoa

Country/Area of origin
Cameroon

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Central Region, South Region)

% of total production/consumption volume
1.3

Please explain

Forest risk commodity
Other - Cocoa

Country/Area of origin
Colombia

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
0.1

Please explain
We do not implement the Nestlé Cocoa Plan in Colombia and have therefore no traceability to origin in this country.

Forest risk commodity
Other - Cocoa

Country/Area of origin
Côte d'Ivoire

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Agneby, Sud Comoe, Nawa, Cavally, San Pedro, Belier, Gbokle, Loh-Dijiboua, Goh, Marahoue, Guemon, Haut Sassandra, Indenie-Djuablin, La Me, Tonkpi,N'zi, bas Sassandra)

% of total production/consumption volume
55.7

Please explain

Forest risk commodity
Other - Cocoa

Country/Area of origin
Ecuador

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Esmeraldas, Manabi, Guayas, El Oro)

% of total production/consumption volume
7

Please explain

Forest risk commodity
Other - Cocoa

Country/Area of origin
Indonesia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Sulawesi)

% of total production/consumption volume
2.8

Please explain

Forest risk commodity
Other - Cocoa

Country/Area of origin
Mexico

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Tabasco)

% of total production/consumption volume
1.9

Please explain

Forest risk commodity
Other - Cocoa

Country/Area of origin
Nigeria

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
4.6

Please explain
We don't implement the Nestlé Cocoa Plan in Nigeria and therefore have no traceability to origin in this country.

Forest risk commodity
Other - Cocoa

Country/Area of origin
Peru

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
0.2

Please explain
We don't implement the Nestlé Cocoa Plan in Peru and therefore have no traceability to origin.

Forest risk commodity
Other - Cocoa

Country/Area of origin
Venezuela (Bolivarian Republic of)

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Sur del Lago, Peninsula de Paria, Rio Chico, Higuerote)

% of total production/consumption volume
1.5

Please explain

Forest risk commodity
Other - Cocoa

Country/Area of origin
Any other countries/areas

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
6.3

Please explain
4.8 of our global sourcing of cocoa comes from Ghana and 1.5 comes from the Dominican Republic. In Ghana we source from the following regions: Suhum, Asamankese. Akim Oda, Bremen Asikuma, Nkawkaw, Tepa B, Sankore, Mankranso, Ashanti Bekwai, Nsokote

---

Forest risk commodity
Cattle products

Country/Area of origin
Any other countries/areas

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
99

Please explain
Our main sources of meat is North America (the United States) and Europe (France, Germany and Spain). We also source from other origins in much lower quantities.

Forest risk commodity
Cattle products

Country/Area of origin
Argentina

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Buenos Aires)

% of total production/consumption volume
1

Please explain

Forest risk commodity
Cattle products

Country/Area of origin
Brazil

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (MG, SP, MT, PR, RS, GO, ES)

% of total production/consumption volume
0.3

Please explain

Forest risk commodity
Cattle products

Country/Area of origin
Australia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (NSW, WA, Tasmania)

% of total production/consumption volume
0.03

Please explain

Forest risk commodity

Cattle products

Country/Area of origin
Colombia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Cali, Yumbo)

% of total production/consumption volume
0.01

Please explain

Forest risk commodity
Cattle products

Country/Area of origin
Mexico

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Sonora, Cuenca)

% of total production/consumption volume
0.2

Please explain

Forest risk commodity
Cattle products

Country/Area of origin
Nicaragua

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Tipitapa, Managua, Nandaime)

% of total production/consumption volume
0.2

Please explain

Forest risk commodity
Cattle products

Country/Area of origin
Panama

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Las Tablas)

% of total production/consumption volume
0.01

Please explain

Forest risk commodity
Cattle products

Country/Area of origin
Viet Nam

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Thuong Tin district)

% of total production/consumption volume
0.01

Please explain

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?
Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity
Palm oil

Impact driver type

Reputational and markets

Primary impact driver
Negative media coverage

Primary impact
Brand damage

Description of impact
Stakeholder and media attention related to the sustainable production of palm oil remains high with NGOs campaigns and media articles about the topic ongoing, leading to continued interest from consumers and customers to know whether there is palm oil in the Nestlé products they buy (e.g. in our confectionary brands) and whether it has been produced sustainably. Most of the campaigns target the company rather than brands and link mills in our supply chains to cases of deforestation. Some consumers have written to us asking that we remove palm oil from our products based on their perceptions that palm oil is not sustainable. Some customers (e.g. in Australia and in Europe) are also asking for evidence that palm oil in the products that they put on shelf is sustainably sourced as a condition to sell our products. We also see more investor questions related to this topic.

Primary response
Engagement with suppliers

Total financial impact
0

Description of response
Our response has been on different fronts and aimed at both driving impactful actions on the ground as well as explaining to stakeholders our approach and results. - from an operational point of view, we have continued to work with our partners to engage our suppliers to both improve traceability to mill (93%) and to plantation (62%), improve compliance with our Responsible Sourcing Standard and collaborate on joint projects on the ground. We have been using Starling satellite monitoring to monitor 100% of our supply chain since January 2019 and are using this information to inform our strategies. We've also submitted a time-bound action plan to achieve 100% RSPO SG palm oil by 2023. - from a stakeholder engagement perspective, we have been engaging with media, NGOs, investors, customers and consumers to raise awareness about our actions to ensure responsible sourcing from palm oil. We have developed a dedicated page on our website (the Palm Oil Transparency Dashboard) to explain how we are using satellite monitoring to inform our strategies, our findings, etc. Outcomes to date: From an operational point of view we have increased our percentage of verified no-deforestation palm oil from 60% to 70% .From a reputational point of view, we have increased the number of positive media articles related to our responsible sourcing of palm oil. It is challenging to determine a financial figure for potential reputational damage.

Forest risk commodity
Timber products

Impact driver type
Reputational and markets

Primary impact driver
Other reputational and market driver, please specify (Future availability of sustainably produced pulp and paper)

Primary impact
Brand damage

Description of impact
We use pulp and paper products for food packaging, wrapping and transportation, as well as for office stationery and marketing materials. Deforestation is a key challenge in some geographies where pulp and paper are produced. Following commitments made by many companies, including Nestlé, to reduce our use of plastics, there is an overall growing demand for pulp. This includes our own demand, which is increasing as some brands are switching to paper packaging (e.g Nesquik and YES!) Most pulp is produced in North America, Europe, China and Japan, using fiber sourced from these countries/regions and from further afield. However, large investments are now being made in South America, Africa, Asia and Russia, attracted by lower production costs, shorter crop rotations in the tropics and in some cases the availability of natural forest fiber in temperate and boreal regions. Expansion is planned through new capacity or areas where new plantations are being developed. In these cases, the fiber does not enter our supply chain, as it takes years to install capacity and establish these plantations. This poses a future risk for us as unsustainable practices may mean we won't be able to source from these locations in the future. This is why we are being more proactive to better understand where and how this expansion is happening.

Primary response
Engagement with suppliers

Total financial impact
0

Description of response
We 're being more proactive to better understand where and how plantation expansion is happening. Where we have existing links through ongoing responsible sourcing work, we're looking at how to ensure the requirements of our Responsible Sourcing Standard are met prior to any increase in capacity or establishment of new plantations to ensure we'll be able to source from these locations in the future. Actions taken: - We've looked at 2 mill expansions in Sweden and Finland to understand what effects this was going to have on forest resources, HCV/biodiversity and local community wellbeing. We visited the companies to better understand the issues, have a roadmap in place with one of them and are looking to get improved transparency and knowledge on key metrics and evolution over time to be able to take action if anomalies are detected. - We're involved in different multi-stakeholders initiatives, including the CGF's Forest Positive Coalition , and several landscape initiatives to drive transformative change on the ground. We continue to share best practices and learnings through Starling in different fora and with a broad range of stakeholders. Impact to date: - Increased traceability (88% back to country of origin), - Improved engagement with suppliers and work on the ground to change practices positively received by suppliers to improve our verified no - deforestation KPI It is challenging to determine a financial figure for potential reputational damage.

Forest risk commodity
Cattle products

Impact driver type
Reputational and markets

Primary impact driver
Negative media coverage

Primary impact
Brand damage

Description of impact
Stakeholder and media attention related to the sustainable production of meat (especially meat from Brazil) remains high with NGOs campaigns and media articles about the topic ongoing, leading to a continued interest from consumers and customers to know whether beef has contributed to deforestation or other unsustainable practices.

This has been particularly the case during the Amazon fires in 2019, where conversion of forest for cattle rearing was cited as one of the causes of fires in the Amazon. Nestlé being among the companies sourcing meat and meat by products in Brazil, we were asked whether our suppliers were linked to the Amazon fires.

Primary response
Greater traceability of forest-risk commodities

Total financial impact
0

Description of response
Action taken: This has accelerated our traceability efforts for meat. We partner with suppliers to ensure the best monitoring tools (satellite, others) are used. Our sourcing of meat in the Amazon is traceable and has not been linked to any deforestation. Note that our volumes of meat is limited in this region as well as in other regions at risk of deforestation. In addition following the Amazon fires in 2019, we started tracing our purchase of meat by-products to ensure that it is not linked to deforestation. . Impact to date: Traceability of our purchases meat by-products that started in 2019 has just been completed. This data will now be used by our partner Proforest to carry out an assessment of our meat and meat by product suppliers and to start engagement them on mechanisms to monitor deforestation risks in our upstream supply chain It is challenging to determine a financial figure for potential reputational damage.

Forest risk commodity
Other - Cocoa

Impact driver type
Reputational and markets

Primary impact driver
Negative media coverage

Primary impact
Brand damage

Description of impact
Stakeholder and media attention related to the sustainable production of cocoa remains high with NGOs campaigns and media articles about the topic ongoing, leading to a continued interest from consumers and customers to know whether cocoa in their products is sustainable. Since we source a large part of our cocoa from Côte d'Ivoire and Ghana where deforestation risks by cocoa farmers is relatively high, this can be a potential reputational risk for our company or for our Confectionary brands, such as KitKat. In 2019, several media articles and NGO reports tried to make a link between cooperatives in our supply chain and deforestation cases.

Primary response
Greater traceability of forest-risk commodities

Total financial impact
0

Description of response
Our response has been on different fronts: - we have updated our commitment to source cocoa sustainably (through the Nestlé Cocoa Plan, or NCP) to cover 100% of the cocoa we use in our Confectionary products by 2025. We have started mapping all farm boundaries that are part of the Nestlé Cocoa Plan in Côte d'Ivoire and Ghana (our main sourcing countries and where there is a higher risk of deforestation). We are also distributing shade trees and piloting agroforestry projects Impact to date: - The land of 72 784 farmers, representing 75% of the farmers in the Nestlé Cocoa Plan in Côte d'Ivoire, has been mapped by walking field boundaries with global positioning system (GPS) trackers. In Ghana, we mapped 18 430 farmers or 80% of all NCP farmers. We will complete this mapping by October 2020. - This information has allowed us to work with our suppliers to assess risks of d forestation in our supply chain by comparing mapped farms to maps of national parks and 'forêts classées' (classified forests). Our suppliers have implemented simple systems for farmer exclusion: farms are mapped and are excluded from the supply chain if they are in national parks or forest reserves. In Côte d'Ivoire about 3700 farmers were found in classified forests (none in national parks) and In Ghana 668 farmers were found in protected areas. They have been excluded from the Nestlé Cocoa Plan. It is challenging to determine a financial figure for potential reputational damage.

Forest risk commodity
Other - Coffee

Impact driver type
Reputational and markets

Primary impact driver
Negative media coverage

Primary impact
Brand damage

Description of impact
Stakeholder and media attention related to the sustainable production of coffee is increasing - this has not always been a major topic of concern in relation to coffee but is increasingly so although we would still quality the potential risk as low. With two of the well most known coffee brands in our portfolio, Nescafé and Nespresso, we also believe that there are opportunities to address the potential risks through conservation projects, including agroforestry. This will help us to meeting our net zero GHG emissions commitment by 2050 and will providing consumer communication opportunities for our brands

Primary response
Voluntary engagement in conservation projects (including reforestation, afforestation and ecosystem restoration)

Total financial impact
0

Description of response
Our response has been on different fronts: - from an operational point of view, we continue to increase the traceability of the coffee we source (67% back to a group of farm) - from a collaboration perspective, we are part of the different coffee platforms, including the Global Coffee Challenge. - from a stakeholder engagement perspective, we have been doing a lot of work to engage with media, NGOs, customers and consumers on our actions to ensure responsible sourcing of coffee. - from a transparency point of view: we have disclosed our coffee supply chain. Impact to date: Nespresso has been transitioning AAA coffee farming into agroforestry models since 2014. Begun in Colombia and Guatemala, this approach is being expanded to 9 of its sourcing regions. As part of this program, it committed to plant 5 million trees in the AAA coffee farms and landscapes. By the end of 2019, it had already reached 90% of this target with agroforestry in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. Around 60% of the trees planted is from carbon-verified operations (Ecocert Reforestation Solidaire or Verified Carbon Standard). These operations act as verification for Nespresso's carbon mitigation roadmap. It is challenging to determine a financial figure for potential reputational damage.

Forest risk commodity
Soy

Impact driver type
Reputational and markets

Primary impact driver
Negative media coverage

Primary impact
Brand damage

Description of impact
As consumer demand for plant based products is increasing (including for Nestlé Brands like Garden Gourmet and Sweet Earth), stakeholder and media attention related to the sustainable production of soy is also increasing. This is in particular the case for soy sourced from high value ecosystems, like the Cerrado in Brazil. There are ongoing NGO campaigns and media attention to industry sourcing in the Brazilian Cerrado, including the Nestlé footprint. We source soya products from hundreds of suppliers in many different countries, including Argentina, Brazil, Serbia and the US. Supply chains vary in length and complexity: making soya traceability challenging. However, our sourcing from the Cerrado is relatively small, and therefore we qualify our risk exposure as low in this jurisdiction.

Primary response
Greater traceability of forest-risk commodities

Total financial impact
0

Description of response
To better address potential and future risks related to unsustainable sourcing of soy, we're working with Proforest to review our soy responsible sourcing strategy. We developed a Theory of Change (ToC) that sets strategies for both direct and indirect soy sourcing . This consolidates the progress we made during six years of active engagement with suppliers and other stakeholders . We also developed an approach merging geographical risk analyses with the design of a scorecard for suppliers. For the spatial analysis, we focused on Brazil to develop risk maps at municipality scale, considering publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. The scorecard aims to provide us with some key comparable information on our large numbers of suppliers, as some might not follow our sustainability commitments and we need to understand the gaps. The scorecards are going to be used as our main engagement tool, and we expect to report on suppliers' performance from 2020. Impact to date: - adoption of a ToC for soy covering both direct and indirect soy - Increased our traceability of our soy volumes (78% at least to crush site) and now expanded traceability to cover soybean oil - suspension of our sourcing of soy from Cargill in Brazil because of recent changes in their policy regarding deforestation in Brazil. It is challenging to determine a financial figure for potential reputational damage.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?
Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage
Direct operations
Supply chain

Coverage
Full

Risk assessment procedure
Assessed as part of an established enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
1 to 3 years

Tools and methods used
Internal company methods
External consultants
Starling
Jurisdictional/landscape assessment
Other, please specify (SupplyShift)

Please explain
We use the following tools to assess forest related risk within the company: - The main tool to assess forest related risk is the Responsible Sourcing (RS) Program that covers our 15 most important raw materials, including pulp and paper, palm oil, soy, cattle, cocoa and coffee. Based on our volume and spend break-down we identify countries and Tier 1 suppliers to prioritize. Supplier questionnaires are sent out annually to refresh our traceability information. A review of priority suppliers is then made based on traceability / country risk and business importance, together with our implementation partners. We combine our annual supply chain mapping exercise with tools like industry intelligence, satellite monitoring and on the ground assessment to assess deforestation risks and inform our no deforestation strategy. - Any major/significant issues detected in the operational RS program can be escalated to be included in corporate functional assessments e.g. Procurement and/or the relevant Market Enterprise Risk Management (ERM) – these are carried by each our markets and include siting and land use risks. If the risk has the potential to be impactful at a Group level, this would then be escalated to the annual Group ERM assessment e.g. deforestation under Climate Change threat. - A materiality analysis is carried out by external advisors every 2 years and includes engagement with third party stakeholders to understand the expectations they have of Nestlé in terms of managing the risks and opportunities. The 1-3 year time frame reflects our operational focus, addressing the time period over which our operational and business plans exist so the assessment directly links to the actions. Case study of a tool : We are using Starling to help us determine where forest loss in our supply chain is resulting in deforestation and degradation of HCV forests. In order to develop base maps of forest cover, we trialed this technology in four locations in 2019: Northwest Russia, Southeast USA, British Columbia in Canada and Sumatra in Indonesia. We are now monitoring forest cover change in these locations . We are also using Starling at landscape level in Arkhangelsk Oblast in Russia, an area with intact forest landscapes (IFLs), an HCV category.

Palm oil

Value chain stage
Direct operations
Supply chain

Coverage
Full

Risk assessment procedure
Assessed as part of an established enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
1 to 3 years

Tools and methods used
Internal company methods
External consultants
Starling
Jurisdictional/landscape assessment
Other, please specify (RADD)

Please explain
We use the following tools to assess forest related risk : - The Responsible Sourcing (RS) Program covers our 15 most important raw materials, incl. pulp and paper, palm oil, soy, cattle, cocoa and coffee. Based on volume and spend break-down we identify countries and Tier 1 suppliers to prioritize. Supplier questionnaires are sent out annually to refresh our traceability information. A review of priority suppliers is then made based on traceability / country risk and business importance, together with our implementation partners. We combine our annual supply chain mapping exercise with tools like industry intelligence, satellite monitoring and on the ground assessment to assess deforestation risks and inform our no deforestation strategy. - Any major/significant issues detected in the operational RS program can be escalated to be included in corporate functional assessments e.g. Procurement and/or the relevant Market Enterprise Risk Management (ERM) – these are carried by each our markets and include siting and land use risks. If the risk has the potential to be impactful at a Group level, this would then be escalated to the annual Group ERM assessment e.g. deforestation under Climate Change. - A materiality analysis is carried out by external advisors every 2 years and includes engagement with third party stakeholders to understand the expectations they have of Nestlé in terms of managing the risks and opportunities. The 1-3 year time frame reflects our operational focus, addressing the time period over which our operational and business plans exist so the assessment directly links to the actions. Case study of one of the tools used: We are also using Starling to monitor 100% of our global palm oil supply chain since the beginning of 2019. Starling sends alerts when it detects deforestation within a 50km radius of the mills in our supply chain using 31 /12/2015 as the cut-off date. We're using this info to identify deforestation cases and risks, and to prioritize actions. We're also using Starling at landscape level through the Areas for Priority Transformation program in Aceh Tamiang with Earthworm Foundation and smallholder projects in Indonesia, Peru and MX. Starling is helping identify deforestation risks in remaining forest areas and to secure free, prior, and informed consent of local communities for HCV/HCS assessment-related activities

Cattle products

Value chain stage
Direct operations
Supply chain

Coverage
Full

Risk assessment procedure
Assessed as part of an established enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
1 to 3 years

Tools and methods used
Internal company methods
External consultants

Please explain
We use the following tools to assess forest related risk within the company: - The main tool to assess forest related risk is the Responsible Sourcing (RS) Program that covers our 15 most important raw materials, including pulp and paper, palm oil, soy, cattle, cocoa and coffee. Based on our volume and spend break-down we identify countries and Tier 1 suppliers to prioritize. Supplier questionnaires are sent out annually to refresh our traceability information. A review of priority suppliers is then made based on traceability / country risk and business importance, together with our implementation partners. We combine our annual supply chain mapping exercise with tools like industry intelligence, satellite monitoring and on the ground assessment to assess deforestation risks and inform our no deforestation strategy. - Any major/significant issues detected in the operational RS program can be escalated to be included in corporate functional assessments e.g. Procurement and/or the relevant Market Enterprise Risk Management (ERM) – these are carried by each our markets and include siting and land use risks. If the risk has the potential to be impactful at a Group level, this would then be escalated to the annual Group ERM assessment e.g. deforestation under Climate Change threat. - A materiality analysis is carried out by external advisors every 2 years and includes engagement with third party stakeholders to understand the expectations they have of Nestlé in terms of managing the risks and opportunities. The 1-3 year time frame reflects our operational focus, addressing the time period over which our operational and business plans exist so the assessment directly links to the actions. Case study of internal method to verify no deforestation commitments: We conduct SGS farm audits in our meat supply chain to verify our no deforestation commitment. This, in addition to traceability to low risk locations (based on literature) has allowed us to verify 99% of our meat purchases as deforestation free.

Soy

Value chain stage
Direct operations
Supply chain

Coverage
Full

Risk assessment procedure
Assessed as part of an established enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
1 to 3 years

Tools and methods used
Internal company methods
External consultants

Please explain
We use the following tools to assess forest related risk - The Responsible Sourcing (RS) Program covers our 15 most important raw materials, including pulp and paper, palm oil, soy, cattle, cocoa and coffee. Based on our volume and spend break-down we identify countries and Tier 1 suppliers to prioritize. Supplier questionnaires are sent out annually to refresh our traceability information. A review of priority suppliers is then made based on traceability / country risk and business importance, together with our implementation partners. We combine our annual supply chain mapping exercise with tools like industry intelligence, satellite monitoring and on the ground assessment to assess deforestation risks and inform our no deforestation strategy. - Any major/significant issues detected in the operational RS program can be escalated to be included in corporate functional assessments e.g. Procurement and/or the relevant Market Enterprise Risk Management (ERM) – these are carried by each our markets and include siting and land use risks. If the risk has the potential to be impactful at a Group level, this would then be escalated to the annual Group ERM assessment e.g. deforestation under Climate Change threat. - A materiality analysis is carried out by external advisors every 2 years and includes engagement with third party stakeholders to understand the expectations they have of Nestlé in terms of managing the risks and opportunities. The 1-3 year time frame reflects our operational focus, addressing the time period over which our operational and business plans exist so the assessment directly links to the actions. Case study linked to our use of external consultant: To better understand our supply chain exposure, we have developed an approach merging geographical risk analyses with the design of a scorecard for suppliers with our implementing partner. For the spatial analysis, we focused on Brazil to develop risk maps at municipality scale, considering publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. The scorecard aims to provide us with some key comparable information on our large numbers of suppliers to understand what and where the gaps are. The scorecards are going to be used as our main engagement tool, and we expect to report on suppliers' performance from 2020 onward.

Other - Cocoa

Value chain stage
Direct operations
Supply chain

Coverage
Full

Risk assessment procedure
Assessed as part of an established enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
1 to 3 years

Tools and methods used
Internal company methods
Jurisdictional/landscape assessment

Please explain
We use the following tools to assess forest related risk within the company: - The main tool to assess forest related risk is the Responsible Sourcing (RS) Program that covers our 15 most important raw materials, including pulp and paper, palm oil, soy, cattle, cocoa and coffee. Based on our volume and spend break-down we identify countries and Tier 1 suppliers to prioritize. Supplier questionnaires are sent out annually to refresh our traceability information. A review of priority suppliers is then made based on traceability / country risk and business importance, together with our implementation partners. We combine our annual supply chain mapping exercise with tools like industry intelligence, satellite monitoring and on the ground assessment to assess deforestation risks and inform our no deforestation strategy. - Any major/significant issues detected in the operational RS program can be escalated to be included in corporate functional assessments e.g. Procurement and/or the relevant Market Enterprise Risk Management (ERM) – these are carried by each our markets and include siting and land use risks. If the risk has the potential to be impactful at a Group level, this would then be escalated to the annual Group ERM assessment e.g. deforestation under Climate Change threat. - A materiality analysis is carried out by external advisors every 2 years and includes engagement with third party stakeholders to understand the expectations they have of Nestlé in terms of managing the risks and opportunities. The 1-3 year time frame reflects our operational focus, addressing the time period over which our operational and business plans exist so the assessment directly links to the actions. Case study of tool - Landscape initiative: We are also part of the Cocoa & Forests Initiative, a public-private partnership between the cocoa and chocolate industry and the governments of Côte d'Ivoire and Ghana. As part of this, we are mapping the boundaries of all the 87,000 farms that we source from as part of the Nestlé Cocoa Plan and putting in place traceability systems to ensure at cocoa is sourced legally from farms outside of protected areas.

