



Nestlé Good food, Good life

Creating Shared Value
and meeting our commitments

Nestlé Annual Review extract 2020



Nestlé.
We unlock the power of food
to enhance quality of life for everyone,
today and for generations to come.

Our commitments

Our health, social and environmental commitments guide our efforts to be a force for good.

Business benefits and positive societal impact must be mutually reinforcing. This is the core of our Creating Shared Value approach to business. Our company can only be successful in the long term if we create value for all stakeholders.



For individuals and families

Over **1210**

new products were launched addressing specific nutritional needs and gaps of infants, children, expecting women or new mothers

Over **196 billion**

servings of micronutrient fortified foods and beverages provided in countries with high vulnerability of deficiencies

Over **33 million**

children reached through *Nestlé for Healthier Kids*

2.76 billion

portions of vegetables added to our foods and beverages in 2019



For our communities

235 million

coffee plantlets distributed (cumulative since 2010) to farmers, against a target of 220 million by 2020

Over **8600**

job opportunities, traineeships or apprenticeships were offered to people under the age of 30 through our *Nestlé needs YOUth* initiative

73%

of the volume of our 15 priority categories of raw materials are responsibly sourced

354 900

farmers trained through capacity-building programs



For the planet

36.7%

reduction in greenhouse gas (GHG) emissions per tonne of product since 2010 in our manufacturing operations

368

factories achieved zero waste for disposal

32%

reduction in direct water withdrawal per tonne of product since 2010 in our manufacturing operations

50%

of our electricity comes from renewable sources

Creating Shared Value



NIDO FortiGrow range:
Providing nutrition
to school-age children

NIDO FortiGrow provides nutrition tailored to the needs of school-age children to support their learning, immunity and growth.

Over **90** million
Swiss francs, financial and
in-kind COVID-19 related
donations across more than
50 countries

33 million
children reached by
Nestlé for Healthier Kids

-37%
reduction in Scope 1&2 GHG
emissions per tonne of product
since 2010

626 700
farmers Nestlé engages with
through *Farmer Connect*

Our purpose is to 'unlock the power of food to enhance quality of life for everyone, today and for generations to come'. This purpose drives us to make a positive impact on the lives of people, pets and the environment now and in the future.

Why we believe in Creating Shared Value

Creating Shared Value means creating long-term value in a way that also creates value for society and protects the environment. As climate change, a global pandemic and an economic downturn affect people around the world, delivering solutions that meet people's needs, help address society's challenges and generate economic value has never been more important.

Our commitments and their impact

Guided by our purpose, we are pursuing ambitious goals and commitments across areas that align with and support the UN Sustainable Development Goals (SDGs). In particular, we focus our work on promoting healthier lives for adults and children, improving livelihoods in the communities where we are present and protecting and restoring the environment.

Progress against our commitments demonstrates our conviction that business can be a force for good by addressing local and global challenges. Our sustainability activities and reporting are aligned with global frameworks and the Task Force on Climate-related Financial Disclosures (TCFD). More information can be found on our web site www.nestle.com/climate.



Partnering to keep people safe

From the beginning of the COVID-19 crisis, we have worked to keep people and communities healthy and safe, including continuing our support of the International Federation of the Red Cross and Red Crescent Societies (IFRC) with financial, food, water and medical nutrition product donations.



Further information

Find details of our management approach and governance structure, as well as performance data, case studies and additional content, in our *Creating Shared Value and Sustainability Report* and in the section 'Our impact' of our corporate website (www.nestle.com/csv).

Building on progress

We have made good progress on our 2020 commitments. At the time of the report publication, 28 out of the 36 commitments were fully achieved. We are intensifying our efforts to fully achieve those that are still in progress and where we are very close.

These commitments were an important step in our deep-rooted dedication to environmental and social sustainability; as we enter the next decade, we are setting new ambitions which will drive us to go further and faster. We will continue to advance the health of our planet, drive progress on social issues and support a healthy food system. We have made bold commitments and set out a detailed roadmap to achieve net zero greenhouse gas emissions by 2050. We also have the ambition to make 100% of our packaging recyclable or reusable by 2025.



Further information

We have achieved so much on our journey, with each year representing a significant step forward. Watch this video to learn more about our key accomplishments. Scan this QR Code or visit www.nestle.com/csv.



Status of our commitments

Achieved Extended or Partially Achieved

For individuals and families

Enabling healthier and happier lives



Our 2030 ambition is to help 50 million children lead healthier lives



Offering tastier and healthier choices

- Launch more foods and beverages that are nutritious, especially for mothers-to-be, new mothers, infants and children
- Further decrease sugars, sodium and saturated fat
- Increase vegetables, fiber-rich grains, pulses, nuts and seeds in our foods and beverages
- Simplify our ingredient lists and remove artificial colors
- Address undernutrition through micronutrient fortification

Inspiring people to lead healthier lives

- Apply and explain nutrition information on packs, at point of sale and online
- Offer guidance on portions for our products
- Leverage our marketing efforts to promote healthy cooking, eating and lifestyles
- Empower parents, caregivers and teachers to foster healthy behaviors in children
- Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly
- Inspire people to choose water to lead healthier lives
- Partner for promoting healthy food environments

Building, sharing and applying nutrition knowledge

- Build and share nutrition knowledge from the first 1000 days through to healthy aging
- Build biomedical science leading to health-promoting products, personalized nutrition and digital solutions



For our communities

Helping develop thriving, resilient communities



Our 2030 ambition is to improve 30 million livelihoods in communities directly connected to our business activities