Other - Coffee

Value chain stage
Direct operations
Supply chain

Coverage
Full

Risk assessment procedure
Assessed as part of an established enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
> 6 years

Tools and methods used
Internal company methods
External consultants

Please explain
We use the following tools to assess forest related risk within the company: - The main tool to assess forest related risk is the Responsible Sourcing (RS) Program that covers our 15 most important raw materials, including pulp and paper, palm oil, soy, cattle, cocoa and coffee. Based on our volume and spend break-down we identify countries and Tier 1 suppliers to prioritize. Supplier questionnaires are sent out annually to refresh our traceability information. A review of priority suppliers is then made based on traceability / country risk and business importance, together with our implementation partners. We combine our annual supply chain mapping exercise with tools like industry intelligence, satellite monitoring and on the ground assessment to assess deforestation risks and inform our no deforestation strategy. - Any major/significant issues detected in the operational RS program can be escalated to be included in corporate functional assessments e.g. Procurement and/or the relevant Market Enterprise Risk Management (ERM) – these are carried by each our markets and include siting and land use risks. If the risk has the potential to be impactful at a Group level, this would then be escalated to the annual Group ERM assessment e.g. deforestation under Climate Change threat. - A materiality analysis is carried out by external advisors every 2 years and includes engagement with third party stakeholders to understand the expectations they have of Nestlé in terms of managing the risks and opportunities. The 1-3 year time frame reflects our operational focus, addressing the time period over which our operational and business plans exist so the assessment directly links to the actions. - Case study - external consultant: We have also conducted a research project with the University of Lancaster to understand long term risks (both physical and transition) related to climate change for three commodities, including coffee. Timeframe was 2050 and 2080 and found that coffee production will undergo dramatic shifts— broadly, away from the equator and further up mountains. Production will probably come into conflict with other land uses, including forests.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

As the world's largest food and beverage company, Nestlé depends on the long term availability of high quality and sustainably sourced raw materials, including forest-risk commodities like palm oil, soy, beef, paper, cocoa and coffee, to manufacture its foods and beverages. Risks to the availability of raw materials meeting our quality, quantity and sustainability specifications include supply and demand for these commodities, regulatory changes (e.g. trade restrictions or new health and safety specifications), natural / weather events (e.g. fires); availability of certified commodities in certain markets, etc. This information, together with our deforestation risk assessment (described in previous section) and our spend and volume tracking, are taken into account by our Procurement teams and fed into operational reviews to identify most critical places to act from a spend and risk perspective. Results from this work are used to inform our sourcing strategy, and to identify key regions and/or suppliers we need to engage with. We conduct on-the-ground assessment against our Responsible Sourcing Standard in our upstream supply chain. This forms the basis for the development of action plans to address any gaps identified. We then support capacity building for sites in our supply chain to manage any risks and continuously improve the performance of suppliers and our upstream supply chain. We report annually about our progress.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

The quality and safety of our products is our first priority. As such, we have in place processes to ensure that all the ingredients that go into our products, including ingredients from forest risk commodities, comply with our quality and safety standards. Tools used: As part of our R&D organisation, we have a dedicated Quality and Food Safety Network. This includes: ■An Early Warning Network, which identifies and helps prevent potential safety issues ■A Microbiological Safety Network that provides fast and reliable microbiology safety assessments. ■An Analytical Methods Network to develop and improve analytical standards ■A Global Analytical Laboratories Network. Nestlé has 25 regional testing labs that provide analytical data and Quality Assurance support to operations and R&D. As part of our commitment to quality and safety we use a variety of analytical methods to detect and/or quantify chemical compounds. The methods that we use in our factories include titration, ELISA, and HPLC. However, in our regional labs and at Nestlé Research we use methods with even greater sophistication and sensitivity such as UPLC, GCMS, LC-MS-MS and TOF-MS. Every day we do numerous quality checks. We gather around 200,000 analytical results per day at the factory level. Nestlé monitors all materials and products, and our regional labs generate 10,000 safety results per day.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

As a business we are dependent upon natural capital with its attendant ecosystem services. We need to know that suppliers are managing this with long term continuity and sustainability in mind. Another reason is that ecosystem status and habitats are of concern to consumers. As part of our Responsible Sourcing Standard, we require all our suppliers to ensure that do not expand or produce on areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, peatlands of any depth, except where farming practices protect peat, High Carbon Stock forests as defined in the High Carbon Stock Approach Toolkit, IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List; that they identify, protect and avoid producing on High Conservation Values [HCV] lands in and around their territory; that they protect and manage resources; that they adopt agricultural practices that preserve biodiversity and soil health. Tools used to assess respect with these requirements: -For all of our forest risk commodities, we see to it that there are assessments conducted in origins that include HCS & HCV requirements, conducted as part of either certification schemes or assessments with 3rd party partners. -We use on the ground assessments and satellite monitoring to determine where land conversion is taking place, and if it does take place, that it does not convert HCS/HCV areas - We also stay connected with NGOs and other experts working on these topics. Outcome of assessment for internal decision making: -If we find that HCS/HCVs are converted, that deforestation or peat development occur, we suspend and engage our suppliers . -When these violations occur, to source from the company, we would expect a moratorium in place, no further development, adoption of no deforestation and no peat policies, and that recovery plans are put in place. - Priority regions for implementation of our Responsible Sourcing programs are based on risk identified volumes sourced. For example, we identified the Brazilian Cerrado and the Argentinian Chaco biomes as high priority regions for the implementation of natural capital programs for soy where Nestlé is championing The Nature Conservancy's Healthy Agricultural Systems (HAS) strategy.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Our business is based on compliance. Compliance with all regulatory framework ensures our licence to operate. Without compliance, our business may face production slow-down or even production stoppage. Therefore, it is critical for our business that we ensure compliance with all regulatory framework. Tools used: The Nestlé Regulatory Affairs team works with a network of regulatory contacts in all countries where we operate. They track regulatory changes and estimate future potential regulatory changes on local level. Any changes/potential impacts are shared with Regulatory Affairs at Zone or Central level. A regulatory database is managed where all relevant regulatory documents are gathered. It is updated as the local situation changes. How do we use this information: These assessments are used to inform our Procurement strategies as needed.

Climate change

Relevance & inclusion

Relevant, sometimes included

Please explain

In 2019 Nestlé announced its ambition to achieve zero net greenhouse gas emissions by 2050. In 2020 we began to build our low-carbon transition time-bound plan including interim targets consistent with the 1.5°C path. Nestlé will review its progress annually to ensure it is on track. In 2020 we began a project to assess Nestlé's exposure and resilience to climate change using scenario modelling covering both climate-related physical and transitional risks and opportunities. The modelling output analysis will be both qualitative and quantitative analysis with the objectives: - assess the Group's exposures to climate-related risks & opportunities under different climate scenarios - help identify mitigation & adaptation actions to increase the Group's resilience to climate change - support the development of the Group's climate ambition of net-zero by 2050 and the roadmap to achieve this ambition - build internal awareness of key climate-related exposures and develop public disclosures to external stakeholders in line with the TCFD recommendations The results of the scenario analysis will be available in the H2 2020 and will be used to inform our climate adaptation and mitigation interventions, time-bound targets and metrics to measure external and internal progress. The project will develop a digital modelling tool with the ability to mirror different Nestlé businesses and model climate-related scenarios to assess the exposures. The tool will incorporate a series of variables and potential outcomes aligned to agreed climate scenarios, and determine qualitative and quantitative outcomes depending on the business. The tool will provide a comparative and consistent methodology to identify Nestlé's key climate-related risks and opportunities between businesses and support in determining Nestlé's strategic resilience to climate change. The climate scenarios to be modelled include: - RCP 2.6, RCP 8.5 We are accelerating our climate change efforts to transition to a low-carbon economy and have made a commitment to achieve zero net emissions by 2050. Over the past four years, we have aligned our objectives with science-based targets to keep the temperature increase below 2°C. In 2020 we began to build our low-carbon transition time-bound plan including interim targets consistent with the 1.5°C path.. We will review its progress annually to ensure we are on track.

Impact on water security

Relevance & inclusion

Relevant, sometimes included

Please explain

Water is vital throughout our entire value chain, from supply, to processing and finally consumption of our products. To ensure the sustainability of our value chain; our suppliers, employees, customers and consumers need access to water in sufficient quantity and quality. We have several processes in place to ensure that water resources are managed sustainably within our value chain. In our direct Operations, we assess annually the water risk at the location of all our factories and monitor closely our direct water use. We also respect strict standards on the quality of the water we discharge. Both ensure we manage local water resources sustainably and prevent damages to local ecosystems and communities. In our supply chain, we assess the water footprint of 15 key agricultural commodities we purchase annually, using the method and data from The Water Footprint Network. This annual assessment includes forest-related commodities such as coffee, cocoa, palm, soy, cereals and meat. In addition to that, we perform local water risk assessments for specific commodities (coffee, sugar and fresh milk). We currently have several projects addressing water challenges in coffee, cereals, meat and dairy supply chains. Not only do we assess and address water in forest-related commodities, we also promote forests for their positive impact on water resources. Forests play a key role in purifying water, as well as improving the recharge of local aquifers. For this reason, reforestation programs have been implemented in several watersheds where Nestlé operates bottled-water facilities. Not only do these forests improve the quality of the water, but they also increase the amount of water locally available. Such programs and positive results not only benefit our business, but also benefit every water user within the same watershed. Planting trees not only preserves water, it also captures carbon, helps rebuild communities, favors biodiversity and improves soil nutrients content – all of which help increase the resilience of farmers. For this reason, we also have several other reforestation and agroforestry initiatives. Plants and trees have the ability to store water but also to provide water and nutrients to plants that are grown around them. As a result, farmers using agroforestry in our supply chains are able to use less water, while achieving greater crop yields.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

Securing a long-term, sustainable supply of raw materials at a competitive price is critical to us. We monitor discussions in relation to this through our local public affairs teams (e.g. trade discussions between EU and producing countries like Brazil or Indonesia).

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

Nestlé conducts business in highly competitive markets all over the world. Competitors include both large multinational companies and numerous regional or local players of different sizes. It is therefore very important that we work to ensure that our products remain relevant and in line with consumers fast evolving preferences, in particular with respect to increasing consumer demand for products with better environmental footprint (including products that do not contribute to deforestation). As such we are speeding up the transformation of our products in line with these consumer trends and choices. This includes launching more products that have a better environmental footprint and contribute to a balanced diet (e.g. more plant-based food and beverage options) and reformulating our products using more climate-friendly ingredients. To speed up the transformation of our products in line with consumer trends and choices, we need to ensure that we are able to identify them. We use several tools to this end, including social media and key word search data analysis; listening to public for discussions via social media carried out by our Digital Acceleration Team, our Global Business Services team or third party agencies using AI; aggregating information including on patents development, ingredients trending among consumers, and population data analysis; as well as consumer research report. All this information is used by our Strategic Business Units to define their Product Development strategies as well as develop consumer communication campaigns. We test these ideas and strategies with consumers through panel discussions, focus groups and consumer surveys. We also involve sustainability experts in workshops where corporate as well as brand sustainability strategies are discussed to ensure that these are credible and in line with external expectations.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Brand damage can result when stakeholders, including consumers and customers, lose trust in our company. Given the comprehensive programs that we have in place to assess and act upon deforestation risks, this is most likely to occur as a result of NGO campaigns where allegations of deforestation by a supplier can be linked to our supply chain. As the biggest food and beverage company in the world with operations, including sourcing of many different ingredients, across the globe, we are subject to lots of scrutiny from NGOs and other sustainability experts. Our global stakeholder network includes people we engage with regularly through our operations and those in public positions who influence our activities. They include employees, consumers, suppliers, communities, governments, non-governmental organizations (NGOs), shareholders, trade associations and academia. Our stakeholder convenings, workshops and other events provide opportunities to deepen that dialogue, building on our understanding of important societal issues. The interaction helps our teams to develop the capability of our people, facilitates collective action and promotes trust and mutual respect. Outcomes from such dialogue are fed back to senior management through the Nestlé in Society Board. We also conduct a Nestlé Stakeholder Community survey. This is an annual survey with global Key Opinion Leaders that aims to understand evolving views on the company's issues and reputation management. We also have regular one to one dialogues with NGOs, media, customers (e.g. our retailers), investors and other stakeholders to understand their concerns and also raise awareness about our actions on the ground. Finally, we monitor conversations about our company and our brands through media and social media monitoring (daily, monthly, quarterly and annual reports that include KPIs such as share of voice, tone and sentiment). All the information gathered through these interactions help improve our responsible sourcing processes, actions on the ground as well as our engagement and communication strategies.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

A strong culture of business ethics and integrity is an enabler for our business and operations, enhancing and strengthening a mindset of 'doing the right thing for the right reason'. Bribery and corruption perpetuate poverty, undermine economic development and distort competition. Issues linked to corruption, unethical business practices and lack of law enforcement do increase operational risks when it comes to sourcing sustainable raw materials. This can, for example, lead to land disputes and lack of transparency of company ownership structures in some countries. These constitutes risks for our company. We are engaged in the international fight against bribery and corruption and participate in the UN Global Compact, which unites all relevant social actors. We are committed to a strong work ethic and strictly prohibit our employees, service providers and agents from engaging in bribery and corruption, as well as any conduct which could give rise to the appearance or suspicion of such illicit activities. We also include business ethics as part of our Responsible Sourcing Standard. We require our suppliers to act with integrity and to comply with anti-bribery laws. The decision to purchase from a certain supplier must follow an appropriate due diligence process which is consistent with Corporate Guidelines. If it becomes clear or appears likely during the course of the relationship that a supplier is engaging in inappropriate or illicit practices (e.g. through our supplier audit program), then the Legal and/or Compliance Functions must be immediately consulted for guidance. We also investigate all cases and grievances linked to corruption and unethical business practices we received, including through third parties like NGOs. If allegations are founded, we may terminate our relationship with the supplier.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

We are opposed to all forms of human rights violations and other negative social impact. By taking action to respect and promote human rights within our supply chains, we can help transform the lives of the world's most vulnerable people and contribute toward achieving the Sustainable Development Goals. Our Responsible Sourcing Standard includes requirements related to the respect of human rights, including labor rights, land rights and Indigenous rights. Respect for community land rights in particular to address deforestation risks. As such we require our suppliers to demonstrate a legal entitlement to the use of land, with official documents stating the physical farm boundaries as well as to ensure that agricultural and forestry developments and activities on local peoples' land are subject to the free, prior and informed consent [FPIC] of the affected local communities, including indigenous peoples, with or without governmental consent for expansion. Compliance with these requirements are assessed through the farm assessments conducted by our partners. Where gaps are identified, we work with suppliers to develop and implement action plans to close these gaps. We are also piloting a forest-risk mapping exercise that will embed risks related to local and indigenous communities.

Other, please specify

Relevance & inclusion

Please select

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

Customers, in particular retailers, play an important role in the value chain as the direct link to the consumer. In many countries, e.g. in the US, they have the ability to dictate their own sustainability requirements for the products that go onto their shelves. It is therefore important for Nestlé to build a relationship built on trust with our customers and to engage them regularly on sustainability topics. This is done both at market (country) level through our local Sales Teams as well as for our most important customers at global level through different types of engagements, such as interviewing them as part of our materiality assessment process which is carried out every two years and that helps us to identify the economic, social and environmental issues that matter most to our business and our stakeholder; inviting them to stakeholder convenings and workshops dedicated to sustainability topics or through top to top engagements. As part of different industry associations, such as the Consumer Goods Forum, we collaborate together on forest conservation topics as part of the Forest Positive Coalition that brings together consumer goods manufacturers and retailers.

Employees

Relevance & inclusion
Relevant, always included

Please explain
Employees are among the stakeholders that we engage with regularly on sustainability topics. Our induction program includes mandatory trainings for all Nestlé employees on our Corporate Business Principles and Code of Conduct. In addition, we encourage employees to raise any concerns they have with regards to compliance with legislation, our Corporate Business Principles or our Policies and Standards through the Nestlé Integrity Reporting System (NIRS), our internal reporting system. In 2019, we received 1740 messages. However, none of them related to forest-risks. All NIRS reports are thoroughly investigated, responded to and if a case is substantiated, remediation action is taken.

Investors

Relevance & inclusion
Relevant, always included

Please explain
As a publicly traded company, investors are extremely important stakeholders to Nestlé. We believe it is important they are well-informed on all aspects of our business, including on sustainability related topics. We engage them on these topics, including our responsible sourcing practices, regularly and through different means. Firstly, we report on forest-risk commodities (including on our verified deforestation free KPIs and Responsibly Sourced KPIs) in our Annual Report which is sent to all our shareholders. Our quarterly financial results press releases each include one sustainability topic. In October 2019, our 9-months sales press release included an updated on our progress towards our no-deforestation commitment. We also include sustainability topics in our Investor Seminar and Roadshows. Finally, we respond to many investor questions related to deforestation risks by email, through conference calls, in face to face meetings or through specific questionnaires.

Local communities

Relevance & inclusion
Relevant, always included

Please explain
Collaboration is at the heart of our approach to sustainability, as we believe only by working with a wide range of stakeholders can we gain access to the expertise and insights we need to make the biggest impact. Through initiatives and sessions, we work with NGOs, rights holders and others to further develop our policies and procedures and improve our performance on the ground. As such, we are committed to engaging with stakeholders who are or could be affected by our business activities, including local communities. We are committed to remedying adverse impacts on individuals, workers and communities that we cause or to which we contribute. In addition to our own internal and external grievance mechanisms (Integrity Reporting System and Tell Us), we collaborate with business partners as well as local NGOs and authorities to improve access to remedy in our upstream supply chain, including the development of third-party non-judicial mechanisms such as worker helplines.

NGOs

Relevance & inclusion
Relevant, always included

Please explain
NGOs and civil society play an important role. They may alert us on potential issues happening on the ground, they inform the general public about sustainability challenges and how companies are addressing those through campaigns and reports and they engage with us in relation to the implementation of the commitments that we make. We also work with NGOs like Earthworm Foundation, Proforest and The Nature Conservancy in the implementation of programs on the ground where they also provide us with valuable expertise. As such, NGOs and civil society are an important stakeholder to engage and dialogue with. We engage them in many different ways at both local and global levels. This includes stakeholder convenings, workshops and other events that provide opportunities to deepen dialogue, build on our understanding of important societal issues and provide an opportunity for interaction with our operational teams with a view to developing the capability of our people, facilitate collective action and promote trust and mutual respect. Outcomes from such dialogue are also fed back to senior management through the Nestlé in Society Board. We also include NGOs in our Nestlé Stakeholder Community survey. This is an annual survey with global Key Opinion Leaders that aims to understand evolving views on the company's issues and reputation management as well as in our materiality assessment process that takes place every two years. Finally we also engage in regular dialogue with NGOs to discuss our progress in implementing our commitments and receive their feedback. We believe in maintaining constructive dialogues with all of them and we participate in a number of joint working groups as part of our memberships to certain associations such as RSPO. The information we gather through these different types of engagement informs our sustainability commitments, strategies and programs on the ground.

Other forest risk commodity users/producers at a local level

Relevance & inclusion
Relevant, always included

Please explain
Collaboration is at the heart of our approach to sustainability, as we believe only by working with a wide range of stakeholders can we gain access to the expertise and insights we need to make the biggest impact. We engage with other forest risk commodity users (buyers), including other consumer goods manufacturers and retailers, in a number of fora, in particular industry associations. This include the Consumer Goods Forum Forest Positive Coalition of Action (specifically on palm oil, pulp and paper and soy), the World Cocoa Foundation, the Global Coffee Challenge. We also engage at local level through our Markets participation in local business associations as well as food industry associations. We also take part in multi-stakeholder platforms and dialogues bringing together local commodity users and producers through for example our membership in the Forest Tropical Alliance, and the local and regional chapters of the Consumer Goods Forum . Finally our Responsible Sourcing team and our Procurement team engage with users and producers locally as part of their field visits.

Regulators

Relevance & inclusion
Relevant, always included

Please explain
Our business is based on compliance. Compliance with all regulatory framework ensure our licence to operate. Without compliance, our business may face production slow-down or even production stoppage. Therefore, it is critical for our business that we ensure compliance with all regulatory framework. We therefore engage with regulators The Nestlé Regulatory Affairs team works with a network of regulatory contacts in all countries where we operate. They track regulatory changes and estimate future potential regulatory changes on local level. Any changes/potential impacts are shared with Regulatory Affairs at Zone or Central level. A regulatory database is managed where all relevant regulatory documents are gathered. It is updated as the local situation changes. These assessments are used to inform our Procurement strategies as needed.

Suppliers

Relevance & inclusion
Relevant, always included

Please explain
Responsible sourcing requires deep engagement with our suppliers. We expect all our raw material suppliers to conform to the requirements of our Responsible Sourcing Program. Our program of detailed assessments, carried out by expert independent partners, measures compliance. Where gaps are identified, we work together with our direct suppliers to continuously improve the sustainability practices of our upstream suppliers, all the way up to smallholder farmers. Collaboration can take several forms, including joint projects on the ground, co-funding of projects, landscape initiatives with different supply chain actors.

Other stakeholders, please specify

Relevance & inclusion
Please select

Please explain

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	Yes
Cattle products	No
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	Yes
Other - Coffee	No

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

The Group conducts a materiality assessment every 2 years. This helps us identify the economic, social and environmental issues that matter most to our business and our stakeholders. As part of the process, Nestlé engages with external and internal stakeholders to better understand the issues that are of most concern to them. For each issue, the materiality assessment rates the degree of stakeholder concern as well as the potential business impact.

Both qualitative and quantitative factors are considered when assessing if a material issue may have a substantive strategic impact on the Group. They include:

- does the issue have the potential to substantively affect the Group's strategy or its business model (either at a global level, category level, or across multiple categories)?

- does the issue have the potential to substantively affect one or more of the capitals the Group uses or accesses (e.g. talented, engaged workforce, capital funding)?

- does the issue have the potential to substantively influence the assessments and decisions of stakeholders?

In 2018, "supply chain stewardship" (which includes risks and opportunities as to how we source our raw materials, including forest-related risks) was identified as one of Nestlé's material issues, being rated internally and externally as being of major importance to internal external stakeholders and having a major impact according to external stakeholders.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity
Palm oil

Type of risk
Reputational and markets

Geographical scale
Global

Where in your value chain does the risk driver occur?
Supply chain

Primary risk driver
Other reputational and market driver, please specify (Risk of having customers delist our products)

Primary potential impact
Disruption to sales

Company-specific description
An increasing number of our customers, in particular retailers in developed markets, are increasingly asking that the Nestlé products that they market are sustainable, including that the ingredients that are used in them are sustainably sourced. In some cases they ask us for guarantees, including for certified ingredients. This is particularly the case for palm oil, which can be a sensitive ingredient in some countries. When we were suspended from the RSPO in July 2018 for instance, some of our customers contacted us to understand why and to strengthen the fact that they required RSPO certified palm oil in the products that they put on their shelves.

Timeframe
1-3 years

Magnitude of potential impact
High

Likelihood
Likely

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact (currency)
1000000000

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial
Palm oil is present in approx. 80% of our recipes. We have based this estimate on the potential delisting of our main products by our customers containing palm oil in a number of countries where palm oil is high on the agenda of media.

Primary response to risk
Increased use of sustainably sourced materials

Description of response
Following our temporary suspension from the RSPO, we submitted a time-bound action plan to achieve 100% RSPO certified sustainable palm oil by 2023 and were reinstated as a RSPO member. In addition, at the same time of our reinstatement we announced that we would play a leading role within the RSPO by participating in working groups and sharing our experiences in addressing some of the critical environmental and socio-economic challenges affecting the sector. We have since then supported the strengthening of the RSPO's Principle and Criteria and we are the manufacturer representative in the Assurance Taskforce. As of end of 2019, 48,4% of the palm oil we buy was RSPO Certified.

Cost of response
50000000

Explanation of cost of response
This is the total premiums we pay for RSPO Certified palm oil at current market cost.

Forest risk commodity
Timber products

Type of risk
Reputational and markets

Geographical scale
Global

Where in your value chain does the risk driver occur?
Supply chain

Primary risk driver
Shifts in consumer preference

Primary potential impact
Brand damage

Company-specific description
As we are implementing our commitment to reduce plastics packaging, we are increasing our use of paper packaging for our brands. For example, we've recently switched Nesquik and YES! brands to paper packaging. At the same time, our customers and consumers are increasingly aware of the environmental impact that our products can have on the environment, including the potential link between deforestation and paper packaging. While this link has been less in the spotlight in the last couple of years, we cannot exclude renewed NGO or media attention on this as well as more customers questions on this topic.

Timeframe
1-3 years

Magnitude of potential impact
Medium-high

Likelihood
Unlikely

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact (currency)

200000000

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial
We have based our estimate on a scenario where one range of product would be delisted from one major retailer. We believe that the potential risk would likely affect one country and one retailer rather than being the result of a global campaign.

Primary response to risk
Increased use of sustainably sourced materials

Description of response
We are investing in the responsible sourcing of pulp & paper through our responsible sourcing program. We use a variety of tools including, supply chain mapping and traceability, on-the-ground assessments and certification, to make sure that the pulp and paper we buy is deforestation-free. In particular, we use certification in countries where the market demand for certified products is higher from consumers and customers. As a results of our efforts we were able to verify 93% of our total volumes pulp and paper as deforestation free.

Cost of response
15000000

Explanation of cost of response
This is the cost of the Responsible Sourcing program activities for pulp and paper, including premium costs for certified pulp and paper (FSC and PEFC) that we use.

Forest risk commodity
Soy

Type of risk
Reputational and markets

Geographical scale
Global

Where in your value chain does the risk driver occur?
Supply chain

Primary risk driver
Negative media coverage

Primary potential impact
Brand damage

Company-specific description
Today, the wide majority of the soy that we use goes to our Purina Petcare business. However, as consumer demand for plant based products is increasing (including for Nestlé Brands like Garden Gourmet and Sweet Earth), stakeholder and media attention related to the sustainable production of soy is also increasing. This is in particular the case for soy sourced from high value ecosystems, like the Cerrado in Brazil. There are ongoing NGO campaigns and media attention to industry sourcing in the Brazilian Cerrado, including the Nestlé footprint. We source soya products from hundreds of suppliers in many different countries, including Argentina, Brazil, Serbia and the US. Supply chains vary in length and complexity: making soya traceability challenging. However, our sourcing from the Cerrado is relatively small, and therefore we assess the risk in relations to our sourcing from the Cerrado as relatively low.

Timeframe
4-6 years

Magnitude of potential impact
Low

Likelihood
Likely

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact (currency)
1200000000

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial
This is based on the business size of Purina PetCare - which is the biggest user of soy in our business. In the future we expect our exposure to soy will become bigger as we expand our plant-based products (including soy-based products).

Primary response to risk
Increased use of sustainably sourced materials

Description of response
We are investing in the responsible sourcing of soya through our responsible sourcing program. We use a variety of tools including, supply chain mapping and traceability, on-the-ground assessments and certification, to make sure that the soy we buy is deforestation-free. As a results of our efforts we were able to verify 76% of our total volumes for soy as deforestation free.

Cost of response
1000000

Explanation of cost of response

This is the current cost for implement our responsible sourcing program for soy, including premium for certification (RTRS and Proterra)

Forest risk commodity
Other - Cocoa

Type of risk
Regulatory

Geographical scale
Global

Where in your value chain does the risk driver occur?
Supply chain

Primary risk driver
Other regulatory driver, please specify (Stricter regulation in importing countries (EU in particular))

Primary potential impact
Supply chain disruption

Company-specific description
In July 2019, the European Commission released a Communication on "Stepping up EU Action to Protect and Restore the World's Forests" laying out possible regulatory and non regulator actions it could take to deal with the challenges of deforestation and forest degradation. This lays out different policy options that the EU could take to prevent imports of raw materials / products having contributed to deforestation. Demand side measures proposed by the EU include: - Mandatory labelling and establishing a EU definition for "Deforestation-free" - Approaches similar to the Regulation on illegal, unreported and unregulated fishing – specifically the carding system - Due diligence - Voluntary commitments and labelling At the same time many discussions are ongoing at the EU specifically on the social and environmental challenges facing the cocoa sector, including deforestation. This could potentially lead to cocoa specific legislation ahead of a broader legislation. 60% of Nestlé's global sourcing of cocoa comes from Côte d'Ivoire and Ghana (55% from Côte d'Ivoire alone). A lot of this cocoa goes into the EU market for manufacturing in our European factories. As such, regulation that may restrict imports of cocoa coming from high risk countries in terms of deforestation (e.g. through the adoption of similar approaches to the Regulation on illegal, unreported and unregulated fishing) could impact our ability to import cocoa and would lead to supply chain disruptions.

Timeframe
1-3 years

Magnitude of potential impact
Low

Likelihood
Unlikely

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact (currency)
<Not Applicable>

Potential financial impact figure - minimum (currency)
3000000

Potential financial impact figure - maximum (currency)
4000000

Explanation of financial
This estimate is based on the size of our Confectionery business in Z EMENA and on the assumption that a regulation could be taken restricting imports of cocoa into the EU Market.

Primary response to risk
Greater due diligence

Description of response
We have signed up to the Forests & Cocoa Initiative in 2017 - a public-private partnership between the governments of Côte d'Ivoire and Ghana and the cocoa and chocolate industry. As part of this initiative we have developed and publicly released our action plan, which includes the mapping of all Nestlé Cocoa Plan farm boundaries in Côte d'Ivoire and Ghana (our main sourcing countries and where there is a higher risk of deforestation), the implementation by our suppliers of traceability systems and of exclusion processes for farms found to be located in protected forests. We are also distributing shade trees and piloting agroforestry projects. Finally we have recently signed a Memorandum of Understanding with the government of Côte d'Ivoire for the protection and restoration of the Cavally Forest, an important protected forest in Côte d'Ivoire. Impact to date: - More than 75% of the farms in the Nestlé Cocoa Plan (NCP) in Côte d'Ivoire, and Ghana, have been mapped. We will complete this mapping by October 2020. - This allowed us to assess risks of deforestation in our supply chain by comparing mapped farms to maps of national parks and classified forests. Systems for farmer exclusion have been excluded in Côte d'Ivoire and Ghana. - Restoration of the Cavally Forest will start in 2020 following a MoU signed between Nestlé and the government of Côte d'Ivoire

Cost of response
3000000

Explanation of cost of response
This is based on the cost of implementing activities related to the Cocoa & Forests Initiative and reforestation projects in West Africa.

F3.1c

(F3.1c) Why does your organization not consider itself to be exposed to forests-related risks with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	Risks exist, but no substantive impact anticipated	Nestlé buys beef mainly in low risk countries and has already verified 99% of its meat purchases as deforestation free. In addition, it buys from a wide variety of suppliers, has good traceability in place and can therefore increase/decrease purchases from different suppliers in response to any identified risks. We have not seen any substantive impact on business operations in the recent past as a consequence of identified forest-related risks and do not foresee any in the near future.
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	Risks exist, but no substantive impact anticipated	We have teams of agronomists working closely with our suppliers and with coffee growing communities in the countries where we implement the Nescafé Plan and Nespresso's AAA program. We have not seen any substantive impact on business operations in the recent past as a consequence of identified forest-related risks and do not foresee any in the near future.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	Yes
Other - Coffee	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity
Other - Cocoa

Type of opportunity
Products & services

Where in your value chain does the opportunity occur?
Direct operation
Supply chain

Primary forests-related opportunity
Increased brand value

Company-specific description & strategy to realize opportunity
Nestlé operates in a very competitive environment with many different players, including multinational companies as well as smaller regional or local competitors. As consumers are more and more interested in knowing where the ingredients in their products come from and that they are produced sustainably, brand communication that includes the sustainability attributes of the brand is increasingly becoming a positive differentiation element for consumers. Nestlé is well placed to capture this opportunity as we have been investing in sustainability for a number of years and have a good basis for communicating this to consumers. As a result of the identification of this opportunity, all our global brands are undergoing an exercise to define a "brands with purpose" strategy - this is the framework we use to embed sustainability at the core of our brands. For instance, four of our confectionary brands, Kit Kat, Smarties, YES!, and Les Recettes de l'Atelier are currently undergoing this exercise. Each of these brands have identified which sustainability topics they would like to embed in their brands and have developed specific commitments on top of the corporate commitments. One of these brands specifically identified the topic of forest conservation as a key sustainability topic to leverage at brand level, building on the work carried out in our cocoa supply chain through the Cocoa & Forests Initiative as well as further agroforestry and reforestation projects. A stakeholder consultation has already been organized with sustainability experts to test the credibility of the proposals. Based on this feedback the four brands are refining their sustainability strategies and consumer communications plans.

Estimated timeframe for realization
1-3 years

Magnitude of potential impact
Medium

Likelihood
Very likely

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Forest risk commodity
Palm oil

Type of opportunity
Resilience

Where in your value chain does the opportunity occur?
Direct operation
Supply chain

Primary forests-related opportunity
Ensuring supply chain resilience

Company-specific description & strategy to realize opportunity
Smallholder farmers produce 40% of the global palm oil production and are therefore a very important part of the solution to a deforestation-free supply chain, including for Nestlé's supply chain. As of March 2020, 70% of the palm oil we buy was verified deforestation-free. We continue to work with smallholder farmers and large suppliers alike to be close to 100% deforestation-free by 2022. This requires a significant amount of work to help smallholders produce responsibly - if this work is not done we risk excluding them from our supply chains. Indeed, Starling satellite monitoring data is showing that around our supply chain increasing cases of deforestation are small-scale (smaller than 5ha) and outside of concession boundaries rather than large scale deforestation. This hints to deforestation linked primarily to smallholders rather than large scale plantations. To ensure the resilience of our palm oil supply chain we need therefore to address the sustainability of smallholder farmers. To this end our strategy is multi-dimensional. Firstly, to ensure smallholders inclusion in our supply chains and help build their resilience, Nestlé is supporting eight palm oil smallholder projects across regions we source from. These projects aim to enable sustainable livelihoods for farmers while helping them produce responsibly. Seven of these projects are through the Earthworm Foundation's Rurality initiative, an approach to engaging smallholders that focuses on helping them develop their own capacity through strategic use of market links and supply chains. The eighth project is implemented by Proforest in Mexico. We have added forest conservation components to all these projects. In addition, we see the lack of full traceability to plantation (TTP) as a barrier to the full sustainability of the sector. We are therefore raising awareness of small and medium-size mills about importance of TTP and building their capacity to implement robust systems to record Fresh Fruit Bunch (FFB). Finally, since we know these are systemic issues where we need to whole industry to request for full TTP, we are advocating for this in the industry associations and multi-stakeholder initiatives we are part of, including the Consumer Goods Forum Forest Positive Coalition of Action. We published our advocacy position on our website under our Palm oil Transparency Dashboard.

Estimated timeframe for realization
4-6 years

Magnitude of potential impact
Medium

Likelihood
Likely

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Forest risk commodity
Soy

Type of opportunity
Markets

Where in your value chain does the opportunity occur?
Direct operation
Supply chain

Primary forests-related opportunity
Increased growth in the alternative protein market

Company-specific description & strategy to realize opportunity
An engaged generation of consumers is driving a new food ideology, with trends toward more natural and organic foods, plant-based proteins and simpler, healthier ingredients. They expect brands to provide experiences beyond the product, be authentic and act as a force for good – both socially and environmentally. In particular, we see the increasing demand for plant-based option as an important opportunity that we need to seize. This is why we are speeding up the transformation of Nestlé products to offer more products that have a better environmental footprint, including more plant- based food and beverages. Consumer demand for such products is rapidly increasing. This has led us to redefine our approach to new product development with shorter innovation cycles and faster launches. Launching more plant-based products, including soy-based ones, with a better environmental footprint is a key part of our strategy to achieve zero net greenhouse gas emissions by 2050. This must be accompanied by the sustainable sourcing of plant-based ingredients such as soy. Since deforestation is a major challenge within soya supply chains in certain parts of Brazil, Argentina and Paraguay, we are increasing our efforts to ensure that we source products only from land that has not been converted from forest or other high-conservation-value (HCV) areas to other use. We continue to work to improve our traceability and support the maintenance and management of these highly valuable regions. In addition we are investing in the US in a project to increase the adopting of better soil health practices, such as cover crops, conservation tillage and crop rotation, could bring huge economic benefits for farmers, as well as long-term conservation benefits. This will also help us achieve our Climate Pledge and communicate

this positive impact to consumers, thereby increasing brand value.

Estimated timeframe for realization
1-3 years

Magnitude of potential impact
High

Likelihood
Virtually certain

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The Group's plant-based food products continue to grow at a strong double-digit rate, helped by innovations and product launches such as the new vegetarian sausage. Financial forecasts are business sensitive and not publically disclosed.

Forest risk commodity
Other - Coffee

Type of opportunity
Resilience

Where in your value chain does the opportunity occur?
Direct operation
Supply chain

Primary forests-related opportunity
Improved climate change adaptation

Company-specific description & strategy to realize opportunity
Global efforts to tackle climate change by reducing carbon emissions will result in a transition to a low carbon economy. This transition presents both risks and opportunities for Nestlé. Transition risks include market and technological shifts, policy and legal changes and reputational damage. Opportunities include increase in sale of low carbon products. To better understand this, we have adopted the Taskforce for Climate-related Financial Disclosures recommendations and began implementation in 2019. Physical risks have a higher probability to impact coffee, with higher temperatures and water shortages compromising quality and reducing availability. This may lead to an increase in raw material costs for the industry, and have economic and social impacts on coffee-growing communities. We have initiatives in place to support our farmers and our business in mitigating and adapting to climate-related physical impacts. These include providing technical assistance to farmers through our Nescafé Plan and Nespresso AAA Program, enhancing resilience to climate change in our plant breeding programs and improving management of the dairy supply chain. We are scaling up initiatives in agriculture to build farm-level resilience by storing carbon through soil management and land restoration, helping farmers reduce greenhouse gas emissions and halting deforestation. In particular, Nespresso has been transitioning AAA coffee farming into agroforestry models since 2014. Begun in Colombia and Guatemala, this approach is being expanded to 9 of its sourcing regions. As part of this program, it committed to plant 5 million trees in the AAA coffee farms and landscapes. By the end of 2019, it had already reached 90% of this target with agroforestry in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. Around 60% of the trees planted is from carbon-verified operations (Ecocert Reforestation Solidaire or Verified Carbon Standard). These operations act as verification for Nespresso's carbon mitigation roadmap. In addition, consumers are more and more interested in knowing where the ingredients in their products come from and that they are produced sustainably . Nespresso & Nescafé will continue to leverage their work to inform consumers of the positive impact they're having on the Planet, increasing trust in the brand and brand value.

Estimated timeframe for realization
4-6 years

Magnitude of potential impact
Medium-high

Likelihood
Very likely

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
50000000

Potential financial impact figure – maximum (currency)
60000000

Explanation of financial impact figure
Nespresso France, one of Nespresso's major markets, decided to take a leadership position in delivering a carbon neutral proposition to the French consumers (expanding the neutrality to scope 3). In France, Nespresso achieved full scope carbon neutrality using natural climate solutions, planting 500,000 trees per year in carbon projects. This compensation mechanism is complementary to the reduction efforts occurring in scope 3, such as the increase of the recycling of capsules via collective actions (https://www.nestle.com/media/news/best-environmental-initiative-nespresso-wins-award-for-recycling-project), the procurement of renewable energy for the boutiques and the promotion of circular use of machines. We estimate the cost avoidance for Nespresso France of this action at CHF 50 - 60 million over 5 years (including the implementation costs of USD 15/ton) . This is obtained by comparing the costs of generating carbon credits vs the costs of paying for a carbon tax on a yearly basis. For the calculation we consider: USD 15/ton the cost of carbon credit via carbon sinks vs USD 110 - 120/ton the carbon tax over 110,000 tons scope per year for Nespresso France for over 5 years. The cost to realize the opportunity is based on the scope for Nespresso France fully insetting for GHG Scope 1-3. Within its 2030 sustainability journey, Nespresso is considering ways to expand carbon neutrality efforts by extending this program to additional markets.

Forest risk commodity
Timber products

Type of opportunity
Products & services

Where in your value chain does the opportunity occur?
Direct operation
Supply chain

Primary forests-related opportunity
Increased brand value

Company-specific description & strategy to realize opportunity
An engaged generation of consumers is driving a new food ideology, with trends toward more natural and organic foods, plant-based proteins and simpler, healthier ingredients. They expect brands to provide experiences beyond the product, be authentic and act as a force for good – both socially and environmentally. This includes increasing demand for products that have either no packaging or sustainable packaging (incl. reusable, recyclable or biodegradable. To satisfy consumers demand for sustainable products and sustainable packaging, we are taking leadership in reducing the environmental impact of our products and have committed to make 100% of our packaging recyclable or reusable by 2025. In 2019, we launched our Institute of Packaging Sciences, dedicated to the discovery and development of functional, safe and environmentally-friendly packaging solutions, including paper-based packaging. As part of this on-going work we have already launched different products with paper-based packaging. This includes: - Nesquik's new All Natural using a break-through form of coated-paper packaging that is sustainably sourced and easily recycled. Our ready-to-drink was also launched in Europe with paper straws. - Brazil's Ninho drink is Nestlé's first plant-based beverage specifically formulated for school-age children. The product comes in recyclable packaging, including paper straws. - YES! bar Version 2.0 comes with an award-winning recyclable paper packaging. This switch to more sustainable packaging must of course be accompanied by the sustainable sourcing of the paper to ensure that consumers trust that our products are more sustainable. Our sustainable sourcing strategy for pulp & paper (with 93% verified deforestation free pulp and paper) places is us in a good position to build trust with consumers and increase brand value.

Estimated timeframe for realization
1-3 years

Magnitude of potential impact
Medium-high

Likelihood
Very likely

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?
Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board-level committee	The Nomination and Sustainability Committee of the Board of Directors periodically reviews measures to ensure our company's sustainability and how its long-term strategy relates to our ability to create shared value, including forest risk.

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	The Nomination and Sustainability Committee oversees environment, including on the topic of responsible sourcing that encompasses deforestation . It meets at least twice a year and as frequently as necessary to fulfill its task. The Committee Chairman provides a detailed report of its meetings to the full Board of Directors at each meeting in a dedicated Chairman's session. The Executive Board's oversight of forest related issues covers both risk and strategies to address the risk. The Chief Financial Officer is responsible for the financial risk related aspects and the Head of Operations for our no deforestation commitment. Deforestation is integrated into the company's enterprise risk management (ERM) process and reviewed by the Board of Directors as part of the Board's annual risk assessment. The setting of targets and public commitments on deforestation is part of our comprehensive Creating Shared Value (CSV) approach to business strategy. It leads the strategic development and implementation of CSV across our business. In both cases of risk management and no deforestation commitment, the Executive Board reviews and guides the strategy, policies and major plans of action including major capital expenditure, as well as oversight of the targets and public commitments. The annual budgeting and guiding the business plans is undertaken by individual Executive Board members (CFO, Head of Operations).

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Other C-Suite Officer, please specify (Executive Vice President Head of Operations)	Both assessing and managing forests-related risks and opportunities	Quarterly	Our Responsible Sourcing program is embedded within the operational master plan (business plan) for the Operations Division which includes Procurement. The Responsible Sourcing Program includes our work to address deforestation and natural conversion. Progress is reported automatically to the Executive Board on a quarterly basis. Our Head of Operations is the responsible board member for this programme. This is because his responsibilities encompass all operations related topics, from the management of our factories, to Procurement and Supply Chain, etc. Our Head of Sustainable Sourcing reports directly to the COO. Any deviations from the plan are briefed separately and as matters arise. In addition we have a global Sustainability Sourcing Committee, chaired by the COO and attended by other Board members including our three Zone CEOs (Americas, Europe, Middle East and North Africa, and Asia Oceania Africa), the Chief Financial Officer and the Chief Technology Officer. This Committee oversees our commitments and targets, the implementation plans to deliver on those as well as the budget. Any short or medium term risk is escalated to the Issues Roundtable co-chaired by our General Counsel and the COO.
Other C-Suite Officer, please specify (Zone CEOs (Zone Americas; Zone Europe Middle East North Africa, Zone Asia Oceania Africa))	Both assessing and managing forests-related risks and opportunities	Quarterly	The Global Sustainability Sourcing Committee is complemented by Zone Sustainability Sourcing Committees that are chaired by the CEO of the Zone. These committees are responsible for the strategy, performance and return on investment.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	No, not currently but we do plan to introduce them in the next two years	Currently our C-suite employees do not have a specific target linked to the achievement of our no deforestation commitment. The Group is considering the introduction of a deforestation attainment target in the next two years.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

2019-annual-review-en.pdf

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural habitats Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy	Nestlé's commitment on Deforestation and Forest Stewardship was produced in 2010, and updated in 2013, following consultation with outside experts and is publicly available. Our business dependency on forests: As the world's largest food and beverage manufacturer, our business relies on sourcing high quality agricultural and agroforestry based ingredients. To sustain our business, these supply chains must be sustainable, doing no harm to the people and natural resources which produce them, but also regenerate natural and social capital. Many of our ingredient come from landscapes where forests are a critical part of the landscape and to sustain people, planet, and our business, ensuring no deforestation, sustainable land use planning, and green growth, are central. This policy serves as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard. As of July 1 2018, the RSS replaces the Nestle Supplier Code, the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. It has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. The RSS goes beyond regulatory requirements to ensure sustainable long-term supply and to continually reduce our impact on the planet's resources. Our definition of deforestation goes beyond local legal definitions and refers to non-conversion of HCS and HCV lands. 5 categories of raw material are central to our "no deforestation" commitment as they are considered to have the highest impact on deforestation: palm oil, soy, pulp & paper, meat and sugar. In addition, dairy products, cocoa, coffee and cassava can be problematic in some places and will be addressed on a country by country basis. Nestlé has also backed the NYDF, and the Consumer Goods Forum commitment to tackle deforestation.

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

Do you have a commodity specific sustainability policy?	Scope	Content	Please explain

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. It pledges that our products will not be associated with deforestation. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes why our business is dependent on forests. While we rely on forests for the production of key ingredients that go into our products, we also know that our most significant impact on forests is through our sourcing. The policy is to ensure that our products have not led to deforestation and that Nestlé and its suppliers are responsible stewards of the forests and forested areas from which they are sourcing material. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of July 1st 2018, the RSS replaces previous versions of the Nestle Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. In addition, we have developed category-specific requirements for pulp and paper: - Protection of high-carbon-stock forests. - Protection of high-conservation-value sites. - No development on peat, regardless of depth. - Respecting the process of free, prior and informed consent. We also use certifications such as Forest Stewardship Council (FSC) and Programme for Endorsement of Forest Certification (PEFC) as tools to demonstrate compliance. These criteria go beyond regulatory requirements to ensure sustainable long-term supply and to reach the ambition of our purpose, especially to continually reduce our impact on the planet's resources. We've committed to be 100% deforestation-free by the end of 2020. As of March 2020, 93% of pulp & paper we buy, was verified deforestation-free. We will continue to work with smallholder farmers and large suppliers alike to be close to 100% deforestation-free by 2022..

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Palm oil	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. It pledges that our products will not be associated with deforestation. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes why our business is dependent on forests. While we rely on forests for the production of key ingredients that go into our products, we also know that our most significant impact on forests is through our sourcing. The policy is to ensure that our products have not led to deforestation and that Nestlé and its suppliers are responsible stewards of the forests and forested areas from which they are sourcing material. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of July 1st 2018, the RSS replaces previous versions of the Nestle Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. Our category-specific requirements for palm oil require our suppliers to source oil from origins that: - Are not areas cleared of natural forest after December 31, 2015. - Respect local and indigenous communities' right to free, prior and informed consent. - Protect HCS land. - Protect peatlands. - Comply with the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO). These criteria go beyond regulatory requirements to ensure sustainable long-term supply and to reach the ambition of our purpose, especially to continually reduce our impact on the planet's resources. We've committed to be 100% deforestation-free by the end of 2020. As of March 2020, 70% of the palm oil we buy, was verified deforestation-free. We will continue to work with smallholder farmers and large suppliers alike to be close to 100% deforestation-free by 2022.

Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. It pledges that our products will not be associated with deforestation. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes why our business is dependent on forests. While we rely on forests for the production of key ingredients that go into our products, we also know that our most significant impact on forests is through our sourcing. The policy is to ensure that our products have not led to deforestation and that Nestlé and its suppliers are responsible stewards of the forests and forested areas from which they are sourcing material. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS).

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Cattle products	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. It pledges that our products will not be associated with deforestation. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes why our business is dependent on forests. While we rely on forests for the production of key ingredients that go into our products, we also know that our most significant impact on forests is through our sourcing. The policy is to ensure that our products have not led to deforestation and that Nestlé and its suppliers are responsible stewards of the forests and forested areas from which they are sourcing material. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of July 1st 2018, the RSS replaces previous versions of the Nestle Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. The Standard makes explicit provisions for the protection of peatland and high-carbon-stock (HCS) land, which are critical in combating deforestation, and for the prevention of social conflict arising from potential disputes over land rights and land acquisition. These criteria go beyond regulatory requirements to ensure sustainable long-term supply and to reach the ambition of our purpose, especially to continually reduce our impact on the planet's resources. We've committed to be 100% deforestation-free by the end of 2020. As of March 2020, 99% of the meat we buy, was verified deforestation-free.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Soy	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. It pledges that our products will not be associated with deforestation. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes why our business is dependent on forests. While we rely on forests for the production of key ingredients that go into our products, we also know that our most significant impact on forests is through our sourcing. The policy is to ensure that our products have not led to deforestation and that Nestlé and its suppliers are responsible stewards of the forests and forested areas from which they are sourcing material. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of July 1st 2018, the RSS replaces previous versions of the Nestle Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. The Standard makes explicit provisions for the protection of peatland and high-carbon-stock (HCS) land, which are critical in combating deforestation, and for the prevention of social conflict arising from potential disputes over land rights and land acquisition. These criteria go beyond regulatory requirements to ensure sustainable long-term supply and to reach the ambition of our purpose, especially to continually reduce our impact on the planet's resources. We've committed to be 100% deforestation-free by the end of 2020. As of March 2020, 76% of the soy we buy, was verified deforestation-free. We will continue to work with smallholder farmers and large suppliers alike to be close to 100% deforestation-free by 2022.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Other - Cocoa	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. It pledges that our products will not be associated with deforestation. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes why our business is dependent on forests. While we rely on forests for the production of key ingredients that go into our products, we also know that our most significant impact on forests is through our sourcing. The policy is to ensure that our products have not led to deforestation and that Nestlé and its suppliers are responsible stewards of the forests and forested areas from which they are sourcing material. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of July 1st 2018, the RSS replaces previous versions of the Nestle Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. The Standard makes explicit provisions for the protection of peatland and high-carbon-stock (HCS) land, which are critical in combating deforestation, and for the prevention of social conflict arising from potential disputes over land rights and land acquisition. These criteria go beyond regulatory requirements to ensure sustainable long-term supply and to reach the ambition of our purpose, especially to continually reduce our impact on the planet's resources. In addition as part of the Cocoa & Forests Initiative, we have defined specific commitments for cocoa and set out a time-bound action plan for Côte d'Ivoire and Ghana to be delivered by 2022 (see: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/cocoa-and-forests-initiative-nestle-initial-action-plan.pdf)

Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. It pledges that our products will not be associated with deforestation. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes why our business is dependent on forests. While we rely on forests for the production of key ingredients that go into our products, we also know that our most significant impact on forests is through our sourcing. The policy is to ensure that our products

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Other - Coffee	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. It pledges that our products will not be associated with deforestation. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes why our business is dependent on forests. While we rely on forests for the production of key ingredients that go into our products, we also know that our most significant impact on forests is through our sourcing. The policy is to ensure that our products have not led to deforestation and that Nestlé and its suppliers are responsible stewards of the forests and forested areas from which they are sourcing material. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of July 1st 2018, the RSS replaces previous versions of the Nestle Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. The Standard makes explicit provisions for the protection of peatland and high-carbon-stock (HCS) land, which are critical in combating deforestation, and for the prevention of social conflict arising from potential disputes over land rights and land acquisition. These criteria go beyond regulatory requirements to ensure sustainable long-term supply and to reach the ambition of our purpose, especially to continually reduce our impact on the planet's resources. We have committed to having 70% of the total Nescafé coffee supply responsibly sourced by 2020 and to have 100% of the coffee for Nespresso's permanent range source through its AAA Sustainable Quality Program by 2020. These 2 programs include no deforestation criteria in their verification schemes.

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

New York Declaration on Forests

Tropical Forest Alliance 2020

Cerrado Manifesto

Soy Moratorium

Other, please specify (Consumer Good Forum Forest Positive Coalition of Action and Zero Net Deforestation Commitment; OP2B; Just Rural Transition; UN Climate Pledge; High Carbon Stock Approach)

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

No conversion of natural ecosystems

Zero gross deforestation/ no deforestation

Zero net deforestation

No new development on peat regardless of depth

Avoidance of negative impacts on threatened and protected species and habitats

No trade of CITES listed species

No land clearance by burning or clearcutting

No conversion of High Conservation Value areas

No conversion of High Carbon Stock forests

Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities

Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples

Promotion of gender equality and women's empowerment

Adoption of the UN International Labour Organization principles

Resolution of complaints and conflicts through an open, transparent and consultative process

Facilitate the inclusion of smallholders into the supply chain

No sourcing of illegally produced and/or traded forest risk commodities

No sourcing of forest risk commodities from unknown/controversial sources

Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2020

Please explain

Nestlé has made a no deforestation commitment. Our Responsible Sourcing Standard (RSS) is the tool that we use to operationalize our commitment. The RSS sets the requirements for upstream supply chain third parties, including Nestlé Procurement teams, through to first tier suppliers , sub tier suppliers and origin service providers, farms or sea based raw material production defined as origin. Our no deforestation commitment is global and includes: 1. Not expanding or producing on: • Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on HCV lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. 3. Having a forest management plan in place in the case of agricultural production of pulp and paper 4. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community 5. Demonstration of legal right to use the land. 6. Transparency of business activities, especially pertaining to traceability back to harvesting locations 7. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles Case study for demonstrating no deforestation: we 're using Starling satellite technology to monitor the 300 000-hectare voluntary moratorium area of the remaining Intact forest landscapes (HCV) in Arkhangelsk Oblast/Russia to help demonstrate that our supplier is respecting its moratorium commitments. This allows to monitor any breach to the moratorium. Case study on FPIC: Assessments of virgin wood fiber suppliers in Brazil identified a need to train their employees in better understanding FPIC and its applications. In 2019, our partner Earthworm Foundation ran a four-day training program, FPIC: from Theory to Practice. The program attracted 27 attendees from six companies, representing around 30% of the planted forest area in Brazil, as well as an Argentinian company. Two of the companies represented were further coached on implementing FPIC pilot projects.

Forest risk commodity

Palm oil

Criteria

No conversion of natural ecosystems

Zero gross deforestation/ no deforestation

Zero net deforestation

No new development on peat regardless of depth

Best management practices for existing cultivation on peat

Avoidance of negative impacts on threatened and protected species and habitats

No trade of CITES listed species

No land clearance by burning or clearcutting

No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources
Recognition of legal and customary land tenure rights

Operational coverage
Direct operations and supply chain

% of total production/ consumption covered by commitment
100%

Cutoff date
2015

Commitment target date
2020

Please explain
Nestlé made a no deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties, including our Procurement teams, through to first tier suppliers (+ affiliates), sub tier suppliers and origin service providers, farms or sea based raw material production defined as origin. Our no deforestation commitment is global and includes: 1. Not expanding or producing on: • Areas converted from HCS forests and habitat such as peatland, wetlands, savannas after 31/12/2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on HCV lands in and around the producer territory after 31/12/2015 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community 4. Demonstration of legal right to use the land. 5. Transparency of business activities 6. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles Cast study to demonstrate no conversion: In East Kalimantan, Indonesia, we supported awareness raising on protecting High Conservation Value (HCV) forest habitat for orangutans via a workshop organized by one of our suppliers with support from Earthworm Foundation. Monitoring visits conducted in November 2019 found good progress made on the action plans developed in the workshops. Case study to demonstrate zero net deforestation: we are using Starling satellite imagery to monitor 100% of our global palm oil supply chain. We leverage this information to assess deforestation risk and to prioritize where to take action. e.g. We supported Earthworm to conduct an investigation into small-scale clearance in Sabah, Malaysi Case study to demonstrate FPIC: we support a project in North Sumatra where 5 villages where palm oil smallholders in our supply chain are located are participating in a Participatory Land Use Planning process to clarify legal status of ownership + land use. Communities have agreed to conserve 3,830 hectares of forest. Next step is to obtain district government recognition and support for the forest conservation management activities.

Forest risk commodity
Cattle products

Criteria
No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
No new development on peat regardless of depth
Avoidance of negative impacts on threatened and protected species and habitats
No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Recognition of legal and customary land tenure rights

Operational coverage
Direct operations and supply chain

% of total production/ consumption covered by commitment
100%

Cutoff date
2015

Commitment target date
2020

Please explain
Nestlé made a no deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties, including our Procurement teams, through to first tier suppliers (+ affiliates), sub tier suppliers and origin service providers, farms or sea based raw material production defined as origin. Our no deforestation commitment is global and includes: 1. Not expanding or producing on: • Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on High Conservation Values (HCV) lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community 4. Demonstration of legal right to use the land. 5. Transparency of business activities, especially pertaining to traceability back to harvesting locations 6. Demonstration of respect for human rights, labor rights and for gender and women

empowerment principles Case study: We work closely with our direct meat suppliers and partners to conduct a mapping of our upstream supply chains and carry out farm assessments in our upstream supply chain with partner organizations. As of March 2020, 99% of the meat we buy for our Food Business (excludes meat by-products) was verified deforestation-free using traceability to no / low risk location and SGS audits. We began tracing meat by-products in 2019 and expected to have this completed this by October 2020. Our recent Climate Pledge to commit to net-zero emissions by 2050 will also push us to seek new innovations to inset our emissions. This will be achieved through land restoration and conservation activities, sustainable grazing and feed origins, innovations to reduce carbon dioxide and methane emissions, and the adoption of a circular model that will reuse manure methane as a source of energy and lower the overall carbon footprint of animal production.

Forest risk commodity
Soy

Criteria
No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
No new development on peat regardless of depth
Avoidance of negative impacts on threatened and protected species and habitats
No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Recognition of legal and customary land tenure rights

Operational coverage
Direct operations and supply chain

% of total production/ consumption covered by commitment
100%

Cutoff date
2015

Commitment target date
2020

Please explain
Nestlé made a no deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties, including our Procurement teams, through to first tier suppliers (+ affiliates), sub tier suppliers and origin service providers, farms or sea based raw material production defined as origin. Our no deforestation commitment is global and includes: 1. Not expanding or producing on: • Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on High Conservation Values (HCV) lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community 4. Demonstration of legal right to use the land. 5. Transparency of business activities, especially pertaining to traceability back to harvesting locations 6. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles Case study: To better understand our supply chain exposure, we have developed an approach merging geographical risk analyses with the design of a scorecard for suppliers with Proforest. For the spatial analysis, we focused on Brazil to develop risk maps at municipality scale, considering publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. The scorecard aims to provide us with some key comparable information on our large numbers of suppliers, as some might not follow our sustainability commitments and we need to understand what and where the gaps are. The scorecards are going to be used as our main engagement tool, and we expect to report on suppliers' performance from 2020 onward.

Forest risk commodity
Other - Cocoa

Criteria
No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
No new development on peat regardless of depth
Avoidance of negative impacts on threatened and protected species and habitats
No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Recognition of legal and customary land tenure rights

Operational coverage
Direct operations and supply chain

% of total production/ consumption covered by commitment
100%

Cutoff date
2015

Commitment target date
2021-25

Please explain
Nestlé made a no deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties, including our Procurement teams, through to first tier suppliers (+ affiliates), sub tier suppliers and origin service providers, farms or sea based raw material production defined as origin. Our no deforestation commitment is global and includes: 1. Not expanding or producing on: • Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on High Conservation Values (HCV) lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community 4. Demonstration of legal right to use the land. 5. Transparency of business activities, especially pertaining to traceability back to harvesting locations 6. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles In 2019, we announced our aim to source 100% of cocoa for Nestlé confectionery through the Nestlé Cocoa Plan by 2025. Case study: as part of our work within the Cocoa & Forests Initiative to combat deforestation, we've developed an action plan for Côte d'Ivoire and Ghana to be completed by 2022. This includes mapping all Nestlé Cocoa Pan farms and strengthening traceability systems ; implementation of an exclusion process for farmers who grow cocoa in protected areas; sensitization of 38,000 farmers on forest law enforcement; distribution and planting of 2,8 million shade trees; carrying out 2 agroforestry pilots; training 70,000 farmers on good agricultural practices; and promotion of the financial inclusion of at least 8,700 farmers by supporting the creation of village savings and loans associations

Forest risk commodity
Other - Coffee

Criteria
Please select

Operational coverage
Direct operations and supply chain

% of total production/ consumption covered by commitment
100%

Cutoff date
2015

Commitment target date
2020

Please explain
Nestlé made a no deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties, including our Procurement teams, through to first tier suppliers (+ affiliates), sub tier suppliers and origin service providers, farms or sea based raw material production defined as origin. Our no deforestation commitment is global and includes: 1. Not expanding or producing on: • Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on High Conservation Values (HCV) lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community 4. Demonstration of legal right to use the land. 5. Transparency of business activities, especially pertaining to traceability back to harvesting locations 6. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles Case study: As part of its strategy to help coffee growers adapt to climate change, Nespresso is planting native trees to deliver specific benefits – such as reduced soil erosion, water provision, and temperature regulation. Nespresso has been transitioning AAA coffee farming into agroforestry models since 2014. Begun in Colombia and Guatemala, this approach is being expanded to 9 of its sourcing regions. As part of this program, it committed to plant 5 million trees in the AAA coffee farms and landscapes. By the end of 2019, it had already reached 90% of this target with agroforestry in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. Around 60% of the trees planted is from carbon-verified operations (Ecocert Reforestation Solidaire or Verified Carbon Standard). These operations act as verification for Nespresso's carbon mitigation roadmap.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	21-30	We recognize that deforestation and natural habitat loss has an important impact on GHG emissions and therefore on climate change, an issue that has been identified as one of the greatest risks for Nestlé as the biggest food and beverage manufacturer. To address this risk, we have integrated forests-related issues into our long-term business objectives. In particular, forest-related issues are core to our Climate Pledge roadmap that lays out how we expect to achieve net zero GHG emissions the value chain by 2050 (scope 1 to 3). To this end, we are following the Science Based Targets initiative for this work, which require us to reduce all possible GHG emissions and compensate the rest with carbon removal projects (e.g. restoring forests) in our own value chains. SBTi also require us to have an interim target of 50% reduction by 2030. Since our roadmap lays out a framework for actions to achieve zero net emissions by 2050, with interim targets by 2025 and 2030, we have selected the 21-30 year timeline. The specific interventions we will implement include: - Agroforestry projects, building on the work that Nespresso has started in its coffee supply chain. We have also started two agroforestry pilots in cocoa as part of our Cocoa & Forests Initiative action plan - Reforestation and restoration of forests and other precious ecosystems: we have already announced several projects in this space, including a partnership with One Tree Planted to plant 3 million trees in the Americas by 2021 in specific planting locations where palm, soya, paper, coffee, or coconut are grown, and where precious ecosystems such as forests, wetlands, peatlands or mangroves can be restored. We also announced a partnership with the government of Côte d'Ivoire to protect and restore the protected Cavally Forest By 2025, we aim to reduce our emissions by 20%; by 2030 we aim to reduce them by 30% and achieve zero net by 2050.
Strategy for long-term objectives	Yes, forests-related issues are integrated	21-30	As part of the definition of the roadmap a GHG emission baseline exercise was carried out by ingredient, by business unit, and by Zone and Market. 5 Taskforces were set up to define emissions reduction strategies, including a Sustainable sourcing taskforce and a Product Portfolio one. Finally an intervention roadmap was defined explaining how we expect to reach zero net emissions by 2050. Since our roadmap details how we expect to get to zero net by 2050, we have selected the 21-30 years timeline. As part of this roadmap, forest-related issues are integrated into different business aspects – this aims to help transform our supply chain, making it more resilient. As part of this roadmap, at corporate level, reforestation and restoration initiatives will complement our commitment to halt deforestation in our supply chains. Building on the work we've already started we will scale up implementation of agroforestry on and off farm, restoration of peatlands and other high carbon and high conservation value ecosystems and protection and restoration of forests. We will also implement low carbon agricultural practices, like regenerative agriculture. This work will apply to all forest-risk commodities, with a particular focus on palm oil, cocoa, coffee, coconut and nuts for restoration and forest conservation and soy and beef for regenerative agriculture.
Financial planning	Yes, forests-related issues are integrated	21-30	As part of the Climate Pledge roadmap, we have calculated the evolution of emissions over time taking into account our planned intervention and the cost of getting overtime (from 2020 to 2050). This includes the cost of reduction and removal of carbon linked to forests (deforestation, forest conservation and reforestation). Funding mechanisms to secure the implementation of the roadmap are currently being investigated.

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number
Target 1

Forest risk commodity
Palm oil

Type of target
Traceability

Description of target
Traceability is key for implementing our no deforestation commitment. We use this information to monitor our suppliers on deforestation risks. Target: We began a traceability to mill exercise in 2010. In 2016 we increased our focus to the plantation. In 2019, 62% of the palm oil volumes we sourced were traceable to plantation and 93% to mill. Our objective is to reach 100% traceability to plantation by end of 2020. Approach: We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. Our global oils buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our palm oil via supplier Traceability Declaration Documents used to collect traceability data to plantation with our external partner Earthworm Foundation.

Linked commitment
Zero net/gross deforestation

Traceability point
Plantation

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
80

% of target achieved
62

Please explain
In 2019, 62% of the palm oil volumes we sourced were traceable to plantation and 93% were traceable to mill. We are accelerating our work to achieve our traceability to plantation target. Plans to improve: - We ask all our suppliers to map their entire supply chain all the way to plantation, including for third-party mills. This information can be challenging to obtain. However since we started using the granular risk information from Starling satellite monitoring to have very specific engagements with our suppliers around deforestation alerts, we have managed to get more commitments from suppliers to achieve full traceability to plantation.At the same time, engagement with suppliers has revealed gaps in tools to achieve traceability to plantation.This is why we funded Earthworm Foundation to develop a targeted approach to engage suppliers and mills on traceability to plantation and corresponding deforestation verification. We will roll this out by the end of 2020. - We are also advocating in industry associations and multi-stakeholder platforms we are participating in for more palm oil buyers to ask for traceability to plantation and to find ways to enable and incentivize small and medium-size mills to implement FFB control systems and commit not to accept FFB from unknown origin. We're also strongly committed to transparency and have taken the following actions: - updated our public list of Nestlé palm oil Tier 1 (direct) suppliers' names and a list of the mills that supply us further upstream, each listed with their country of origin - initiated a blockchain pilot with OpenSC, a platform founded by WWF-Australia and The Boston Consulting Group Digital Ventures that has the capability to give anyone, anywhere access to independently verifiable sustainability and supply chain data. The initial palm oil pilot began in the Americas and is intended to test the scalability of the system. - launched a palm oil Transparency Dashboard to share more detailed information about how we are using Starling satellite monitoring to advance our strategy to end deforestation.

Target reference number
Target 2

Forest risk commodity
Palm oil

Type of target
Assess and/or verify compliance

Description of target
We've committed to ensuring that the palm oil we buy is verified deforestation free by the end of 2020. Palm oil volumes are considered deforestation free when they are traceable to locations that meet one of the following criteria: a. Verified through on-the-ground assessments by non-governmental organization (NGO) partners (Earthworm Foundation) b. Certified RSPO SG/IP supply chains c. Certified RSPO segregated and HCV assessment d. Traceable to plantations that are verified as deforestation free via satellite monitoring systems such as Starling

Linked commitment
Zero net/gross deforestation

Traceability point
<Not Applicable>

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
100

% of target achieved
70

Please explain
In 2010, we made a commitment to no deforestation. As of March 2020, 70% of the palm oil that we buy was verified deforestation free. While we will not reach 100% verified deforestation free palm oil by the end of the year, we will continue to work with smallholder farmers and large suppliers alike to be close to 100% deforestation-free by 2022. To achieve our target we will continue to use a combination of tools, including supply chain mapping, certification, Starling satellite monitoring, and on-the-ground verification. In particular, the use of Starling satellite monitoring covering 100% of our palm oil supply chain is helping us accelerate progress. Information from Starling helps us to: 1) Engage our suppliers with factual and granular data. As a result, we are getting relevant information more quickly, including concession information 2) Carry out on-the-ground investigation: When necessary, together with our partner Earthworm Foundation and/or with our relevant supplier, we verify what satellite imagery is showing us on the ground and how this links to specific mills in our supply chain. This allows us to inform our decision making, including whether we need to suspend companies. 3)Prioritize Action, including identify priority locations for forest conservation within projects we support. These include engaging smallholders located on the boundaries of at-risk forest areas for conservation planning, getting plantation companies with landbanks at risk of encroachment to commit to no deforestation, and engaging local governments in integrated land use planning. Based on the learnings from Starling we're also taking the following steps: - Scaling-up resources for data collection and analysis as well as field verification to act more rapidly and consistently on Starling alerts. - Raising awareness of small and medium-size mills about importance of traceability to plantation and building their capacity to implement robust systems to record Fresh Fruit Bunch (FFB). - Integrating or strengthening the forest protection component in all our smallholder projects. - Supporting landscape initiatives and reforestation efforts. We're also sharing our learnings with our industry peers, including through our participation in the CGF Forest Positive Coalition and the Palm oil collaboration Group.

Target reference number
Target 3

Forest risk commodity
Timber products

Type of target
Traceability

Description of target
Traceability is key for implementing our no deforestation commitment. We use this information to monitor our suppliers on deforestation risks. Target: Our target is to achieve 95% traceability to country of harvest by end of 2020. Approach: We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers, such as Earthworm and SupplyShift. Our global buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our pulp and paper via supplier Traceability Declaration Documents used to collect traceability data to country of harvest . We do not map and assess the upstream supply for recycled material in the same way that we do for virgin pulp and paper, as recycled material is not considered as adding to deforestation.

Linked commitment
Zero net/gross deforestation

Traceability point
Country

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
95

% of target achieved
88

Please explain
We have a Pulp & Paper buyer network in place who are responsible for sending out supplier questionnaires to collect supply chain data from tier1 and upstream supply chains. The tracking and monitoring is managed by the same buyer network together with our external partner Earthworm Foundation. Standard documents are used to collect date and all information is stored in an excel database. As of end of 2019, we achieved 88% traceability to Country of Harvest. The structure of the industry - with fewer larger primary processing plants has allowed progress in this commodity to advance faster than others in terms of traceability. In order to achieve our target we will continue to engage with our suppliers to improve the information we received. We are also piloting innovations– particularly in digital technologies – to accelerate progress. For example, in 2018, we started using SupplyShift, a cloud-based platform to help us collect and analyze data to map our supply chain for our corrugated and solid board suppliers globally. We are still trialing this technology to see how it can help us gain the data we need to guide and drive our supplier engagement and purchasing decisions to meet our responsible sourcing commitments. To drive industry-wide transparency, we have published the list of our direct suppliers and the list of related pulp mills in our upstream supply chain. This will help us to continue to focus our resources on tackling the most relevant challenges in our supply chains to drive responsible forest management. We have seen that others have followed suit, which is encouraging. However, more efforts are needed, especially in some geographies, to make transparency the industry norm. This is what we are advocating for in industry associations such as the Consumer Goods Forum's Forest Positive Coalition of Action where we actively participate in the Pulp & Paper working group.

Target reference number
Target 4

Forest risk commodity
Timber products

Type of target
Assess and/or verify compliance

Description of target
In 2010, we made a commitment to no deforestation in our pulp and paper supply chain by end of 2020. Pulp and paper volumes are considered deforestation free when they are traceable to locations that meet one of the following criteria: a. Classified as no or low risk of deforestation by relevant literature b. Verified through on-the-ground assessments (HCV/HCA assessments by NGO partners) c. Certified by FSC or PEFC We believe that certifications on Paper do not fully meet our requirements though we accept FSC and PEFC certifications as evidence of compliance for some regions. Our own Responsible Sourcing Guidelines for Paper encompass the FSC, PEFC criteria plus two additional criteria on HCS and Peatlands.

Linked commitment
Zero net/gross deforestation

Traceability point
<Not Applicable>

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
100

% of target achieved
93

Please explain
In 2010, we made a commitment to no deforestation in pulp and paper by the end of 2020. As of March 2020, 93% of the pulp and paper that we buy was verified deforestation free. This was achieved by using a combination of tools, including supply chain mapping, certification, on-the-ground verification and, more recently, Starling satellite monitoring. While we will not reach 100% verified pulp and paper by the end of the year, we will continue to work with our suppliers to be close to 100% deforestation-free by 2022. In order to reach our target we will continue to implement the different tools that are part of our toolbox, including supply chain mapping, satellite monitoring, on the ground assessments and engagement with our suppliers. We are also increasing our collaboration with other buyers as we do not always have the leverage alone to be able to drive and scale up change. To this end, we have actively sought opportunities to collaborate with like-minded companies on issues and landscapes. In 2019, we partnered with Earthworm Foundation members Mars, Inc. and 3M on activities in Southeast USA, Canada, Brazil and Russia as well as exploring opportunities with NGOs such as WWF. This approach is already bringing value and benefits. We will continue to actively seek and grow these opportunities in 2020.

Target reference number
Target 5

Forest risk commodity
Palm oil

Type of target
Third-party certification

Description of target
Our approach to sustainable palm oil is based on the use of a combination of tools, including supply chain mapping, RSPO certification, satellite monitoring using Airbus' Starling technology and on-the-ground verification and engagement to drive transformation. We believe RSPO has a role to play in driving industry change towards sustainable palm oil.As part of our strategy, we have submitted a time-bound action plan to achieve 100% RSPO certified sustainable palm oil by 2023. We are focusing on buying RSPO segregated palm oil to ensure its traceability. Therefore, we may have lower percentages of our volume certified in countries where RSPO segregated supplies are not available.

Linked commitment
Zero net/gross deforestation

Traceability point
<Not Applicable>

Third-party certification scheme
RSPO (any type)
RSPO Identity Preserved
RSPO Segregated
RSPO Book and Claim

Start year
2011

Target year
2023

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
100

% of target achieved
48.4

Please explain
We continue to increase our sourcing of RSPO certified palm oil, with a preference for physically segregated RSPO SG certification, towards 100% RSPO certification by 2023. As end of 2019 we have achieved 48,4% certified RSPO palm oil. This is a combination of segregated, Identity Preserved, and Book and Claim. Since we are focusing on buying RSPO segregated palm oil to ensure its traceability, we may have lower percentages of our volume certified in countries where RSPO segregated supplies are not available. In 2019, we joined the newly formed RSPO Assurance Standing Committee as its Consumer Goods Manufacturer representative, and actively participated in the various consultation processes around RSPO's Smallholder Standard (new in 2019) and Shared Responsibility principles. We're also participating in projects to help smallholder get RSPO Certification. For example in Chiapas and Tabasco Mexico, the Mexico Palm Oil Holistic Program is a collaborative effort from Nestlé, Pepsico, Oleopalma, RSPO, Proforest, and Femexpalma to support the sustainable development of the Mexican palm oil sector and to help smallholder farmers to get RSPO certification.

Target reference number
Target 6

Forest risk commodity
Cattle products

Type of target
Traceability

Description of target
Traceability is key for implementing our no deforestation commitment. We use this information to monitor our suppliers on deforestation risks. Approach: We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers, such as SGS. Our global buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our meat via supplier Traceability Declaration Documents used to collect traceability data to country of harvest . Target: We committed to achieving 93% traceability for meat by the end of 2020 and are on track to reach this. We also started work with our partner Proforest to carry out the traceability of our meat by-products supply chain in 2019 and are just

completing this exercise.

Linked commitment
Zero net/gross deforestation

Traceability point
Slaughterhouse

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
93

% of target achieved
93

Please explain
Since 2010, we have worked on the ground to trace where our raw materials, including meat, come from to ensure they are not linked to deforestation. As of March 2020, 93% of the meat (beef and poultry) that we buy was traceable to slaughterhouse. We have therefore already reached our 2020 target and will define a new target for 2021. We also started work with our partner Proforest to carry out the traceability of our meat by-products supply chain in 2019 and are just completing this exercise. Going forward Proforest will also help us to engage our meat suppliers to improve the monitoring mechanisms in our upstream supply chain beyond slaughterhouse.

Target reference number
Target 7

Forest risk commodity
Cattle products

Type of target
Assess and/or verify compliance

Description of target
In 2010, we made a commitment to no deforestation in meat. We use the following criteria to verify that the volume we source are deforestation free Meat volumes are considered deforestation free when they are traceable to locations that meet one of the following criteria: a. Classified as no or low risk of deforestation by relevant literature b. Verified through on-the-ground assessments (SGS audits) c. Verified through NASA Landsat satellite monitoring We don't use certification schemes in beef as the vast majority of the meat we use is coming from the US and Europe (98% of our tracaeable volumes). We source a minimal volume from regions with a deforestation risk.

Linked commitment
Zero net/gross deforestation

Traceability point
<Not Applicable>

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
100

% of target achieved
99

Please explain
As of March 2020, 99% of the meat that we buy was verified deforestation free. This was achieved by using a combination of tools, including supply chain mapping, on-the-ground verification and, more recently, Starling satellite monitoring. This was mainly achieved by tracing volumes back to no / low risk locations as our main sources of meat, poultry and eggs are North America (the United States) and Europe (France, Germany and Spain) and by carrying out SGS audits. In order to reach our target we will continue to implement the different tools that are part of our toolbox, including supply chain mapping, satellite monitoring, on the ground assessments and engagement with our suppliers.

Target reference number
Target 8

Forest risk commodity
Soy

Type of target
Traceability

Description of target
Traceability is key for implementing our no conversion commitment. We use this information to monitor our suppliers on conversion risks. Approach: We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers, such as Proforest. Our global buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our soy via supplier Traceability Declaration Documents used to collect traceability data to country of harvest . Target: We committed to achieving 80% traceability for soy by the end of 2020. Our traceability efforts have focused on soybean meal so far and started tracing soybean oil in 2019.

Linked commitment
No conversion of natural ecosystems

Traceability point
Crushing facility

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
85

% of target achieved
78

Please explain
We source soya products from hundreds of suppliers in many different countries, including Argentina, Brazil, Serbia and the US. Supply chains vary in length and complexity: they can be upstream, when the soya is sourced directly from producers, or mid-stream, when producers source soya products and further process them. As a result, knowing where soya was produced is not straightforward. Deforestation and conversion of HCV ecosystems is a major challenge within soya supply chains in certain parts of Brazil, Argentina and Paraguay, especially given the difficulties of physical traceability of soya beans. Our objective is to source products only from land that has not been converted from forest or other high-conservation-value (HCV) areas to other use. We continue to work to improve our traceability, with the support of our partners Proforest, and support the maintenance and management of these highly valuable regions. We also engage continuously with suppliers, aiming to raise awareness among them to gradually comply with our Responsible Sourcing Standard and constantly improve soya traceability. Our traceability efforts have focused on soybean meal so far and as of end of 2019, we achieved 78% traceability to crush site. We started tracing soybean oil in 2019, but this is currently excluded from the reporting as it would change the baseline.

Target reference number
Target 9

Forest risk commodity
Soy

Type of target
Assess and/or verify compliance

Description of target
In 2010, we made a commitment to no deforestation in soy. Deforestation and conversion of HCV ecosystems is a major challenge within soya supply chains in certain parts of Brazil, Argentina and Paraguay, especially given the difficulties of physical traceability of soya beans. Our objective is to source products only from land that has not been converted from forest or other high-conservation-value (HCV) areas to other use. Soya volumes are considered deforestation free when they are traceable to locations that meet one of the following criteria: a. Classified as no or low risk of deforestation by relevant literature b. Verified through on-the-ground assessments (HCV/HCA assessments by NGO partners or certified by RTRS)

Linked commitment
No conversion of natural ecosystems

Traceability point
<Not Applicable>

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
100

% of target achieved

Please explain

In 2010, we made a commitment to no-deforestation in soy by end of 2020. Since 2010, we have been using a combination of tools, including supply chain mapping, certification and on-the-ground verification, to ensure that the soya that we buy is not linked to deforestation. As of March 2020, 76% of the soya that we buy was verified deforestation-free. In order to reach our no deforestation and no conversion commitments on soya, we developed a new Theory of Change for soya in 2019 with the support of our partner Proforest, building on the work we've started a couple for years ago. The main strategies adopted for both direct and indirect soya sourcing between 2020 and 2025 are focused on working within and beyond our supply chain. Within our supply chains our priorities are to: - Focus policy implementation in priority origins, where positive change is needed and achievable. Priority regions are identified by considering volumes sourced and needs in Nestlé's different focus areas. For natural capital the regions identified were the Brazilian Cerrado and the Argentinian Chaco biomes. -Engage priority suppliers to build capacity, improve policies, cascade implementation and demonstrate compliance. We source soya from hundreds of suppliers, so prioritization is key to driving change. Our priority suppliers are engaged in a continuous improvement program that involves awareness raising and capacity building, supply chain mapping, gap assessments, development of action plans and monitoring of progress. - Cover sourced volumes with certification credits and financial mechanisms as an interim solution and move to physical volumes. Recognizing that our soya supply chain is complex, and aiming at achieving our no deforestation commitment, we will use credits and other mechanisms to offset our footprint and progressively replace them by physical volumes that have verified compliance with our commitments. We are also increasing our collaboration in landscape initiatives, with industry associations (e.g. CGF) and multi-stakeholder platforms (e.g. Statement of Support for the Cerrado Working group) to find industry-wide solutions in specific biomes.

Target reference number
Target 10

Forest risk commodity
Other - Cocoa

Type of target
Traceability

Description of target
Traceability is key for implementing our no deforestation commitment. We use this information to monitor our suppliers on deforestation risks. Approach: As part of the Nestlé Cocoa Plan, our cocoa sustainability program, we work together with our direct suppliers to ensure traceability to the farm. The coop maintains records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse, from which point a mass balance system may be used. For UTZ / Rainforest Alliance certified cocoa, all of this data is recorded in their systems. Target: Our 2020 target was to source 230 000 tonnes of cocoa through the Nestlé Cocoa Plan by 2020. This was discontinued and replaced by a renewed objective to source 100% of the cocoa for Nestlé Confectionery Strategic Business Unit– around 300 000 tonnes – through the Nestlé Cocoa Plan by 2025.

Linked commitment
Zero net/gross deforestation

Traceability point
Farm

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
55

% of target achieved
44

Please explain
As of end of 2019, 44% of our total cocoa volumes (183 361 MT out of 415 000 MT) were traceable back to the farm - this is the Nestlé Cocoa Plan tonnage. In addition, all the tonnage from Côte d'Ivoire, Ghana, Cameroon and Indonesia was certified, and 16,000 tonnes of the Ecuador tonnage. Tonnage from Brazil was verified, and we will extend verification to Mexico. Verification, like certification, involves audits by external companies but against the Nestlé Responsible Sourcing standard. The NCP represents 44% of our global cocoa supply, and about 78% of our supply from Côte d'Ivoire and 75% of the cocoa we source from Ghana. Our 2020 target was to source 230 000 tonnes of cocoa through the Nestlé Cocoa Plan by 2020. In 2019 the total volume of cocoa purchased was 415 000 MT. Our target was discontinued in 2020 and replaced by a renewed objective to source 100% of the cocoa for Nestlé Confectionery Strategic Business Unit– around 300 000 tonnes – through the Nestlé Cocoa Plan by 2025.

Target reference number
Target 11

Forest risk commodity
Other - Cocoa

Type of target
Assess and/or verify compliance

Description of target
Deforestation remains a major issue in cocoa regions, in particular in West Africa. We are part of the Cocoa & Forests Initiative to combat this. In March 2019, we published our Cocoa & Forests Initiative Action Plan that laid out the key activities we will undertake to fulfill our commitment to end deforestation and forest degradation in the cocoa sector. All activities will be implemented in both Côte d'Ivoire and Ghana by 2022. This includes actions such as mapping all farms in our NCP supply chain in Côte d'Ivoire and Ghana, assessing risks of deforestation, distribution of multi-purpose trees and agroforestry projects. Target: As part of our action plan we committed to map 100% of the farm boundaries for all Nestlé Cocoa Plan farmers in Côte d'Ivoire and Ghana and put in place traceability systems to ensure that all cocoa sourced legally from farms outside of protected areas. An exclusion process for farmers who grow cocoa in protected areas from Nestlé's supply chain.

Linked commitment
Zero net/gross deforestation

Traceability point
<Not Applicable>

Third-party certification scheme
<Not Applicable>

Start year
2017

Target year
2022

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
100

% of target achieved
76

Please explain
As of end of 2019, 76% of the farmers in the Nestlé Cocoa Plan in Côte d'Ivoire and Ghana have been mapped by walking field boundaries with global positioning system (GPS) trackers. We aim to reach our target to map 100% of the farms by October 2020. In addition our suppliers have implemented simple systems for farmer exclusion: farms are mapped, their boundaries are compared to maps of national parks and other protected forests and are excluded from the supply chain if they are in national parks or forest reserves. As a result about 3 700 farmers in Côte d'Ivoire and 668 farmers in Ghana have been found in protected areas and removed from our supply chain. In the future, and depending on government decrees, they will be part of 'agroforêt' (agroforestry) opportunities. We believe this would be an important step in ensuring the right balance between farmers' livelihoods and forest protection.

Target reference number
Target 12

Forest risk commodity
Other - Coffee

Type of target
Traceability

Description of target
Traceability is key for implementing our no deforestation commitment. We use this information to monitor our suppliers on deforestation risks. Approach: As part of the Nescafé Plan, we work together with our direct suppliers to ensure traceability back to an identified group of farmers. The coop maintains records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, AAA, where buy directly to farmers. A comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement Target for Nescafé: Our target is to reach 70% of traceability for the green coffee we source (for Nescafé)to a group of identified farmers by 2020. Target for Nespresso: Through Nespresso AAA program our target is reach 100% traceability to individual farm by 2020.

Linked commitment
Zero net/gross deforestation

Traceability point
Farm

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
70

% of target achieved
65

Please explain
As of end of 2019, we achieved 65% traceability for all green coffee that we source. We remain on track to meet our 2020 targets. The share of coffee in Nespresso's permanent range sourced through the Nespresso AAA Sustainable Quality Program reached 95% in 2019, keeping us on track to achieve our 2020 objective of 100%. The expansion of the AAA Program in Kenya and Ethiopia will play a key role in reaching this objective.

Target reference number
Target 14

Forest risk commodity
Other - Coffee

Type of target

Assess and/or verify compliance

Description of target

Coffee is one of Nestlé's most important commodities. Globally, demand for coffee continues to rise, but with limited arable land available and with other crops competing with coffee for space, there are considerable challenges for producers. Nestlé's programsto responsibly source coffee and improve farmer livelihoods and coffee landscapes are the Nescafé Plan and Nespresso AAA Sustainable Quality Program . Coffee volumes are considered responsibly sourced when they meet one of the following criteria: a. Have been certified by 4C, Rainforest Alliance/UTZ or Fairtrade b. From validated and independently verified programs (Nespresso's AAA, Starbucks' C.A.F.E. Practices, Certifica Minas, Comexim app, Olam's AtSource) Our target is to sourced 70% of Nescafé's coffee and 100% of Nespresso's coffee responsibly by 2020.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

80

% of target achieved

65

Please explain

As per the Coffee Barometer report 2018, Nestlé's program to responsibly source coffee and improve farmer livelihoods and coffee landscapes is the largest in the world. Our Nescafé Plan and Nespresso AAA Sustainable Quality Program represent a CHF 78.2 million investment in 2019. In 2019, 65% of our total coffee supplies was responsibly sourced, keeping us on track to meet our 2020 target

---

Target reference number

Target 16

Forest risk commodity

Other - Cocoa

Type of target

Engagement with smallholders

Description of target

As part of our action plan for the Cocoa & Forests Initiative, we have committed to sensitizing 100 000 farmers that are part of the Nestlé Cocoa Plan in Côte d'Ivoire on forest law enforcement and the importance of protecting forests by 2022.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2019

Target year

2022

Quantitative metric

<Not Applicable>

Target (number)

100000

Target (%)

<Not Applicable>

% of target achieved

29

Please explain

In order to support the government's efforts to enforce the new Forest Code, we are sensitizing farmers about importance of protecting forests. This is happening at several levels, including farmer field schools and individual farmer coaching, as well as within our agroforestry projects. In 2019, we trained 29 330 farmers and are on track to achieve our 2022 target.

Target reference number

Target 17

Forest risk commodity
Timber products

Type of target
Assess and/or verify compliance

Description of target
We've made a commitment to responsibly source the pulp and paper that we use. Our responsible sourcing strategy is guided by our Responsible Sourcing Standard (RSS). We first conduct a mapping of our upstream supply chains with our direct suppliers and carry out farm assessments with partner organizations. Where gaps are identified, we work with suppliers to develop and implement action plans to close these gaps. Pulp and paper volumes are considered responsibly sourced when they meet one of the following criteria: a. All recovered fiber and virgin fiber from a low-risk country of harvest is considered responsibly sourced b. Have been certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) c. Have been assessed by Earthworm Foundation as being compliant with the Nestlé Responsible Sourcing Standard d. From communities where a rurality project is implemented

Linked commitment
Social commitments

Traceability point
<Not Applicable>

Third-party certification scheme
<Not Applicable>

Start year
2014

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
100

% of target achieved
91

Please explain
We've made a commitment to responsibly source the pulp and paper that we use. As of end of 2019, we achieved 91% responsibly sourced pulp and paper. This was achieved by using a combination of tools, including supply chain mapping, certification, on-the-ground verification and, supplier engagement and smallholder projects. In order to reach our target we will continue to implement the different tools that are part of our toolbox, including supply chain mapping, on the ground assessments and engagement with our suppliers. We are also increasing our collaboration with other buyers as we do not always have the leverage alone to be able to drive and scale up change. To close the gap, we are focusing on different projects and issues. For example: - Issues related to social conflicts around land use and land rights: The Free, Prior and Informed Consent (FPIC) Initiative that we support in Latin America aims to establish a set of practices in the private sector to offer consistent protection of community rights, prevent and solve social conflicts, and create shared values between forestry companies and neighboring communities. Assessments of virgin wood fiber suppliers in Brazil identified a need to train their employees in better understanding FPIC and its applications. In 2019, our partner Earthworm Foundation ran a four-day training program that attracted 27 attendees from six companies, representing around 30% of the planted forest area in Brazil, as well as an Argentinian company. Two of the companies represented were further coached on implementing FPIC pilot projects, which seek to reach consent from indigenous and rural settlement groups to use forest plantations next to their land. In order to address these issues more systematically, two of these projects will be documented in case studies to share lessons learned and inspire transformation with a larger group of companies and stakeholders. - We will also continue to implement smallholder programs to strengthen the resilience of farming communities through Rurality program run by Earthworm Foundation. By supporting famers and buyers to build stronger links, Rurality helps improve livelihoods and social conditions for the farmers and their communities. All these work will help us reach our responsibly sourced target.

Target reference number
Target 18

Forest risk commodity
Cattle products

Type of target
Assess and/or verify compliance

Description of target
We've made a commitment to responsibly source the meat that we use. Our responsible sourcing strategy is guided by our Responsible Sourcing Standard (RSS). We first conduct a mapping of our upstream supply chains with our direct suppliers and carry out farm assessments with partner organizations. Where gaps are identified, we work with suppliers to develop and implement action plans to close these gaps. Meat volumes are considered responsibly sourced when they meet one of the following criteria: a. Farm assessments have been performed by a third-party verification company (e.g. SGS, Control Union) on a sample group of farmers involved in the Nestlé supply chain. b. Nestlé has engaged with the supplier in remediation/capacity-building "value adding projects" (e.g. animal welfare, GHG emissions, water) driving greater responsible sourcing/ sustainability in the Nestlé supply chain.

Linked commitment
Other environmental commitments

Traceability point
<Not Applicable>

Third-party certification scheme
<Not Applicable>

Start year
2014

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
67

% of target achieved
67

Please explain
We've made a commitment to responsibly source meat. As of end of 2019, we achieved 67% responsibly sourced meat. This was achieved by using a combination of tools, including supply chain mapping, on-the-ground verification, supplier engagement and projects on the ground. One area of focus in our cattle supply chain has been reducing the environmental impact of raising cattle. We're working in partnership with The Nature Conservancy and our supplier Cargill on a three-year project to reduce the environmental impact of row crop pivot irrigation and provide a scalable irrigation solution for farmers across the US. The project uses technology in the form of flow meters, in-field weather stations and soil moisture probes to optimize irrigation management. Data is collected and sent to the farmer via their smartphone, allowing better control and management of irrigation. The project will save water and energy that would have been spent pumping unnecessary water to the surface, as well as saving farmers time, as they will not have to manually control the pivot's irrigation system but can do so directly from their smartphone. Farmers who signed up for the pilot are receiving training and technology. When the pilot is completed in 2021, 2.4 billion gallons of water are expected to have been saved from being pumped out of the aquifer as the farmers will be more precise, pumping only when the water is needed, rather than continuously.

Target reference number
Target 19

Forest risk commodity
Soy

Type of target
Assess and/or verify compliance

Description of target
We've made a commitment to responsibly source the soy that we use. Our responsible sourcing strategy is guided by our Responsible Sourcing Standard (RSS). We first conduct a mapping of our upstream supply chains with our direct suppliers and carry out farm assessments with partner organizations. Where gaps are identified, we work with suppliers to develop and implement action plans to close these gaps. Soya volumes are considered responsibly sourced when they meet one of the following criteria: a. Have been certified by Roundtable on Responsible Soy (RTRS), GLOBAL G.A.P. and FSA, and any standard benchmarked by FSA Silver level b. Have been assessed as compliant with Nestlé Responsible Sourcing Standard by Proforest c. From low-risk countries (Europe, USA) d. From origins where a program is in place

Linked commitment
Social commitments

Traceability point
<Not Applicable>

Third-party certification scheme
<Not Applicable>

Start year
2014

Target year
2020

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
85

% of target achieved
75

Please explain
We've made a commitment to sourcing soy responsibly. We have been using a combination of tools, including supply chain mapping, certification, on-the-ground verification, supplier engagement and on the ground projects, to drive responsible sourcing in our supply chain. As of end of 2019, 75% of the soya that we buy was responsibly source. In order to improve on our performance and reach our commitment we developed a new Theory of Change (ToC) for soya in 2019 with the support of our partner Proforest, building on the work we've started a couple for years ago. The following priorities, derived from our new ToC will help us close the gap and should allow us to reach our 2020 target: - Focus policy implementation in priority origins, where positive change is needed and achievable. Priority regions are identified by considering volumes sourced and needs in Nestlé's different focus areas. For natural capital the regions identified were the Brazilian Cerrado and the Argentinian Chaco biomes and India for livelihoods and responsible employment. -Engage priority suppliers to build capacity, improve policies, cascade implementation and demonstrate compliance. We source soya from hundreds of suppliers, so prioritization is key to driving change. Our priority suppliers are engaged in a continuous improvement program that involves awareness raising and capacity building, supply chain mapping, gap assessments, development of action plans and monitoring of progress. - Cover sourced volumes with certification credits and financial mechanisms as an interim solution and move to physical volumes. Recognizing that our soya supply chain is complex, and aiming at achieving our no deforestation commitment, we will use credits and other mechanisms to offset our footprint and progressively replace them by physical volumes that have verified compliance with our commitments. We are also increasing our collaboration in landscape initiatives, with industry associations (e.g. CGF) and multi-stakeholder platforms (e.g. Statement of Support for the Cerrado Working group) to find industry-wide solutions in specific biomes.

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	Responsible sourcing starts with knowing where our ingredients come from. Our approach is to work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. Our global pulp and paperf buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our pulp and paper via supplier Traceability Declaration Documents used to collect traceability data to plantation with our external partner Earthworm Foundation. In 2018 we started using SupplyShift, a cloud-based platform to help us collect and analyze data to map our supply chain for our corrugated and solid board suppliers globally. We are still trialing this technology to see how it can help us gain the data we need to guide and drive our supplier engagement and purchasing decisions to meet our responsible sourcing commitments.	Specific product line(s) Other, please specify (Recovered fibre material)	We do not map and assess the upstream supply for recovered fibre material in the same way that we do for virgin pulp and paper, as recovered fibre material is not considered as adding to deforestation.
Palm oil	Yes	Responsible sourcing starts with knowing where our ingredients come from. Our approach is to work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. Our global oils buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our palm oil via supplier Traceability Declaration Documents used to collect traceability data to plantation with our external partner Earthworm Foundation. We then use the traceability data to carry out verification against our Responsible Sourcing Standard and no deforestation commitments. We input the GPS coordinates of all the mills in our supply chain into the Starling database, this allows us to monitor all the mills in our supply chain for deforestation risks. When we receive Starling alerts, we engage our direct suppliers linked to the mill around which the alert was detected. This helps us understand if the alert is linked to our supply chain, what measures companies in our supply chain are taking to address deforestation risk and to constructively discuss collaboration to accelerate progress. When necessary, together with our partner Earthworm Foundation and/or with our supplier, we send people on the ground to verify what satellite imagery is showing us and how this links to specific mills in our supply chain. This allows us to inform our decision making, including whether we need to suspend companies.	Not applicable	<Not Applicable>
Cattle products	Yes	Responsible sourcing starts with knowing where our ingredients come from. Our approach is to work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers, such as SGS. Our global buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our meat via supplier Traceability Declaration Documents used to collect traceability data to country of harvest . We use the traceability data as a starting point to verify our suppliers compliance with our Responsible Sourcing Standard and no deforestation commitment. This is the basis against which we select suppliers for on-the-ground audits and assessments. In addition,based on this traceability information, our partner Proforest will be engaging with our suppliers on how to improve deforestation risk assessment and management in our upstream supply chain.	Other, please specify (Specific ingredient within cattle category (meat by-product))	We started carrying out a traceability exercise for meat by-products in 2019 with our partner Proforest - we are just finishing it. The next step will be for Proforest to carry out an analysis of the situation, especially with our meat by products suppliers where volumes are higher.
Soy	Yes	Responsible sourcing starts with knowing where our ingredients come from. The traceability for soy means that we are able to identify the soy origins at least back to crush, going further upstream as needed. Our approach is to work closely with suppliers to create a full picture of their supply chains and sourcing locations. This exercise is conducted on an annual basis. The Procurement team provides every year the supply data from year N-1 with the list of suppliers. Procurement and Responsible Sourcing teams invite the targeted suppliers (which represent most of total volumes potentially coming from high risk origins) to participate in a Supply Chain Mapping procedure which is Excel based. Our partner Proforest then conducts follow ups to check evidences of origin, which serves as a verification process for Nestlé Traceability is the first step towards compliance with no deforestation commitments and help us in informing the next steps. We combine traceability with a risk-based approach, meaning that in high risk countries (Brazil and Argentina), we gather traceability information to the region (biome) of origin and in high risk biomes (Amazon and Cerrado in Brazil and Chaco in Argentina), we then verify if sourcing of conversion-free soy is ensured.	Other, please specify (soybean oil and Lecithin)	Traceability has focused on soybean meal. We started tracing soybean oil and Lecithin in 2019, but this is currently excluded from the reporting as it would change the baseline. We will add these in the scope of our Responsible sourcing work as of January 2021 and will start reporting on these then.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes	Responsible sourcing starts with knowing where our ingredients come from. As part of the Nestlé Cocoa Plan, our cocoa sustainability program, we work together with our direct suppliers to ensure traceability to the farm. The coop maintains records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse, from which point a mass balance system may be used. For UTZ / Rainforest Alliance certified cocoa, all of this data is recorded in the UTZ systems. Our supplier Cargill is implementing a more advanced system using a barcode on each bag in Côte d'Ivoire.	Specific product line(s)	Our original objective was to source 230 000 tonnes of cocoa through the Nestlé Cocoa Plan by 2020. Despite significant progress, we will not meet our 2020 objective and so have revised our plans and announced a renewed objective for 2025, which is to source all cocoa for Nestlé confectionery through the Nestlé Cocoa Plan
Other - Coffee	Yes	Responsible sourcing starts with knowing where our ingredients come from. As part of the Nescafé Plan , our coffee sustainability program, we work together with our direct suppliers to ensure traceability back to an identified group of farmers. The coop maintains records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where buy directly to farmers. A comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement	Not applicable	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Country	88
Palm oil	Mill	93
Cattle products	Slaughterhouse	93.5
Soy	Crushing facility	78
Other - Cocoa	Farm	44
Other - Coffee	Farm	65
Palm oil	Plantation	62

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption.

Forest risk commodity
Palm oil

Third-party certification scheme
RSPO Identity Preserved

Certification coverage
Consumption volume

% of total production/consumption volume certified
3.5

Form of commodity
Refined palm oil
Other, please specify (Refined palm oil kernel)

Volume of production/ consumption certified
16240

Metric
Metric tons

Please explain
Certification is one of the tools that we use as part of our responsible sourcing strategy and no-deforestation strategy for palm oil. We continue to increase our sourcing of RSPO certified palm oil, with a preference for physically segregated RSPO SG certification, towards our plan to achieve 100% RSPO certification by 2023. In 2019, we reported our 2018 certified sourcing: 135,617 MT of RSPO SG palm oil and palm kernel oil (31%) and an addition 75,250 MT Book & Claim Credits (18%). Our Global Palm Oil Buyer and Responsible Sourcing leader for Palm oil (Procurement team) keep track of the amount of certified palm oil we buy and reports back to RSPO through the Annual Communication on Progress report. In 2020 we are working towards 60% of total volume as RSPO certified, with preference for RSPO SG/IP, but to be complemented by MB or Book and Claim, as well as targets of 100% on track to meet our Responsible Sourcing Standard and our No Deforestation commitment. The two main challenges for achieving 100% certified palm oil relate to logistics and compliance. For logistics, the challenge has been physically getting traceable and responsibly sourced palm oil in certain markets where the main supply chains come through bulk vessels which introduce additional complexity to segregation and traceable materials. To address this, we try to identify supply chains where there is greater transparency as well as focusing on initiatives to support industry transformation. For compliance, we encounter obstacles in suppliers being able to demonstrate that no deforestation & no peat development is in the supply chain, as well as to address labour issues around which there is lower awareness in the industry. To address this, we have partnered with subject matter expert organizations to develop tools and build capacity in our supply chains

Forest risk commodity
Palm oil

Third-party certification scheme
RSPO Segregated

Certification coverage
Consumption volume

% of total production/consumption volume certified
18.8

Form of commodity
Refined palm oil
Other, please specify (Refined palm oil kernel)

Volume of production/ consumption certified
85915

Metric
Metric tons

Please explain
Certification is one of the tools that we use as part of our responsible sourcing strategy and no-deforestation strategy for palm oil. We continue to increase our sourcing of RSPO certified palm oil, with a preference for physically segregated RSPO SG certification, towards our commitment of 100% RSPO certification by 2023. In 2019, we reported our 2018 certified sourcing: 135,617 MT of RSPO SG palm oil and palm kernel oil (31%) and an addition 75,250 MT Book & Claim Credits (18%). Our Global Palm Oil Buyer and Responsible Sourcing leader for Palm oil (Procurement team) keep track of the amount of certified palm oil we buy and reports back to RSPO through the Annual Communication on Progress report. In 2020 we are working towards 60% of total volume as RSPO certified, with preference for RSPO SG/IP, but to be complemented by MB or Book and Claim, as well as targets of 100% on track to meet our Responsible Sourcing Standard and our No Deforestation commitment. The two main challenges for achieving 100% certified palm oil relate to logistics and compliance. For logistics, the challenge has been physically getting traceable and responsibly

sourced palm oil in certain markets where the main supply chains come through bulk vessels which introduce additional complexity to segregation and traceable materials. To address this, we try to identify supply chains where there is greater transparency as well as focusing on initiatives to support industry transformation. For compliance, we encounter obstacles in suppliers being able to demonstrate that no deforestation & no peat development is in the supply chain, as well as to address labour issues around which there is lower awareness in the industry. To address this, we have partnered with subject matter expert organizations to develop tools and build capacity in our supply chains

Forest risk commodity
Palm oil

Third-party certification scheme
RSPO Book and Claim

Certification coverage
Consumption volume

% of total production/consumption volume certified
25.99

Form of commodity
Refined palm oil

Volume of production/ consumption certified
118280

Metric
Metric tons

Please explain
Certification is one of the tools that we use as part of our responsible sourcing strategy and no-deforestation strategy for palm oil. We continue to increase our sourcing of RSPO certified palm oil, with a preference for physically segregated RSPO SG certification, towards our commitment of 100% RSPO certification by 2023. In 2019, we reported our 2018 certified sourcing: 135,617 MT of RSPO SG palm oil and palm kernel oil (31%) and an addition 75,250 MT Book & Claim Credits (18%). Our Global Palm Oil Buyer and Responsible Sourcing leader for Palm oil (Procurement team) keep track of the amount of certified palm oil we buy and reports back to RSPO through the Annual Communication on Progress report. In 2020 we are working towards 60% of total volume as RSPO certified, with preference for RSPO SG/IP, but to be complemented by MB or Book and Claim, as well as targets of 100% on track to meet our Responsible Sourcing Standard and our No Deforestation commitment. The two main challenges for achieving 100% certified palm oil relate to logistics and compliance. For logistics, the challenge has been physically getting traceable and responsibly sourced palm oil in certain markets where the main supply chains come through bulk vessels which introduce additional complexity to segregation and traceable materials. To address this, we try to identify supply chains where there is greater transparency as well as focusing on initiatives to support industry transformation. For compliance, we encounter obstacles in suppliers being able to demonstrate that no deforestation & no peat development is in the supply chain, as well as to address labour issues around which there is lower awareness in the industry. To address this, we have partnered with subject matter expert organizations to develop tools and build capacity in our supply chains

Forest risk commodity
Timber products

Third-party certification scheme
PEFC (any type)

Certification coverage
Consumption volume

% of total production/consumption volume certified
2

Form of commodity
Other, please specify (Corrugated, paper board, paper labels, mixed)

Volume of production/ consumption certified
9553

Metric
Metric tons

Please explain
2% (or 9,553 MT) of our pulp and paper is PEFC certified (out of which 7,162 is dual certification with FSC). We believe that certifications on Paper do not fully meet our requirements though we accept FSC and PEFC certifications as evidence of compliance for some regions. Our own Responsible Sourcing Guidelines for Paper encompass the FSC, PEFC criteria plus two additional criteria on HCS and Peatlands.

Forest risk commodity
Soy

Third-party certification scheme
RTRS (any type)

Certification coverage
Consumption volume

% of total production/consumption volume certified
1.6

Form of commodity
Soy bean meal

Volume of production/ consumption certified
9339

Metric
Metric tons

Please explain

Soy bean oil will be included in our certification scope next year, this will lead to an increase in volumes certified. This year we will start buying RTRS credits.

Forest risk commodity
Cattle products

Third-party certification scheme
Other, please specify (SGS farm assessment)

Certification coverage
Consumption volume

% of total production/consumption volume certified
23

Form of commodity
Beef

Volume of production/ consumption certified

Metric
Metric tons

Please explain
SGS carries out assessments within our upstream supply chain against our Responsible Sourcing Standard.

Forest risk commodity
Other - Coffee

Third-party certification scheme
Other, please specify (4C; Fairtrade; Rainforest Alliance; UTZ; CAFÉ Practices; Certifica Minas; Olam AtSource ; Comexim CSC program)

Certification coverage
Consumption volume

% of total production/consumption volume certified
63

Form of commodity
Other, please specify (green coffee)

Volume of production/ consumption certified
567464

Metric
Metric tons

Please explain
63% of our total coffee volumes is certified or verified by independent third party organizations, including Rainforest Alliance / UTZ, Fairtrade, etc. This includes responsibly sourced coffee from our Nescafé Plan and Nespress AAA programs (internal programs with external verification). This excludes some Nespresso volumes (1981 tons) that are part of our AAA programe but not certified by RA or FT. Some Nescafé volumes (1071) from East Africa are verified independently by Enveritas, which is independent from suppliers but not a 3rd party certifier. This is due to lack of availability of certified coffee like Fairtrade and Rainforest Alliance in these origins.

Forest risk commodity
Other - Cocoa

Third-party certification scheme
Other, please specify (Rainforest Alliance; Fairtrade)

Certification coverage
Consumption volume

% of total production/consumption volume certified
41

Form of commodity
Other, please specify (cocoa beans)

Volume of production/ consumption certified
174000

Metric
Metric tons

Please explain
Out of our total cocoa volumes sourced through our Nestlé Cocoa plan (184 000MT) in 2019, 174 00 MT was certified either by Fairtrade or UTZ. The 10 000 MT that is not certified is cocoa for the Mexican, Brazilian and Venezuelan markets where demand for certification products is lower.

Forest risk commodity
Timber products

Third-party certification scheme
FSC (any type)

Certification coverage
Consumption volume

% of total production/consumption volume certified

30

Form of commodity
Paper
Other, please specify (Corrugated, paper board, paper labels, mixed)

Volume of production/ consumption certified
123163

Metric
Metric tons

Please explain
30% of our pulp and paper volumes (or 123,163MT) out of which 7,162MT is dual certified. We believe that certifications on Paper do not fully meet our requirements though we accept FSC and PEFC certifications as evidence of compliance for some regions. Our own Responsible Sourcing Guidelines for Paper encompass the FSC, PEFC criteria plus two additional criteria on HCS and Peatlands.

Forest risk commodity
Soy

Third-party certification scheme
ProTerra certification

Certification coverage
Consumption volume

% of total production/consumption volume certified
7.8

Form of commodity
Soy bean meal

Volume of production/ consumption certified
46776

Metric
Metric tons

Please explain
Next year we will include soy bean oil - this will increase our certification volumes

---

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Cattle products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Soy	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Coffee	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity
Timber products

Operational coverage
Supply chain

Description of control systems
We use a combination of tools to verify our no deforestation commitment, starting with supply chain mapping. Our volumes are considered deforestation free in the following cases: • from low risk country of harvest for deforestation according to Earthworm Foundation forest products Country Risk matrix • Recycled fibre • Certified fibre • Field verification of supplier done by Earthworm Foundation

Monitoring and verification approach
Geospatial monitoring tool
Ground-based monitoring system
Second-party verification
Third-party verification
Other, please specify (Traceability to no or low risk of deforestation)

% of total volume in compliance

91-99%

% of total suppliers in compliance
41-50%

Response to supplier non-compliance
Suspend & engage
Exclude

Procedures to address and resolve non-compliance with suppliers
Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain
We expect all our suppliers to fully respect and adhere to our Responsible Sourcing Standard requirements, which include no deforestation requirements. We monitor our suppliers on an annual basis through on the ground assessments or certification. If a mill or plantation in our supply chain is found to be responsible for deforestation, we suspend it and start engaging them as well as our direct supplier where possible. The mill or plantation will re-enter our supply chain under the condition that it has stopped deforesting, placed a moratorium on clearance, developed and implemented a no deforestation policy and plan, as well as developed a remediation plan. If no action is taken the company will remain excluded from our supply chain.

Forest risk commodity
Palm oil

Operational coverage
Supply chain

Description of control systems
We use a combination of tools to verify our no deforestation commitment, starting with supply chain mapping and followed by: - Starling satellite monitoring (covering 100% of our global palm oil supply chain - on the ground HCS/HCV assessments - Field verification by NGO partners like Earthworm Foundation - Certification (RSPO)

Monitoring and verification approach
Geospatial monitoring tool
Ground-based monitoring system
Second-party verification
Third-party verification

% of total volume in compliance
61-70%

% of total suppliers in compliance
Please select

Response to supplier non-compliance
Suspend & engage
Exclude

Procedures to address and resolve non-compliance with suppliers
Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain
We expect all our suppliers to fully respect and adhere to our Responsible Sourcing Standard requirements, which include no deforestation requirements. Frequency of monitoring: Through Starling satellite monitoring, we monitor deforestation constantly in almost real time. When alerts are received, we start by engaging our suppliers linked to the mill around which the alert was detected. This helps us understand if the alert is linked to our supply chain, what measures companies are taking to address deforestation risk and to constructively discuss collaboration to accelerate progress. When necessary, together with our partner Earthworm Foundation and/or with our supplier, we send people on the ground to verify what satellite imagery is showing us and how this links to specific mills in our supply chain. If a mill / plantation in our supply chain is found to be responsible for deforestation, we suspend it and start engaging them as well as our direct supplier. The mill/plantation will re-enter our supply chain only if it has stopped deforesting, placed a moratorium on clearance, developed and implemented an NDPE policy and plan, and developed a remediation plan. If no action is taken it will remain excluded from our supply chain. 10 suppliers were removed from our palm oil supply chain since 2018. This is publicly disclosed on our website.

Forest risk commodity
Cattle Products

Operational coverage
Supply chain

Description of control systems
We use a combination of tools to verify our no deforestation commitment, starting with supply chain mapping and followed by: - Deforestation Risk Index such as Maplecroft - Traceability to No or Low risk: Volumes that have been traced back to forests/farms/plantations through the use of partnerships with NGOs. Those locations are classified as no or low risk of deforestation by relevant literature. - Verified on the ground by SGS Audit

Monitoring and verification approach
Geospatial monitoring tool
Second-party verification
Other, please specify (traceability to no or low risk location)

% of total volume in compliance
91-99%

% of total suppliers in compliance
Please select

Response to supplier non-compliance
Suspend & engage
Exclude

Procedures to address and resolve non-compliance with suppliers
Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain
We expect all our suppliers to fully respect and adhere to our Responsible Sourcing Standard requirements, which include no deforestation requirements. We monitor our suppliers on an annual basis through on the ground assessments or certification. If a mill or plantation in our supply chain is found to be responsible for deforestation, we suspend it and start engaging them as well as our direct supplier where possible. The mill or plantation will re-enter our supply chain under the condition that it has stopped deforesting, placed a moratorium on clearance, developed and implemented a no deforestation policy and plan, as well as developed a remediation plan. If no action is taken the company will remain excluded from our supply chain.

Forest risk commodity
Soy

Operational coverage
Supply chain
Selected facilities, businesses or geographies only

Description of control systems
We use a combination of tools to verify our no deforestation commitment, starting with supply chain mapping and followed by: - Traceability to No or Low risk = Volumes have been traced back to forests/farms/plantations through the use of technologies (e.g. SupplyShift, Achilles) or partnerships with NGOs. Those locations are classified as no or low risk of deforestation by relevant literature. - Verified on the ground = HCS/HCV assessments by Proforest - certifications (RTRS)

Monitoring and verification approach
Ground-based monitoring system
Second-party verification
Third-party verification
Other, please specify (traceability to no or low risk location)

% of total volume in compliance
71-80%

% of total suppliers in compliance
21-30%

Response to supplier non-compliance
Suspend & engage
Exclude

Procedures to address and resolve non-compliance with suppliers
Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain
We expect all our suppliers to fully respect and adhere to our Responsible Sourcing Standard requirements, which include no deforestation requirements. We monitor our suppliers on an annual basis through on the ground assessments or certification. If a mill or plantation in our supply chain is found to be responsible for deforestation, we suspend it and start engaging them as well as our direct supplier where possible. The mill or plantation will re-enter our supply chain under the condition that it has stopped deforesting, placed a moratorium on clearance, developed and implemented a no deforestation policy and plan, as well as developed a remediation plan. If no action is taken the company will remain excluded from our supply chain.

Forest risk commodity
Other - Cocoa

Operational coverage
Supply chain

Description of control systems
We use a combination of tools to verify our no deforestation commitment, starting with supply chain mapping and followed by: - Mapping Nestlé Cocoa Plan farms boundaries combined with implementation of a simple system for farmer exclusion: farms are mapped, their boundaries are compared to maps of national parks and other protected forests and are excluded from the supply chain if they are in national parks or forest reserves. - certification (Rainforest Alliance / Fairtrade)

Monitoring and verification approach
Ground-based monitoring system
Second-party verification
Third-party verification

% of total volume in compliance
Please select

% of total suppliers in compliance
41-50%

Response to supplier non-compliance
Exclude

Procedures to address and resolve non-compliance with suppliers
Other, please specify (Agroforesty)

Please explain

At the moment farmers that are found to be producing in protected areas are excluded from our supply chain. In addition as part of the certification standard rules they lose their certification. Audits are carried out on an annual basis on a sample of farms. We also have teams of agronomists working directly with smallholders. In the future, and depending on government decrees, excluded farmers will be part of agroforestry opportunities. We believe this would be an important step in ensuring the right balance between farmers' livelihoods and forest protection.

Forest risk commodity
Other - Coffee

Operational coverage
Supply chain

Description of control systems
For our responsibly sourced coffee, we use third party voluntary certification standards (such as 4C, Rainforest Alliance, Fairtrade) to control compliance with the Nestlé Responsible Sourcing Standard. These third party standards have been validated as equivalent to ours. All certifiers are today using more advanced technology to assess deforestation risk and risk-adjust the sample of farms audited. Audits are carried out on an annual basis on a sample of farms. We also have agronomists working with coffee growing communities that act as our people on the ground.

Monitoring and verification approach
First-party verification
Third-party verification

% of total volume in compliance
61-70%

% of total suppliers in compliance
Please select

Response to supplier non-compliance
Exclude

Procedures to address and resolve non-compliance with suppliers
Other, please specify (No step taken)

Please explain
For our responsibly sourced coffee, including the volumes that are certified by third parties, deforestation is a critical criteria / unacceptable practice, which should be absent from participating farms. We follow the approach and procedures from the certification programs that simply exclude farms with deforestation and don't take steps to resolve non-compliance. Audits are carried out annually on a sample of farms. Also, note that we cannot give a figure for the % of suppliers in compliance with our standards since we may get responsibly sourced / certified coffee and conventional coffee from the same supplier.

F6.5

(F6.5) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.

	Do you collect data regarding compliance with the Brazilian Forest Code?	Please explain
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, from suppliers	Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard, which goes beyond industry norms and/or local regulations. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. The volumes of cocoa that we source through the Nestlé Cocoa Plan are certified UTZ/Rainforest Alliance or Rainforest Alliance, which requires compliance with local regulation. In Brazil, we collect data from suppliers (farmers) in relation to compliance with the Brazilian legislation. Farmers are asked to make a self-assessment prior to joining the Nestlé Cocoa Plan. Details of the farm is cross checked with government official data bank where all infractions of the environmental law are available. Farms are also subject to independent auditing.
Other - Coffee	Yes, from suppliers	Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard, which goes beyond industry norms and/or local regulations. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. In Brazil, we collect data from suppliers (farmers) in relation to compliance with the Brazilian legislation who participate in the Nescafé Plan. We carry out verification through the visits by our technicians and agronomists. Farms are also subject to independent audits as part of the certification process.

F6.5b

(F6.5b) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).

Forest risk commodity
Other - Cocoa

KPIs
% of suppliers with no gross deforestation after July 2008

Performance against indicators
100%

Please explain
To be able to participate in the Nestlé Cocoa Plan, farmers must demonstrate that they have not contributed to gross deforestation after July 2008. To check this we collect data from suppliers (farmers) in relation to compliance with the Brazilian legislation. Farmers are asked to make a self-assessment prior to joining the Nestlé Cocoa Plan. Details of the farm is cross checked with government official data bank where all infractions of the environmental law are available. Farms are also subject to independent auditing. As part of the Nestlé Cocoa Plan in Brazil we work with one single trader and have full traceability from farm to the supplier. As of July 2020 we have 253 cocoa farms and the program is growing. The following tools are used to measure and monitor compliance against our KPIs: Self-assessments, internal verification run by agronomists dedicated to Nestlé Cocoa Plan, external independent audits and checks in government official data bases. Self-assessment are carried out prior to a farmer entering in the Nestlé Cocoa Plan. Internal verification is carried out through at least one farm visit every 12 months; external audits are carried out annually in a sample of farms of the group; the government official database is checked every week. We excluded one farm recently as a result of poor working conditions on the farm. We do not have data available for the other KPIs for the following reasons: • % of suppliers registered on the Rural Environmental Registry (CAR) database, with active status: CAR has had a poor adherence among cocoa farmers in general. • % of suppliers with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit: We have decided to keep a similar approach as in the UTZ Certification standard. Our procedures were set to measure the KPIs described above. • % of suppliers with signed Terms of Commitment of the Environmental Regularization Program (PRA): currently we focus on social issues which are higher risk in our cocoa supply chain, such as child labor, appropriated living and working conditions. Our involvement with CAR and PRA will come for sure, as an evolution of the NCP.

Forest risk commodity
Other - Coffee

KPIs
% of suppliers registered on the Rural Environmental Registry (CAR) database, with active status

Performance against indicators
91-99%

Please explain
To be able to participate in the Nescafé Plan, farmers must demonstrate that they have not contributed to gross deforestation after July 2008. To check this we collect data from suppliers (farmers) in relation to compliance with the Brazilian legislation. We carry out internal verification by agronomists dedicated to Nescafé Plan, external independent audits and we check the government official databases. Our Conilon coffee supply chain base in Brazil is 918 coffee growers and 794 farms. Internal verification run by agronomists dedicated to Nescafé Plan, external independent audits and checks in government official data bases with the following frequency: - Internal verification: One farm visit every 12 months - External audits: Every year, in a sample of farms of the group. - Government official data bases: Every month. Another KPI that we use is % of suppliers with no gross deforestation after July 2008: 100% (prerequisite to participate in Nescafé Plan/4C Certification) - this is subject to the same checks as laid out above. We do not have data available for the other KPIs for the following reasons: • % of suppliers with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit: we follow the KPIs of the 4C Code of Conduct, which are evaluated each year through an external independent audit. • % of suppliers with signed Terms of Commitment of the Environmental Regularization Program (PRA): The regularization of the CAR is an ongoing process, the next step is to measure the PRA KPIs.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Please explain
Timber products	Yes, from suppliers	<Not Applicable>
Palm oil	Yes, from suppliers	<Not Applicable>
Cattle products	Yes, from suppliers	<Not Applicable>
Soy	Yes, from suppliers	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, from suppliers	<Not Applicable>
Other - Coffee	Yes, from suppliers	<Not Applicable>

F6.6a

(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard, which goes beyond industry norms and/or local regulations. The Standard is an integral part of all of our purchase orders and supply contracts and is share with our suppliers and expect them to follow its requirements, including compliance with forest regulations. To ensure legal compliance with forest regulations and/or mandatory standards, our implementation partners, like Proforest and Earthworm Foundation, start by carrying out a desk-based risk assessment of our sourcing regions and our suppliers based on supplier questionnaires, literature review and information from satellite monitoring tools. Supplier questionnaires include questions related to compliance with local regulation. Following this desk-based risk assessment process, suppliers are identified based on volumes and risk profiles for on-the-ground assessments. Our on-the-ground assessments to verify no deforestation / no conversion are based on the HCS/HCV methodology that goes beyond legality. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements.

Country/Area of origin

Australia
Brazil
Colombia
Ecuador
India
Indonesia
Malaysia
Thailand
Viet Nam

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Palm oil

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard, which goes beyond industry norms and/or local regulations. The Standard is an integral part of all of our purchase orders and supply contracts and is share with our suppliers and expect them to follow its requirements, including compliance with forest regulations. To ensure legal compliance with forest regulations and/or mandatory standards, our implementation partners, like Proforest and Earthworm Foundation, start by carrying out a desk-based risk assessment of our sourcing regions and our suppliers based on supplier questionnaires, literature review and information from satellite monitoring tools. Supplier questionnaires include questions related to compliance with local regulation. Following this desk-based risk assessment process, suppliers are identified based on volumes and risk profiles for on-the-ground assessments. Our on-the-ground assessments to verify no deforestation / no conversion are based on the HCS/HCV methodology that goes beyond legality. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements.

Country/Area of origin

Brazil
Cambodia
Cameroon
Colombia
Côte d'Ivoire
Ecuador
Guatemala
Indonesia
Malaysia
Mexico
Nigeria
Papua New Guinea
Peru
Thailand

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Cattle products

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard, which goes beyond industry norms and/or local regulations. The Standard is an integral part of all of our purchase orders and supply contracts and is share with our suppliers and expect them to follow its requirements, including compliance with forest regulations. To ensure legal compliance with forest regulations and/or mandatory standards, our implementation partners, like Proforest and Earthworm Foundation, start by carrying out a desk-based risk assessment of our sourcing regions and our suppliers based on supplier questionnaires, literature review and information from satellite monitoring tools. Supplier questionnaires include questions related to compliance with local regulation. Following this desk-based risk assessment process, suppliers are identified based on volumes and risk profiles for on-the-ground assessments. Our on-the-ground assessments to verify no deforestation / no conversion are based on the HCS/HCV methodology that goes beyond legality. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements.

Country/Area of origin

Argentina
Australia
Brazil
Colombia
Mexico
Nicaragua
Panama
Viet Nam

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Soy

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard, which goes beyond industry norms and/or local regulations. The Standard is an integral part of all of our purchase orders and supply contracts and is share with our suppliers and expect them to follow its requirements, including compliance with forest regulations. To ensure legal compliance with forest regulations and/or mandatory standards, our implementation partners, like Proforest and Earthworm Foundation, start by carrying out a desk-based risk assessment of our sourcing regions and our suppliers based on supplier questionnaires, literature review and information from satellite monitoring tools. Supplier questionnaires include questions related to compliance with local regulation. Following this desk-based risk assessment process, suppliers are identified based on volumes and risk profiles for on-the-ground assessments. Our on-the-ground assessments to verify no deforestation / no conversion are based on the HCS/HCV methodology that goes beyond legality. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements.

Country/Area of origin

Argentina
Brazil
India
Nigeria

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Other - Cocoa

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard, which goes beyond industry norms and/or local regulations. The Standard is an integral part of all of our purchase orders and supply contracts and is share with our suppliers and expect them to follow its requirements, including compliance with forest regulations. The volumes of cocoa that we source through the Nestlé Cocoa Plan are certified UTZ/Rainforest Alliance, which requires compliance with local regulation. In addition, in Côte d'Ivoire and Ghana, our biggest sourcing region (70% of our total cocoa volumes), we have also taken the following actions: - we're completing the mapping of the farm boundaries of the 87 000 farmers that are part of the Nestlé Cocoa Plan - we have strengthened cocoa beans traceability systems - we have worked with our suppliers to implement an exclusion process for farmers who grow cocoa in protected areas - are sensitizing 38,000 farmers on forest law enforcement in place in both countries as well as the importance of protecting forests

Country/Area of origin

Brazil
Cameroon
Colombia
Côte d'Ivoire
Ecuador
Indonesia
Mexico
Nigeria
Peru
Venezuela (Bolivarian Republic of)

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard, which goes beyond industry norms and/or local regulations. The Standard is an integral part of all of our purchase orders and supply contracts and is share with our suppliers and expect them to follow its requirements, including compliance with forest regulations. Our responsibly sourced volumes of coffee are certified or verified by third parties, who check for compliance with legal regulations in addition to compliance with our Standard.

Other - Coffee

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard, which goes beyond industry norms and/or local regulations. The Standard is an integral part of all of our purchase orders and supply contracts and is share with our suppliers and expect them to follow its requirements, including compliance with forest regulations. The volumes of coffee that we source through the Nescafé Plan and through Nespresso's AAA program are certified or verified by independent third party organizations, including Rainforest Alliance / UTZ, Fairtrade, etc. They check for compliance with legal regulations in addition to compliance with our Standard.

Country/Area of origin

Brazil
Cameroon
Colombia
Côte d'Ivoire
Guatemala
Honduras
India
Indonesia
Kenya
Lao People's Democratic Republic
Mexico
Nicaragua
Papua New Guinea
Peru
Philippines
Thailand
Viet Nam

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders	Supply chain mapping Capacity building	Supplier audits Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Investing in pilot projects	200	While smallholders are only a small proportion of our pulp and paper supply chain, we work with smallholder acacia farmers supplying a chip mill in Nestlé's pulp and paper supply chain in Bình Thuận Province, Vietnam. In 2018, Earthworm Foundation conducted an initial diagnostic exercise to understand the supply chain, conditions on the ground and opportunities to improve smallholder resilience. The project identified a number of challenges, including poor-quality seedlings and agricultural practices leading to low productivity, a lack of awareness of both pest and disease control and health and safety, limited options for income diversification and declining soil fertility due to poor land management. To date, the project has achieved the following: 183 farmers (including 17 women) have benefited from training and coaching. Plant quality has improved, with Rurality program supporting the purchase and planting of 44 000 higher-quality acacia seedlings (equivalent to 19 hectares) in 2019. 124 smallholders have received classroom and field-based training, delivered in partnership with the Forest Science Institute of South Vietnam and the Plant Protection Department of Bình Thuận Province, on pest and disease management, the role of seedlings and best management practices for acacia. 10 farmers have been involved in a trial using vetiver, a tall grass, to control soil erosion on acacia plantations; following successful trials, this practice will be scaled up in 2020.
Palm oil	Yes, working with smallholders	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tool Offering on-site technical assistance and extension services Providing agricultural inputs Investing in pilot projects Supporting smallholders to clarify and secure land tenure Prioritizing support for smallholders in high-risk deforestation regions	4300	Smallholders produce around 40% of oil palm globally. To ensure their inclusion in our supply chains and help build their resilience, Nestlé is supporting eight palm oil smallholder projects across regions we source from. These projects aim to enable sustainable livelihoods for farmers while helping them produce responsibly. Seven of these projects are through the Earthworm Foundation Rurality initiative, an approach to engaging smallholders that focuses on helping them develop their own capacity through strategic use of market links and supply chains. The eighth project is implemented by Proforest in Mexico. We've integrated forest conservation in all our smallholder projects. For example, In Indonesia, Nestlé and our supplier, Golden Agri-Resources (GAR), support a Rurality initiative in North Sumatra. In 2019, 558 farmers were engaged in this project, totalling 2,086 farmers since the project began in 2016. This year, the GAR and Rurality teams provided technical support on oil palm cultivation to 351 farmers through trainings and individual coaching. The project also supported value-added activities with dealers, resulting in one third of dealers now providing access to fertilizer to farmers in addition to their traditional role as fruit collectors. For long-term sustainable land use planning that delivers sustainable livelihoods and forest conservation, five villages are participating in a Participatory Land Use Planning (PLUP) process, which aims to clarify the legal status of ownership and land use across the region. To date, communities have agreed to conserve 3,830 hectares of forest through this process. We implement similar types of projects in Brazil, Mexico, Peru, Ecuador, Côte d'Ivoire, and Ghana. In addition, we are observing that forest loss is increasingly linked to small-scale deforestation and small-scale farming outside of big palm oil concessions. As a result, we're raising awareness of small and medium-size mills about importance of traceability to plantation and building their capacity to implement robust systems to record Fresh Fruit Bunch (FFB) all the way down to smallholder farmers.
Cattle products	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>	The cattle supply chain is mainly made of big farms, especially in the US and in Europe where we source around 98% of your volumes.
Soy	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>	The soy supply chain is mainly made of big soy farms, especially in the US which is our biggest sourcing country (more than 50% of our sourcing) as well as in Brazil. As such, we have not prioritized working directly with smallholders to address deforestation issues. Instead we have chosen to focus on specific geographies (Brazilian Cerrado and the Argentinian Chaco biomes) where deforestation and conversion of natural habitats is higher. We're doing so by engaging directly with our direct suppliers.

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Other - Rubber	\<Not Applicable\>	\<Not Applicable\>	\<Not Applicable\>	\<Not Applicable\>	\<Not Applicable\>
Other - Cocoa	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Developing or distributing supply chain mapping tool Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events Investing in pilot projects Prioritizing support for smallholders in high-risk deforestation regions Financial incentives for certified products	109748	According to estimates, almost 90% of cocoa production worldwide comes from smallholdings under 5 hectares. The Nestlé Cocoa Plan is our cocoa sustainability plan that aims to help smallholder farmers address the challenges they face through three pillars – better farming, better lives and better cocoa. Activities included under each pillar are: 1) Better farming: training in better agricultural practices (incl. pruning, safe use of pesticides, weeding, soil fertility) through farmer field schools and coaching; entrepreneurship training; distributing higher-yielding plants and shade trees, investments in plant R&D; 2) Better lives: promoting gender equality; tackling child labor; improving access to finance through village savings and loans association; and income diversification activities 3) Better cocoa: fostering long term relationship with cooperatives; helping cooperatives and farmers get certified We pay farmers and cooperatives premiums for sustainable cocoa. Long term relationships with farmer co-operatives is key to the Nestlé Cocoa Plan. It is vital that these cooperatives function well, in trading cocoa as well as providing services to their members and the communities they work in. Together with our suppliers we help and train coops manage their business better. We are happy that the average time coops have been with us is now 6 years. In addition, to strengthen our work on Living Income, we have started working with the Royal Tropical Institute in the Netherlands ('KIT') to help us evaluate our work on Better Farming and assist more farmers make a living income from cocoa as their primary activity. We will publish our progress as we go along, sharing with collaborative platforms. As part of the Cocoa & Forests Initiative, we are mapping all the farms part of the Nestlé Cocoa Plan in Côte d'Ivoire and Ghana and strengthening our traceability systems to ensure no cocoa is coming from protected areas. We're also distributing more shade trees and kicking off two agroforestry projects with PUR Projet. We will also continue to work with the governments of Côte d'Ivoire and Ghana, our partners and other stakeholders to help protect and restore protected forests and promote sustainable cocoa and thriving communities.
Other - Coffee	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Developing or distributing supply chain mapping tool Offering on-site technical assistance and extension services Providing agricultural inputs Organizing capacity building events Investing in pilot projects Financial incentives for certified products	800000	The Nescafé Plan and Nespresso AAA programs are our coffee sustainability programs. Both program aim at addressing sustainability challenges in the coffee sector and work very closely with coffee smallholders in countries around the world. Both programs implement activities like traceability, investments in community infrastructures, training and technical assistance in best agricultural practices and in entrepreneurship, income diversification, plant research and breeding, climate change adaptation, women empowerment, cash premiums for responsible sourced coffee. - Farmers training: Nescafé carried out 7228 training sessions in 2019 on best agricultural practices - Plant research and breeding: Nestlé Research has been running a breeding program for over a decade, creating and selecting new and improved coffee varieties with greater resistance to leaf rust and other diseases, as well as providing better yield and quality. At present we have 49 trials in place, with 13 new arabica and 14 new robusta varieties across El Salvador, Guatemala, Honduras and Nicaragua. We will soon expand the program to 81 trials. We also shared or selected new arabica and robusta varieties for trials in Mexico, Colombia, Ecuador, Thailand, India, Vietnam and the Philippines during 2019. - Climate change adaptation: An agroforestry program, launched in 2013 in cooperation with Pur Projet and the Rainforest Alliance, is helping Nespresso to mitigate the impacts of climate change and reduce the carbon footprint of coffee farming. The program aims to protect, regenerate and improve coffee ecosystems to support climate change resilience. Furthermore, it aims to generate economic benefits for coffee farmers thanks to crop diversification and carbon certification. - Cash premium and long-term relationships: both programs pay cash premiums for responsibly sourced coffee. Nespresso's AA program pays premiums for superior coffee and best agricultural practices. Nespresso pays on average a premium price of around 30% to 40% above the standard market price

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier audits Offering on-site training and technical assistance Investing in pilot projects Financial incentives for certified products	100%	Addressing the social and environmental issues, including deforestation, in our agricultural supply chains, requires working closely with our direct suppliers, with whom we have a contractual relationship and who are contractually responsible for ensuring that their suppliers and contractors abide by our Responsible Sourcing Standard (RSS). We verify compliance with the Standard by all our direct suppliers through independent audits carried out by audit firms accredited by Nestlé. These audits follow the SMETA Best Practice Guidance. If non-compliance issues or gaps are found, a time-bound action plan is developed and implemented by the supplier. The implementation of this plan will be later verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. We also collaborate with them to ensure traceability of our raw materials to its origins. We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. This information is then used to carry out farm assessments against our RSS with partner organizations, which may lead to the development of time-bound action plans to address the gaps and show progress year on year. In many cases, issues are identified that require long-term, tailored interventions to tackle their root causes for greater impact. This is where we engage directly with our suppliers in our supply chain, including engagement time-bound roadmaps and support targeted transformation activities. These include: - Piloting SupplyShift to help us map our supply chain + collect and analyze data to guide and drive our supplier engagement and purchasing decisions to meet our commitments - Using Starling data to engage our suppliers operating in the Dvinsky region, an Intact Forest Landscape (IFL) in Russia. We initiated a Starling pilot with our supplier to monitor the voluntary moratorium area of the remaining IFL. This helped us to remain engaged, which is more critical than ever, given that there was a breach to the Dvina-Pinega Reserve moratium in 2019. We're working with our suppliers and others to ensure that it does not happen again. We pay premiums for responsibly sourced/ certified pulp & paper.

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Organizing capacity building events Investing in pilot projects Financial incentives for certified products	100%	Addressing the social and environmental issues, including deforestation, in our agricultural supply chains, requires working closely with our direct suppliers, with whom we have a contractual relationship and who are contractually responsible for ensuring that their suppliers and contractors abide by our Responsible Sourcing Standard (RSS). We verify compliance with the Standard by all our direct suppliers through independent audits carried out by audit firms accredited by Nestlé. These audits follow the SMETA Best Practice Guidance. If non-compliance issues or gaps are found, a time-bound action plan is developed and implemented by the supplier. The implementation of this plan will be later verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. We also collaborate with them to ensure traceability of our raw materials to its origins. We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. This information is then used to carry out farm assessments against our RSS, which may lead to the development of time-bound action plans to address the gaps and show progress year on year. In many cases, issues are identified that require long-term, tailored interventions to tackle their root causes for greater impact. This is where we engage directly with our suppliers and sites in our supply chain, including engagement time-bound roadmaps and support targeted transformation activities in the form of training and technical assistance, organizing capacity building events or co-funding projects. These include: - Funding our partner Earthworm Foundation to develop a targeted approach to engage suppliers and mills on traceability to plantation and corresponding deforestation verification for roll out in 2020 - Initiated a series of stakeholder engagements with civil society, experts, suppliers, and mills to build a strategy to address deforestation linked to smallholders - Co-funding of 8 smallholder projects with our direct suppliers to help build resilience of smallholders in our supply chain and promote forest conservation We also pay premiums for responsibly sourced or certified palm oil.
Cattle products	Yes, working with direct suppliers	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tool Supplier audits Investing in pilot projects	100%	Addressing the social and environmental issues, including deforestation, in our agricultural supply chains, requires working closely with our direct suppliers, with whom we have a contractual relationship and who are contractually responsible for ensuring that their suppliers and contractors abide by our Responsible Sourcing Standard (RSS). We verify compliance with the Standard by all our direct suppliers through independent audits carried out by audit firms accredited by Nestlé. These audits follow the SMETA Best Practice Guidance. If non-compliance issues or gaps are found, a time-bound action plan is developed and implemented by the supplier. Implementation is verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. We also collaborate with them to ensure traceability of our raw materials to its origins. We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. This information is then used to carry out farm assessments against our RSS with partner organizations, which may lead to the development of time-bound action plans to address the gaps and show progress year on year. As we verify compliance, we understand that some actions at farm level require time and often an industry transformation to be implemented. We partner with our suppliers and other industry stakeholders in value-adding projects. These projects aim to improve animal welfare and the environmental sustainability of livestock production. As a company, we do not only want to identify the issues; we also want to be part of the solutions. In the future, we will increasingly engage in value-adding projects, believing that our contribution is best invested when we support transformation and create opportunities to change practices and become more sustainable.
Soy	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Investing in pilot projects Financial incentives for certified products	100%	Addressing the social and environmental issues, including deforestation, in our agricultural supply chains, requires working closely with our direct suppliers, with whom we have a contractual relationship and who are contractually responsible for ensuring that their suppliers and contractors abide by our Responsible Sourcing Standard (RSS). We verify compliance with the Standard by all our direct suppliers through independent audits carried out by audit firms accredited by Nestlé. These audits follow the SMETA Best Practice Guidance. If non-compliance issues or gaps are found, a time-bound action plan is developed and implemented by the supplier. Implementation is verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. One of the key actions to continuously increase transparency within our own soya supply chain is engagement with suppliers to gradually map where the soya we source comes from. With Proforest, we developed an approach merging geographical risk analyses with the design of a scorecard for suppliers. For the spatial analysis, we focused on Brazil to develop risk maps at municipality scale, considering publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. The scorecard aims to provide us with some key comparable information on our large numbers of suppliers, as some might not follow our sustainability commitments and we need to understand what and where the gaps are. The scorecards are going to be used as our main engagement tool. We also support The Nature Conservancy's (TNC) reThink Soil initiative to help soya farmers improve the health of their soil through the adoption of better soil health practices, such as cover crops, conservation tillage and crop rotation. Nestlé is also an early champion of TNC's Healthy Agricultural Systems (HAS) strategy in Latin America, which aims to increase production by using existing farmland rather than by creating more, as the expansion of agricultural production over recent decades has had a dramatic impact on soil health and surrounding habitats. Note that all suppliers must be engaged as part of traceability exercise. The % provided reflects engagement beyond supply chain mapping.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, working with direct suppliers	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tool Supplier audits Investing in pilot projects	100%	Addressing the social and environmental issues, including deforestation, in our agricultural supply chains, requires working closely with our direct suppliers, with whom we have a contractual relationship and who are contractually responsible for ensuring that their suppliers and contractors abide by our Responsible Sourcing Standard (RSS). We verify compliance with the Standard by all our direct suppliers through independent audits carried out by audit firms accredited by Nestlé. These audits follow the SMETA Best Practice Guidance. If non-compliance issues or gaps are found, a time-bound action plan is developed and implemented by the supplier. Implementation is verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. We also collaborate with them to ensure traceability of our raw materials to its origins. We work closely with suppliers to create a full picture of their supply chains and sourcing locations. This information is then used to carry out farm assessments against our RSS. As part of the Cocoa & Forests Initiative, we're working very closely with our suppliers on different initiatives Traceability and control systems: we've worked with our direct suppliers to map the farm boundaries. They have implemented simple systems for farmer exclusion. Distribution of shade trees: We're also working together for the distribution of shade trees – roughly half of them are coming from Nestlé-run nurseries while the other half is coming from supplier-run nurseries. This has allowed us to scale distribution. Agroforestry: We have kicked off two agroforestry projects with NGO Pur Projet, one with our supplier Cargill, the other with supplier Sucden. Raising communities and farmers awareness on forest conservation: Raising awareness among farmers and communities on the importance of forest conservation is being done in a variety of ways. The topic has been included in most farmer field schools so the majority of Nestlé Cocoa Plan farmers are exposed to the subject. However, we know from experience that real behavior change will require more effort, and we are piloting different models. One of our suppliers is for example linking Village Saving and Loans Associations with community awareness-raising and we await to see impact of this innovation.
Other - Coffee	No, not working with direct suppliers	<Not Applicable>	<Not Applicable>	<Not Applicable>	

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping Capacity building	On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Investing in pilot projects	Addressing the social and environmental issues, including deforestation, in our agricultural supply chains, requires that we look beyond our direct suppliers and gain visibility of what is happening across all tiers of our supply chains. This starts by ensuring traceability. We work closely with our direct suppliers and partners to conduct a mapping of our upstream supply chains and carry out suppliers assessments in our upstream supply chain with partner organizations to identify gaps with our Responsible Sourcing Standard. This leads to the development of action plans with milestones and deadlines to act upon risks and improvement opportunities identified during assessments. When an upstream supplier fails to effectively manage identified risks or meet agreed deadlines, we may remove it from our supply chain. Nestlé's Procurement staff often visit our indirect suppliers, usually together with our direct supplier, to to assess their practices, understand where they are making progress against action plans and assess where more work needs to be done. We also support different types of projects and capacity building for upstream suppliers. For example in our pulp and paper supply chain, we work with smallholder acacia farmers supplying a chip mill in Nestlé's pulp and paper supply chain in Bình Thuận Province, Vietnam to help them implement more sustainable practices.
Palm oil	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Participating in workshops Investing in pilot projects	Addressing the social and environmental issues, including deforestation, in our agricultural supply chains, requires that we look beyond our direct suppliers and gain visibility of what is happening across all tiers of our supply chains. This starts by ensuring traceability. We work closely with our direct suppliers and partners to conduct a mapping of our upstream supply chains and carry out suppliers assessments in our upstream supply chain with partner organizations to identify gaps with our Responsible Sourcing Standard. This leads to the development of action plans with milestones and deadlines to act upon risks and improvement opportunities identified during assessments. When an upstream supplier fails to effectively manage identified risks or meet agreed deadlines, we may remove it from our supply chain. Nestlé's Procurement staff often visit our indirect suppliers, usually together with our direct supplier, to to assess their practices, understand where they are making progress against action plans and assess where more work needs to be done. In addition, we are using alerts received through our Starling dashboard to prioritize where we should conduct on-the-ground verification. We then engage with both our direct suppliers and indirect suppliers linked to the alert. In many cases, issues are identified that require long-term, tailored interventions to tackle their root causes for greater impact. This is where we engage directly with our suppliers as well as upstream suppliers. Examples include: - Funding our partner Earthworm Foundation to develop a targeted approach to engage suppliers and upstream mills on traceability to plantation and corresponding deforestation verification for roll out in 2020 - Initiated a series of stakeholder engagements with civil society, experts, suppliers, and mills to build a strategy to address deforestation linked to smallholders - Co-funding of 8 smallholder projects with our direct suppliers to help build resilience of smallholders in our supply chain and promote forest conservation
Cattle products	Yes, working beyond first tier	Supply chain mapping Capacity building	On-site meetings with indirect suppliers Supplier audits Investing in pilot projects	Addressing the social and environmental issues, including deforestation, in our agricultural supply chains, requires that we look beyond our direct suppliers and gain visibility of what is happening across all tiers of our supply chains. This starts by ensuring traceability. We work closely with our direct suppliers and partners to conduct a mapping of our upstream supply chains and carry out suppliers assessments in our upstream supply chain with partner organizations to identify gaps with our Responsible Sourcing Standard. This leads to the development of action plans with milestones and deadlines to act upon risks and improvement opportunities identified during assessments. When an upstream supplier fails to effectively manage identified risks or meet agreed deadlines, we may remove it from our supply chain. Nestlé's Procurement staff often visit our indirect suppliers, usually together with our direct supplier, to to assess their practices, understand where they are making progress against action plans and assess where more work needs to be done. As we verify compliance, we understand that some actions at farm level require time and often an industry transformation to be implemented. We partner with our suppliers and other industry stakeholders in value-adding projects. These projects aim to improve animal welfare and the environmental sustainability of livestock production. As a company, we do not only want to identify the issues; we also want to be part of the solutions. In the future, we will increasingly engage in value-adding projects, believing that our contribution is best invested when we support transformation and create opportunities to change practices and become more sustainable.
Soy	Yes, working beyond first tier	Supply chain mapping Capacity building	On-site meetings with indirect suppliers Supplier audits Participating in workshops Investing in pilot projects	Addressing the social and environmental issues, including deforestation, in our agricultural supply chains, requires that we look beyond our direct suppliers and gain visibility of what is happening across all tiers of our supply chains. This starts by ensuring traceability. We source soya products from hundreds of suppliers in many different countries, including Argentina, Brazil, Serbia and the US. Supply chains vary in length and complexity: they can be upstream, when the soya is sourced directly from producers, or mid-stream, when producers source soya products and further process them. This is why we work closely with our direct suppliers and partners to conduct a supply chain mapping, all the way down to crush sites. To better understand the issues in our supply chain, our partner Proforest undertakes site assessments based on the requirements laid out in our Responsible Sourcing Standard. Proforest also provides technical assistance and guidance to our suppliers (including beyond our direct ones) to help support them to make improvements in their supply bases. When an upstream supplier fails to effectively manage identified risks or meet agreed deadlines, we may remove it from our supply chain. We engage continuously with direct and indirect suppliers, aiming to raise awareness about the requirements laid out in our Responsible Sourcing Standard. Our capacity-building activities in 2019 focused on sharing our Standard, including our no deforestation and no conversion requirements, basic aspects of responsible sourcing and production of soya, through both webinars and person-to-person workshops.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Participating in workshops Investing in pilot projects	According to estimates, almost 90% of cocoa production worldwide comes from smallholdings under 5 hectare. Our direct suppliers are traders like Cargill or Olam and our Tier 2 suppliers are cocoa cooperatives. We work closely with all the supply chains actors, traders and cooperatives, to implement the Nestlé Cocoa Plan, our cocoa sustainability plan that aims to help smallholder farmers and their cooperatives address the challenges they face, including deforestation, through three pillars – better farming, better lives and better cocoa. Activities included under each pillar are: 1) Better farming: We work with traders and cooperatives to help farmers improve how they farm, in order to increase yield and income, enabling farmers to "produce more on less land" 2) Better lives: we work with traders and cooperatives as well as cocoa growing communities to promote gender equality; tackle child labor; improve access to finance through village savings and loans association; and carry out income diversification activities 3) Better cocoa: fostering long term relationship with cooperatives; helping cooperatives and farmers get certified We pay farmers and cooperatives premiums for sustainable cocoa. Long term relationships with farmer co-operatives is key to the Nestlé Cocoa Plan. It is vital that these cooperatives function well, in trading cocoa as well as providing services to their members and the communities they work in. Together with our suppliers we help and train coops manage their business better. The average time coops have been with Nestlé is 6 years. We have Nestlé agronomists on the ground working hand in hand with our direct suppliers and cooperatives to help implement the Nestlé Cocoa Plan activities, deliver on the trainings and other capacity building sessions as well as coaching farmers. In addition, in order to drive the Cocoa & Forest initiatives actions on the ground, oversee the relationship with our partners, and work with the cooperatives we recruited a Forests and Environment Manager based in Côte d'Ivoire in September 2019.

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Other - Coffee	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Investing in pilot projects	The Nescafé Plan and Nespresso AAA programs are our coffee sustainability programs. Both program aim at addressing sustainability challenges in the coffee sector and work very closely with coffee smallholders and their cooperatives in countries around the world. Both programs implement activities like traceability, investments in community infrastructures, training and technical assistance in best agricultural practices and in entrepreneurship, income diversification, plant research and breeding, climate change adaptation, women empowerment, cash premiums for responsible sourced coffee. - Farmers training: Nescafé carried out 7228 training sessions in 2019 on best agricultural practices - Plant research and breeding: Nestlé Research has been running a breeding program for over a decade, creating and selecting new and improved coffee varieties with greater resistance to leaf rust and other diseases, as well as providing better yield and quality. At present we have 49 trials in place, with 13 new arabica and 14 new robusta varieties across El Salvador, Guatemala, Honduras and Nicaragua. We will soon expand the program to 81 trials. We also shared or selected new arabica and robusta varieties for trials in Mexico, Colombia, Ecuador, Thailand, India, Vietnam and the Philippines during 2019. - Climate change adaptation: An agroforestry program, launched in 2013 in cooperation with Pur Projet and the Rainforest Alliance, is helping Nespresso to mitigate the impacts of climate change and reduce the carbon footprint of coffee farming. The program aims to protect, regenerate and improve coffee ecosystems to support climate change resilience. Furthermore, it aims to generate economic benefits for coffee farmers thanks to crop diversification and carbon certification. - Cash premium and long-term relationships: both programs pay cash premiums for responsibly sourced coffee. Nespresso's AA program pays premiums for superior coffee and best agricultural practices. Nespresso pays on average a premium price of around 30% to 40% above the standard market price

F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity
Palm oil

Do you participate in activities/initiatives?
Yes

Activities
Involved in multi-partnership or stakeholder initiatives

Initiatives
UN Global Compact
Tropical Forest Alliance 2020 (TFA)
Roundtable on Sustainable Palm Oil (RSPO)
High Carbon Stock Approach Steering Group
Other, please specify (Different national sustainable palm oil roundtables (e.g. Swiss roundtable for sustainable palm oil); RADD+ consortium; Palm Oil Collaboration Group; Palm Oil Transparency Coalition)

Jurisdictional approaches
<Not Applicable>

Please explain
To address the key challenges in our supply palm oil supply chains and be able to achieve our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with multi-stakeholder initiatives to achieve lasting change. This includes TFA, RSPO, HCSA Working Group, national sustainable palm oil roundtables, the Palm Oil Collaboration Group, the Palm Oil Transparency Coalition; RADD + consortium. This is part of our 2030 ambition to strive for zero environmental impact in our operations. Nestlé joined the HCSA Steering Group in October 2018 with the ambition to help make the HCS Approach, which is a core part of the Nestlé Responsible Sourcing Standard, the norm in tropical forest conservation. In 2019, we funded three initiatives to advance this ambition. One example of it is in Mexico, where we provided funding to support a landscape-scale HCSA pilot with Earthworm Foundation. This project is conducted in partnership with another brand, and covers a 240,000 hectare landscape dominated by smallholder farmers who produce a variety of crops, including palm oil. In 2019, a preliminary indicative HCS map was created for a key conservation landscape, along with mapping the land tenure in the project area to clarify communal and private land. In 2019, we joined the newly RSPO Assurance Standing Committee as its Consumer Goods Manufacturer representative, and actively participated in the various consultation processes around RSPO's Smallholder Standard (new in 2019) and Shared Responsibility principles.

Forest risk commodity
Palm oil

Do you participate in activities/initiatives?
Yes

Activities
Involved in industry platforms

Initiatives
<Not Applicable>

Jurisdictional approaches
<Not Applicable>

Please explain
To address the key challenges in our supply palm oil supply chains and be able to achieve our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with industry platforms to share our learnings, contribute to driving positive change and encourage more industry collaborations and the development of common solutions and tools on the ground. This is part of our 2030 ambition to strive for zero environmental impact in our operations. Consumer Goods Forum's Forest Positive Coalition of Action: As Board members of the CGF, we have signed up to the Forest Positive CoA, where we are active in different Working Groups, including the Palm Oil Working Group and co-leading the Communications and Engagement Working Group. Through our participation, we aim to contribute to shaping an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground . Through webinars we shared our learnings and challenges in addressing deforestation within our supply chains based on our experience using Starling satellite monitoring data. Among other things, we highlighted the tools that are currently missing to addressing the most complex deforestation patterns we are witnessing and called for more industry collaboration to come up with innovative solutions. One Planet for Biodiversity (OP2B) coalition: In 2019, we joined the newly created OP2B, an international business coalition on biodiversity with a specific focus on

Forest risk commodity
Soy

Do you participate in activities/initiatives?
Yes

Activities
Involved in multi-partnership or stakeholder initiatives

Initiatives
UN Global Compact
Tropical Forest Alliance 2020 (TFA)
Cerrado Working Group (GTC)
Roundtable on Sustainable Soy (RTRS)

Jurisdictional approaches
<Not Applicable>

Please explain
To address the key challenges in our supply palm oil supply chains and be able to achieve our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with multi-stakeholder initiatives to achieve lasting change. This includes TFA, the Cerrado Working Group and the RTRS. This is part of our 2030 ambition to strive for zero environmental impact in our operations. As an example, having signd the Statatement of Support for the Cerrado, we are active members in the Cerrado Working Group. Our objective there is to build a constructive dialogue between the industry and soy traders in Brazil that will help find solutions to the preservation of the Cerrado that can balance the interests of local stakeholders as well as soy buyers like ourselves.

Forest risk commodity
Soy

Do you participate in activities/initiatives?
Yes

Activities
Involved in industry platforms

Initiatives
<Not Applicable>

Jurisdictional approaches
<Not Applicable>

Please explain
To address the key challenges in our soy supply chains and be able to achieve our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with industry platforms to share our learnings, contribute to driving positive change and encourage more industry collaborations and the development of common solutions and tools on the ground. This is part of our 2030 ambition to strive for zero environmental impact in our operations. Consumer Goods Forum's Forest Positive Coalition of Action: As Board members of the CGF, we have signed up to the Forest Positive CoA, where we are active in different Working Groups, including the Soy Working Group and co-leading the Communications and Engagement Working Group. Through our participation, we aim to contribute to shaping an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground . We also aim to increase collaboration between different industry and multi-stakeholder platforms addressing ecosystem protection in soy, such as the Cerrado Working Group. One Planet for Biodiversity (OP2B) coalition: In 2019, we joined the newly created OP2B, an international business coalition on biodiversity with a specific focus on agriculture. One of the three pillars of the coalition aims to eliminate deforestation and enhance the management, restoration and protection of high value natural ecosystems. Another relevant pillar for soy in which we are also active is the regenerative agriculture one, which is relevant for our zero net emissions commitment. Through our participation in the high value natural ecosystems we aim to drive more industry collaboration on both forest conservation and restoration.

Forest risk commodity
Timber products

Do you participate in activities/initiatives?
Yes

Activities
Involved in industry platforms

Initiatives
<Not Applicable>

Jurisdictional approaches
<Not Applicable>

Please explain
To address the key challenges in our pulp and paper supply chains and be able to achieve our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with industry platforms to share our learnings, contribute to driving positive change and encourage more industry collaborations and the development of common solutions and tools on the ground. This is part of our 2030 ambition to strive for zero environmental impact in our operations. Consumer Goods Forum's Forest Positive Coalition of Action: As Board members of the CGF, we have signed up to the Forest Positive CoA, where we are active in different Working Groups, including the Pulp and Paper Working Group and leading the Communications and Engagement Working Group. Through our participation, we aim to contribute to shaping an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground . One Planet for Biodiversity (OP2B) coalition: In 2019, we joined the newly created OP2B, an international business coalition on biodiversity with a specific focus on agriculture. One of the three pillars of the coalition aims to eliminate deforestation and enhance the management, restoration and protection of high value natural ecosystems.Through our participation in the high value natural ecosystems we aim to drive more industry collaboration on both forest conservation and restoration.

Forest risk commodity
Cattle products

Do you participate in activities/initiatives?
Yes

Activities
Involved in multi-partnership or stakeholder initiatives

Initiatives
UN Global Compact
Tropical Forest Alliance 2020 (TFA)
Other, please specify (US Roundtable for Sustainable Beef (USRSB))

Jurisdictional approaches
<Not Applicable>

Please explain
To address the key challenges in our cattle supply chains and be able to achieve our sustainability commitments (incl. no deforestation commitment), we cannot work alone, and therefore we continue to increase our collaboration with industry platforms to share our learnings, contribute to driving positive change and encourage more industry collaborations and the development of common solutions and tools on the ground. This is part of our 2030 ambition to strive for zero environmental impact in our operations. Since the volumes of meat coming from countries with high deforestation risks, such as Brazil, are low (e.g. Brazil represents only 400 MT), our industry collaboration and collective action work is more focused on topics like water reduction and animal welfare.

Forest risk commodity
Other - Cocoa

Do you participate in activities/initiatives?
Yes

Activities
Involved in multi-partnership or stakeholder initiatives

Initiatives
UN Global Compact
Tropical Forest Alliance 2020 (TFA)
Other, please specify (Cocoa and Forests Initiative)

Jurisdictional approaches
<Not Applicable>

Please explain
To address the key challenges in our cocoa supply chain and be able to achieve our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with multi-stakeholder initiatives to achieve lasting change. This is why we decided to joint the Cocoa & Forests Initiative (CFI), a public-private partnership bringing together the Governments of Côte d'Ivoire. This is part of our 2030 ambition to strive for zero environmental impact in our operations. and Ghana and the world's leading cocoa and chocolate companies under the coordination of the World Cocoa Foundation (WCF), IDH - the Sustainable Trade Initiative, and The Prince of Wales' International Sustainability Unit (ISU). Under this initiative all stakeholders have made commitments and laid out an action plan that includes timebound targets in order to achieve a deforestation-free and forest-free positive supply chain. We report on progress on an annual basis. This initiative is key to help drive better coordination and alignment between all players in the cocoa supply chain and the governments of Côte d'Ivoire and Ghana for impactful transformation of the cocoa sector on the ground.

Forest risk commodity
Other - Cocoa

Do you participate in activities/initiatives?
Yes

Activities
Engaging with policymakers or governments

Initiatives
<Not Applicable>

Jurisdictional approaches
<Not Applicable>

Please explain
We are members of a coalition made of cocoa and chocolate manufacturers and civil society organizations that came together to call for mandatory human rights and environmental due diligence at the European Union level. Through this coalition we are engaging European policymakers for them to: - negotiate bilateral agreements with cocoa origin governments to create the frameworks necessary to achieve this aim and provide financial and technical support to those governments to do so. - Establish a regulatory and policy framework within the EU to ensure that companies conduct human rights and environmental due diligence in their supply chains.

Forest risk commodity
Other - Coffee

Do you participate in activities/initiatives?
Yes

Activities
Involved in multi-partnership or stakeholder initiatives

Initiatives
Other, please specify (Global Coffee Platform, Sustainable Coffee Challenge)

Jurisdictional approaches
<Not Applicable>

Please explain
In order to drive sustainability in the coffee sector and be able to achieve our no deforestation commitment, we are actively engaged with different multi-stakeholder organizations to develop shared actions, through pre-competitive organizations such as the Global Coffee Platform and the Sustainable Coffee Challenge. This is part of

our 2030 ambition to strive for zero environmental impact in our operations. In particular, the Sustainable Coffee Challenge is a collaborative effort of companies, governments, NGOs, research institutions and others to transition the coffee sector to be fully sustainable. Challenge partners are urgently working together to increase transparency, align around a common vision for sustainability and collaborate to accelerate progress toward those goals. One on the three sustainable practices promoted by the Challenge is the prevention of the clearing of additional hectares of high conservation-value forest or depletion other natural resources for enhanced coffee production. Through our participation in the Challenge, we hope to share learnings and work collaboratively on the ground for long term change and impact. We have also become a signatory of the International Coffee Organization's London Declaration on price levels, price volatility and the long-term sustainability of the coffee sector, as a vehicle to explore and implement collaborative solutions on the ground

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?
Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference
Project 1

Project type
Forest ecosystem restoration

Primary motivation
Voluntary

Description of project
Project RiLeaf is a reforestation for protection of the Kinabatangan River in Sabah, Malaysia. The Kinabatangan River is an important ecoregion and is home to over 250 bird, 50 mammal, 20 reptile species and 1056 plant species. It is also one of only two places on the planet where 10 primate species including the orangutan, the proboscis monkey and the Borneo gibbon can be found. The restored zones form a wildlife corridor which allows wildlife to thrive and forage in their natural habitat while reducing the conflict between humans and wildlife. To date, 880,000 forest seedlings have been planted in degraded or deforested areas in the Kinabatangan wetlands, covering both riparian zones and forest-corridors. The restored river banks form a buffer zone which aims to filter soil sediments and agricultural fertiliser run-off which may flow into the river. This allows the Kinabatangan to repair itself over time. Since 2018, in collaboration with Sabah Forest Department, Project RiLeaf's operational area includes riparian zones within designated REDD+ sites. The project also carries out forest corridor plantings in collaboration with HUTAN, and several oil palm plantations that serve to connect isolated forest areas for wildlife migration and to minimize human-animal conflict. RiLeaf remains on track to achieve its target of 1 million riparian forest plantings in 2020.

Start year
2011

Target year
2020

Project area to date (Hectares)
3000

Project area in the target year (Hectares)
3500

Country/Area
Malaysia

Latitude
5

Longitude
118

Monitoring frequency
Six-monthly or more frequently

Measured outcomes to date
Financial
Other, please specify (Survival rate and growth performance of planted forest seedlings; socio-economic impact)

Please explain
Riparian and wildlife corridors reforestation with 15 indigenous local forest species. By Q3 2020, the one million forest seedlings planted will cover an estimated 3,500 hectares of land. We monitor the following KPIs: • Number of planted forest seedlings • Survival rate and growth performance of planted forest seedlings • Socio-economic impact of upon local community partners All planted forest seedlings are demarcated using GPS and exact records are kept. Survival census are carried out every three months after planting during maintenance rounds, up to a year. Regular post-planting inspections are carried out by Habitat management We are on track to achieving 1 million plantings ahead of schedule, and below budget. Average survival rate of 80% achieved against targeted 75%. The return on investments from the projects are in the following areas: • Create environmental and conservation awareness among the local community • Mitigate human-animal conflict with wildlife corridors reforestation • Fruiting jungle trees will provide sustenance for wildlife once matured • Empowers local communities by providing opportunities for capacity building

Project reference
Project 2

Project type
Agroforestry

Primary motivation

Other, please specify (To support Nespresso's commitment to become carbon neutral through insetting)

Description of project

Since 2014, Nespresso has been transitioning AAA coffee farming into agroforestry models. Begun in Colombia and Guatemala, this approach is being expanded to 9 of its sourcing regions. As part of this program, Nespresso committed to plant 5 million trees in the AAA coffee farms and landscapes. Around 60% of the coffee in scope is from carbon-verified operations (either Ecocert Reforestation Solidaire or Verified Carbon Standard). These operations act as verification for Nespresso's carbon mitigation roadmap. By the end of 2019, Nespresso had already reached 90% of this target with agroforestry deployed in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. For the purpose of this question, we will focus on our Colombian project.

Start year
2014

Target year
2020

Project area to date (Hectares)
3846

Project area in the target year (Hectares)
5000

Country/Area
Colombia

Latitude
2

Longitude
76

Monitoring frequency
Annually

Measured outcomes to date
Biodiversity
Carbon sequestration
Soil
Water
Climate regulation
Other, please specify (Social)

Please explain

Monitoring takes place as follows: o Monitoring 1 (tree survival) 6 months after planting o Monitoring 2 (tree survival) 1 year after planting o Long Term monitoring (visit and advice to farmers on tree/shade management) engaged after 5 years of operations (on all parcels of project, at least once) o Biomass inventories (tree growth calculation) every 5 years on a random sampling of the parcels (1-2% of the parcels registered in VCS) Outcomes are as follow: Biodiversity: 1.66 million were trees planted with 45+ different species managed on the project. An impact study too assess avian biodiversity in Consaca, Nariño compared the biodiversity of birds between coffee plots with agroforestry and without. Compared to full sun coffee systems, shaded coffee systems showed a higher bird species diversity and bird abundance doubled. It is expected sun systems to have an annual monetary loss related to pest management of about 800,000 COP (220 USD) compared to shade systems with only 250,000 COP (70 USD). Soil : in Cauca and Nariño regions where lands are highly degraded, the integration of trees into the agricultural landscape guard against soil depletion and ensure continued fertility. Water: The trees planted regulate hydrologic cycles that were disrupted by mass deforestation, led to much drier soils and threatened crop sustainability. Rain and runoff can now be intercepted by the new canopy and transferred by capillarity. Through limited evapotranspiration, planted trees also contribute to preserve soil moisture. Climate regulation - Carbon sequestration: estimated ex ante 378,500 TeqCO2 sequestration thanks to trees planted between 2014-2019. Ex-ante estimations are based on literature, the project location specificities (climate, soil) and planting registries. These models are validated by an external auditor. Ex-ante estimations are checked every 5 years with biomass inventories (measurement of tree growth). Social : 5,740 smallholder farmers positively impacted by the agroforestry projects. Long term benefits related to Climate resilience & income diversification.

Project reference
Project 3

Project type
Forest ecosystem restoration

Primary motivation
Voluntary

Description of project

Nestlé committed to plant at least three million trees in key sourcing locations in the Americas by 2021. It is the initial phase of a broader restoration and reforestation initiative, which forms part of the company's plan to scale up actions in agriculture and deploy nature-based solutions to absorb more carbon. This move will help transform Nestlé's supply chain, making it more resilient. To this end, Nestlé partnered with One Tree Planted (OTP) – a non-profit environmental charity with a focus on global reforestation to restore forests and protect habitat for biodiversity. Together with OTP, and its associated partner, the World Resources Institute, Nestlé will select specific planting locations where palm, soya, paper, coffee, or coconut are grown, and where precious ecosystems such as forests, wetlands, peatlands or mangroves can be restored. This selection process will aid restoration efforts in degraded landscapes while protecting existing high conservation value areas. In 2020, 500,000 trees will be planted in the coffee and cacao landscapes of Southern Bahia, Brazil. The other 500,000 are being planted in Campeche, Chiapas, Jalisco, and Veracruz, Mexico. These plantings will be executed by six planting partners in various locations across these regions. One of the projects will be the reforestation of 100 hectares by planting 200 000 trees in Pau National Park and Monte Pascual National Park to restore land affected by fire and increase biodiversity. Benefits will include: 1) Forest fire restoration: This project will restore areas in which fires have occurred and where invasion by exotic species has made natural regeneration impossible. Human intervention is now required through appropriate restoration techniques in each area. 2) Community Agroforestry systems will provide sustainable income options, increase local tree biodiversity, and improve conservation of the Monte Pascoal National park by creating a buffer zone. Other benefits include creation of sustainable supply chains and job creation. 3) Ecological impact Ecological benefits of the project include increased biodiversity, carbon fixation, climate moderation, improved water quality and supply, reduced soil erosion, and formation of ecological corridors.

Start year
2020

Target year
2021

Project area to date (Hectares)
0

Project area in the target year (Hectares)
100

Country/Area
Brazil

Latitude
-16

Longitude
-39

Monitoring frequency
Annually

Measured outcomes to date
Biodiversity
Carbon sequestration
Water
Climate regulation
Other, please specify (Social)

Please explain
The expected benefits of the project include the following and an annual monitoring will keep track of progress on the below 1) Forest fire restoration: This project will restore areas in which fires have occurred and where invasion by exotic species has made natural regeneration impossible. Human intervention is now required through appropriate restoration techniques in each area. 2) Community Agroforestry systems will provide sustainable income options, increase local tree biodiversity, and improve conservation of the Monte Pascoal National park by creating a buffer zone. Other benefits include creation of sustainable supply chains and job creation. 3) Ecological impact Ecological benefits of the project include increased biodiversity, carbon fixation, climate moderation, improved water quality and supply, reduced soil erosion, and formation of ecological corridors.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?
Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module
F0. Introduction

Data points verified
All - See detailed Verification Statement

Verification standard
AA1000AS

Please explain
Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2019 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-officebased activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.

Disclosure module
F1. Current State

Data points verified
All - See detailed Verification Statement

Verification standard
AA1000AS

Please explain
Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2019 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-officebased activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as

detailed assurance methodology and scope of work.

Disclosure module
F2. Procedures

Data points verified
All - See detailed Verification Statement

Verification standard
AA1000AS

Please explain
Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2019 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-officebased activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.

Disclosure module
F3. Risks and opportunities

Data points verified
All - See detailed Verification Statement

Verification standard
AA1000AS

Please explain
Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2019 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-officebased activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.

Disclosure module
F4. Governance

Data points verified
All - See detailed Verification Statement

Verification standard
AA1000 Assurance Standard

Please explain
Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2019 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-officebased activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.

Disclosure module
F5. Strategy

Data points verified
All - See detailed Verification Statement

Verification standard
AA1000 Assurance Standard

Please explain
Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2019 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-officebased activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.

Disclosure module
F6. Implementation

Data points verified
All - See detailed Verification Statement

Verification standard
AA1000 Assurance Standard

Please explain
Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2019 ('the CSV Report') published

on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-officebased activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity
Palm oil

Coverage
Supply chain

Primary barrier/challenge type
Lack of adequate traceability systems

Comment
The lack of transparency and lack of adequate traceability to plantation systems make it hard to manage the most complicated deforestation risks, outside of the concessions of large palm oil companies. More transparency is needed in the following areas: 1) Supply chain linkages and ownership information: Transparent information about the names and locations of the suppliers involved in palm oil production and about ownership structures between refineries, mills and concessions are required to ensure traceability and leverage. Today this information is often not available or may even sometimes be obscured by the use of shadow companies. 2) Traceability to Plantation: While much progress has been made to achieve traceability to mill, it is essential to know in which plantation the Fresh Fruit Bunch (FFB) was grown, including the general locations of independent smallholders. More buyers and large producers need to raise awareness of small and medium-size mills about importance of traceability to plantation and build their capacity to implement robust systems to record Fresh Fruit Bunch (FFB). 3) Progress monitoring and reporting: Delivering on no deforestation commitments requires a common progress reporting framework. This is why we've been supporting the development of the NDPE Implementation Framework, a reporting framework designed to help companies understand and track progress in delivering NDPE commitments in their palm oil supply chains. This will be crucial to monitor progress, identify gaps and drive improvement effectively as an industry.

Forest risk commodity
Palm oil

Coverage
Supply chain

Primary barrier/challenge type
Other, please specify (Need to balance smallholders' livelihoods and forest protection)

Comment
Smallholder farmers play an important role in the palm oil supply chain. They produce an estimated 40% of global palm oil volumes. No palm oil forest conservation strategy can therefore be complete without addressing smallholders' livelihoods and forest protection. Unfortunately, this is something that has been addressed at scale to date, one reason being it is an extremely complicated task and no one has cracked how to bring initiatives to scale in a cost-effective manner. Smallholders face specific challenges, including low yields, ageing oil palm trees, and lack of access to finance. These factors can lead to low incomes and vulnerability to climate and market shocks, which in turn are major drivers of expansion into forests. While these challenges require specific solutions, the sheer number of smallholders and their often-remote location make it difficult to effectively reach them. We believe there is a need to incentivize mills, refiners and traders to work together with smallholders and their communities to promote sustainable livelihoods while ensuring forest protection. Palm oil buyers need to develop and have in place strategies to address this challenge and need to convey this message to palm oil producers.

Forest risk commodity
Soy

Coverage
Supply chain

Primary barrier/challenge type
Supply chain complexity

Comment
We source soya products from hundreds of suppliers in many different countries, including Argentina, Brazil, Serbia and the US. In addition, supply chains vary in length and complexity: they can be upstream, when the soya is sourced directly from producers, or mid-stream, when producers source soya products and further process them. As a result, knowing where soya was produced is not straightforward. Both for soy products and for embedded soy, which in our supply chain we call as direct and indirect soy, respectively, the lack of adequate traceability systems is one of the main barriers to know whether soy was produced in high risk origins or not. To address this challenge, we have been engaging our suppliers to map the direct soy supply chain using a risk-based approach, going more granular in traceability when the origin is high risk and, therefore, proof of no deforestation origin is deemed necessary. Even though this will help Nestlé in delivering compliant volumes, it will not solve the traceability for soy. In this sense, knowing that few global traders concentrate most of the market share, engaging traders with clear ask, incentives and consequences to improve transparency of the volumes they source is necessary. This is being part of scope of collaborative initiatives in which we are engaged. We do foresee new challenges to be faced, such as the limited supply chain engagement, especially for embedded soy, the still limited market demand for ensuring only certified or deforestation-free verified soy and the misalignment between corporate and legal requirements and lack of regulatory control and enforcement from local governments. Limited public awareness and/or market demand: Public opinion doesn't make a direct link between animal based products, the feed their given and the forest impacts. It is an invisible ingredient embedded in a variety of final food products ready to consume. There is no need to conclude the traceability work to then start to tackle the other barriers. That is why we are engaging in collaborative initiatives such as the SoS Cerrado Manifesto and the CGF Forest Positive Coalition that have engagement across the supply chain and with local governments as well as support to the promotion of forest positive production as part of their action plan.

Forest risk commodity
Cattle products

Coverage
Supply chain

Primary barrier/challenge type
Supply chain complexity

Comment
The cattle production supply chain is complex with cattle moving through different owners in the course of their lifetime as producers specialise themselves. This leads to a complex supply chain with many tiers and with low traceability. The largest producers, in Brazil notably, have implemented satellite monitoring systems for their direct suppliers. However, the real challengeremains on how to monitor the upstream supply chain beyond our Tier 2 suppliers. Our volume of meat coming from Brazil is relatively low (400 MT). Our leverage is therefore weak to transform practices by ourselves. We're working with our partner Proforest in order to establish a dialogue with suppliers on what mechanisms can be implemented in the upstream supply chain. Our volume of meat by-products is bigger and we have started working on it (we just completed the traceability exercise for meat by products). However because of the low value of meat by products, the leverage is also lower than for meat.

Forest risk commodity
Other - Cocoa

Coverage
Supply chain

Primary barrier/challenge type
Lack of regulatory control and enforcement from local governments

Comment
Through our participation in the Cocoa & Forests Initiative, we are addressing deforestation risks in our Nestlé Cocoa Plan supply chain efficiently thanks to our good traceability to farm, complemented by the mapping of the farm boundaries that can then be overlaid with the maps of protected forests. However, this hasn't stopped forests outside of our Nestlé Cocoa Plan supply chain to be cut or degraded. We believe that one key piece of the puzzle to fully address deforestation and forest degradation in the entire cocoa sector is for forest governance and law enforcement to be strengthened. This is why we have called on the EU, as the biggest cocoa importer, to adopt not only mandatory due diligence regulation but also to negotiate bilateral agreements with cocoa origin governments to create the enabling environment to ensure a sustainable cocoa production. In particular, the following actions need to take place: • Land and forest governance: including defining and clarifying the land and tree tenure rights of cocoa farmers, consistent with international good practice, and increasing participation in, and the transparency of, decisions over land use, cocoa production and forest protection. • Law enforcement: improving the capacity of enforcement agencies and the judicial system to enforce existing laws. • Land use planning: encouraging the development of national land-use planning systems to clarify which areas are for cocoa production and which for forest protection, and improving coordination between the agriculture and forest ministries to ensure a set of coherent aims. • Traceability: introducing a mandatory national traceability system for cocoa beans from all origins

Forest risk commodity
Other - Cocoa

Coverage
Supply chain

Primary barrier/challenge type
Other, please specify (Inefficiency of most coffee farms / need to balance smallholders livelihoods and forest protection)

Comment
Almost 90% of cocoa production worldwide is estimated to come from smallholdings under 5 hectares. Most of these smallholders do not have adequate farming techniques, have old plantations, lack access to agricultural inputs and to finance. These factors lead to farming being inefficient and to low incomes. As a result these smallholders are using up more land to produce enough crops and feed their family, sometimes expanding their plantations on protected forests or high conservation value ecosystems. The growing demand for cocoa is also helping to drive deforestation across many regions, including Africa, South East Asia and part of Latin America. Deforestation is very much linked to poverty and part of the solution to deforestation will have to be based on addressing living income. All relevant stakeholders, including the cocoa industry, the origin governments and civil society, need to work together with smallholders and their communities to promote sustainable livelihoods while ensuring forest protection.

Forest risk commodity
Other - Coffee

Coverage
Supply chain

Primary barrier/challenge type
Other, please specify (Inefficiency of smallholding farms)

Comment
Around the world, 25 million smallholders produce 70-80 percent of the world's coffee. Most of these smallholders do not have adequate farming techniques, have old plantations, lack access to agricultural inputs and to finance. These factors lead to farming being inefficient and to low incomes. As a result these smallholders are using up more land to produce enough crops and feed their family, sometimes expanding their plantations on protected forests or high conservation value ecosystems. The growing demand for coffee is also helping to drive deforestation across many regions, including Africa, South East Asia and part of Latin America. Deforestation is very much linked to poverty and part of the solution to deforestation will have to be based on addressing living income. All relevant stakeholders, including the coffee industry, the origin governments and civil society, need to work together with smallholders and their communities to promote sustainable livelihoods while ensuring forest protection.

Forest risk commodity
Timber products

Coverage
Supply chain

Primary barrier/challenge type
Supply chain complexity

Comment
Supply chain complexity leading to difficulties in tracing raw materials is a key challenge in the timber / pulp&paper sector as fibre is shipped around the world. 2. Lack of

certified materials - Depends on the sourcing region, but in general increasing the availability of certified material could be a key tool in helping to minimize the risk especially in high priority Country of Harvest (COH). 3. Limited awareness – Probably the most relevant one around how deforestation is "defined" as well as where are the high priority COH/regions to focus on and more importantly identifying where the Pulp and Paper sector is the driver. Our view today is that deforestation is still relevant in tropical climes, what's more pertinent and relevant for the Pulp&Paper sector in other climes e.g. temperate/boreal are the "degradation" issues. 4. Lack of regulatory controls/enforcement - Countries/governments don't have no deforestation commitments and legally require leaseholders to clear/deforest to develop so it's certainly a barrier and balance to find in certain circumstances.

Forest risk commodity
Timber products

Coverage
Supply chain

Primary barrier/challenge type
Limited availability of certified materials

Comment
The availability of certified materials really depends on the sourcing region and is lacking in certain geographies. In genera lincreasing the availability of certified material could be a key tool in helping to minimize deforestation risks, especially in high priority Countries of Harvest.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity
Timber products

Coverage
Supply chain

Main measure
Greater transparency

Comment
Supply chain transparency is key to address deforestation risks in supply chains and to demonstrate progress in addressing deforestation risks in supply chains. To this end we disclose a number of information across all the raw materials that are part of our Responsible Sourcing program, including all forest-risk raw materials covered in CDP Forests. These disclosures cover 95% of Nestlé's annual sourcing of raw materials that are in scoped of our Responsible Sourcing Program and include: - Supply chain mapping information: list of direct (tier 1) suppliers, upstream locations and country of origins as well as total volume sourced for each commodity - Traceability percentage - Responsibly sourced percentage - Verified deforestation-free percentage (incl. verification method, such as satellite monitoring, certification, third party on-the-ground assessment, traceability to no or low risk location) Delivering on no deforestation commitments requires a common progress reporting framework. This is why we support the development of tools, like the NDPE Implementation Framework, to help monitor progress, identify gaps and drive improvement effectively as an industry. We use our participation in industry associations, including the Consumer Goods Forum's Forest Positive Coalition of Action, to advocate for greater transparency as laid out above.

Forest risk commodity
Palm oil

Coverage
Supply chain

Main measure
Greater transparency

Comment
Supply chain transparency is key to address deforestation risks in supply chains and to demonstrate progress in addressing deforestation risks in supply chains. To this end we disclose a number of information across all the raw materials that are part of our Responsible Sourcing program, including all forest-risk raw materials covered in CDP Forests. These disclosures cover 95% of Nestlé's annual sourcing of raw materials that are in scoped of our Responsible Sourcing Program and include: - Supply chain mapping information: list of direct (tier 1) suppliers, upstream locations and country of origins as well as total volume sourced for each commodity - Traceability percentage - Responsibly sourced percentage - Verified deforestation-free percentage (incl. verification method, such as satellite monitoring, certification, third party on-the-ground assessment, traceability to no or low risk location) Delivering on no deforestation commitments requires a common progress reporting framework. This is why we support the development of tools, like the NDPE Implementation Framework, to help monitor progress, identify gaps and drive improvement effectively as an industry. We use our participation in industry associations, including the Consumer Goods Forum's Forest Positive Coalition of Action, to advocate for greater transparency as laid out above.

Forest risk commodity
Soy

Coverage
Supply chain

Main measure
Greater transparency

Comment
Supply chain transparency is key to address deforestation risks in supply chains and to demonstrate progress in addressing deforestation risks in supply chains. To this end we disclose a number of information across all the raw materials that are part of our Responsible Sourcing program, including all forest-risk raw materials covered in CDP Forests. These disclosures cover 95% of Nestlé's annual sourcing of raw materials that are in scoped of our Responsible Sourcing Program and include: - Supply chain mapping information: list of direct (tier 1) suppliers, upstream locations and country of origins as well as total volume sourced for each commodity - Traceability percentage - Responsibly sourced percentage - Verified deforestation-free percentage (incl. verification method, such as satellite monitoring, certification, third party on-the-ground assessment, traceability to no or low risk location) Delivering on no deforestation commitments requires a common progress reporting framework. This is why we support the development of tools, like the NDPE Implementation Framework, to help monitor progress, identify gaps and drive improvement effectively as an industry. We

use our participation in industry associations, including the Consumer Goods Forum's Forest Positive Coalition of Action, to advocate for greater transparency as laid out above.

Forest risk commodity
Other - Cocoa

Coverage
Supply chain

Main measure
Greater transparency

Comment
Supply chain transparency is key to address deforestation risks in supply chains and to demonstrate progress in addressing deforestation risks in supply chains. To this end we disclose a number of information across all the raw materials that are part of our Responsible Sourcing program, including all forest-risk raw materials covered in CDP Forests. These disclosures cover 95% of Nestlé's annual sourcing of raw materials that are in scoped of our Responsible Sourcing Program and include: - Supply chain mapping information: list of direct (tier 1) suppliers, upstream locations and country of origins as well as total volume sourced for each commodity - Traceability percentage - Responsibly sourced percentage Delivering on no deforestation commitments requires a common progress reporting framework. This is why we support the development of tools, like the NDPE Implementation Framework, to help monitor progress, identify gaps and drive improvement effectively as an industry. We use our participation in industry associations, including the World Cocoa Foundation, to advocate for greater transparency as laid out above.

Forest risk commodity
Other - Coffee

Coverage
Supply chain

Main measure
Greater transparency

Comment
Supply chain transparency is key to address deforestation risks in supply chains and to demonstrate progress in addressing deforestation risks in supply chains. To this end we disclose a number of information across all the raw materials that are part of our Responsible Sourcing program, including all forest-risk raw materials covered in CDP Forests. These disclosures cover 95% of Nestlé's annual sourcing of raw materials that are in scoped of our Responsible Sourcing Program and include: - Supply chain mapping information: list of direct (tier 1) suppliers, upstream locations and country of origins as well as total volume sourced for each commodity - Traceability percentage - Responsibly sourced percentage Delivering on no deforestation commitments requires a common progress reporting framework. This is why we support the development of tools, like the NDPE Implementation Framework, to help monitor progress, identify gaps and drive improvement effectively as an industry. We use our participation in industry associations to advocate for greater transparency as laid out above.

Forest risk commodity
Palm oil

Coverage
Supply chain

Main measure
Investment in monitoring tools and traceability systems

Comment
Through our use of Starling satellite monitoring (and subsequent analysis of data coming from the system), we are observing that forest loss is increasingly linked to small-scale deforestation: since January 2016, 57% of total forest loss in palm oil producing countries has been caused by clearance events of less than five-hectares at a time. This is indicative of (1) an increase in deforestation led by small-scale farming for palm oil cultivation, other crops or non-agricultural activities and (2) a decrease in deforestation led by large-scale plantation companies. It emphasizes the importance of understanding drivers of small-scale clearance as part of our no-deforestation strategy and developing intervention strategies that specifically address those drivers. We have seen through our work to date that the strategies for large scale clearance in the past do not successfully translate to the small-scale clearance of the future. We are therefore investing time and resources to develop tools and strategies that will help address this specific type of deforestation risks. One key component of this is the development and deployment at scale of traceability to plantation control systems.

Forest risk commodity
Cattle products

Coverage
Supply chain

Main measure
Greater supplier awareness/engagement

Comment
The cattle production supply chain is complex with cattle moving through different owners in the course of their lifetime as producers specialise themselves. This leads to a complex supply chain with many tiers and with low traceability. In addition, there is little awareness among the different tiers of the supply chain about sustainability topics. This is why we're working with our partner Proforest in order to establish a dialogue with suppliers on what mechanisms can be implemented in the upstream supply chain.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

No additional information.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Global Head of Public Affairs	Public affairs manager

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors Customers	Public

Please confirm below
I have read and accept the applicable Terms