Enhancing rural development and livelihoods

- ✓ Improve farm economics among the farmers who supply us
- Improve food availability and dietary diversity among the farmers who supply us
- Implement responsible sourcing in our supply chain and promote animal welfare
- ✓ Continuously improve our green coffee supply chain
- Roll out the *Nestlé Cocoa Plan* with cocoa farmers

Respecting and promoting human rights

- Assess and address human rights impacts across our business activities
- ✓ Improve workers' livelihoods and protect children in our agricultural supply chain
- ✓ Enhance a culture of integrity across the organization
- ✓ Provide effective grievance mechanisms to employees and stakeholders

Promoting decent employment and diversity

- Roll out our *Nestlé needs YOUth* initiative across all our operations
- ✓ Enhance gender balance in our workforce and empower women across the entire value chain
- ✓ Advocate for healthy workplaces and healthier employees

For the planet

Stewarding resources and the environment



Our 2030 ambition is to strive for zero environmental impact in our operations



Caring for water

- Work to achieve water efficiency and sustainability across all our operations
- ✓ Advocate for effective water policies and stewardship
- Engage with suppliers, especially those in agriculture
- ✓ Raise awareness on water conservation and improve access to water and sanitation across our value chain

Acting on climate change

- ✓ Provide climate change leadership
- ✓ Promote transparency and proactive, long-term engagement in climate policy

Safeguarding the environment

- ✓ Improve the environmental performance of our packaging
- ✓ Reduce food loss and waste
- ✓ Provide meaningful and accurate environmental information and dialog
- ✓ Preserve natural capital



2020 highlights

When we set our commitments, we knew they were ambitious. Concrete actions and tangible accomplishments underline our progress in each one within the 2020 timeframe.

Our commitments are part of our long-term endeavor to be a force for good. We know that significant global changes depend on collaboration. That is why we build partnerships with governments, non governmental organizations (NGOs) and others to bring about lasting positive impact.

At all levels of our company, people contribute to our sustainability efforts through an increasing number of projects, actions and products. We will accelerate this work going forward.

More stories and achievements can be found on www.nestle.com/csv.



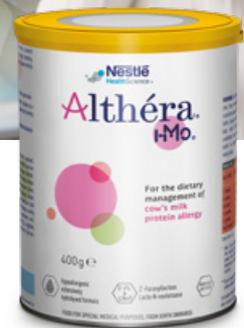
Supporting babies with Cow's Milk Protein Allergy

Breastfeeding is best for babies and we actively promote and support it. There is no debate. When breastfeeding is not possible, we propose high-quality infant nutrition solutions, including formula for babies that are affected by Cow's Milk Protein Allergy (CMPA). CMPA is one of the most common food allergies in infancy and the symptoms, which can be distressing for parents, include diarrhea, vomiting, eczema or even anaphylaxis.

In 2020, we launched *Althéra HMO*, a specialty hypoallergenic formula, clinically proven to provide effective symptom relief and support healthy growth and development in babies with CMPA. Babies with CMPA also have an immature immune system which may increase the risk of infections. *Althéra HMO* is therefore supplemented with Nestlé's Human Milk Oligosaccharide blend, which reduces the risk of infections by stimulating the immune system.



Providing specialty infant nutrition solutions when breastfeeding is not possible



For individuals and families



For our communities



For the planet



Fighting micronutrient deficiencies with personalized solutions

Our *BEAR BRAND* provides affordable nutrition options through fortified food and beverages. Increasing access to nutritional information, *BEAR BRAND* recently launched a new digital nutrition assessment tool, the Tibay Calculator. It helps parents in the Philippines understand the quality and diversity of their child's diet. Collaborating with the Food and Nutrition Research Institute, Nestlé Research scientists developed an algorithm to calculate diet diversity scores and identify nutrient gaps in the diets of 6-12 year-olds.



Helping consumers make informed choices about their nutritional intake



Helping families make good food choices

Nutrition education is critical to our ambition to help 50 million children lead healthier lives – a goal supported by our flagship initiative *Nestlé for Healthier Kids*.

In May 2020, we launched a new *Nestlé for Healthier Kids* initiative, *Cook Together*. With nearly 40 Nestlé brands participating globally, *Cook Together* reached over 225 million parents, encouraging families to spend more time in the kitchen preparing nutritional meals together. In November, a second campaign was launched featuring a cookbook, challenges and prizes.



Teaching children about the nutritional value of cooking



Supporting youth – virtually

Unemployment has risen due to the COVID-19 pandemic, with young people being both the hardest hit and yet the most vital for economic recovery. In response, Nestlé expanded its global initiative, *Nestlé Needs YOUth*, launching a new virtual internship program across several markets.

Through the program, young people can improve their employability by accessing courses, developed in partnership with LinkedIn, Coursera and Miriadax. These courses are designed to support young people moving from higher education to employment. Participants will also receive training from leading global experts.



Expanding *Nestlé Needs YOUth* online learning to improve employability



Providing a living income

We believe that every farmer should have access to a living income. Nestlé's new *Household Income Accelerator Project* is helping drive change for cocoa farmers.

Launched in August 2020, the project's pilot scheme supports 1000 farmers, each of whom is receiving financial incentives for delivering positive social and environmental outcomes through good agricultural practices, planting shade trees and tackling child labor. The project's progress will be closely monitored, with developments and results publicly reported.



Investing in a sustainable future for farming communities



Recognizing farmers

Behind every cup of *Nescafé* are thousands of committed coffee growers. We want our consumers to know the faces and names of some of the people who work to make our coffee products possible.

In 2020, we launched a multimedia campaign to acknowledge their incredible work. Through on-pack pictures, posters at point-of-sale, billboards and social media posts, we shared producers' stories. The campaign, which aimed to build closer connections between coffee consumers and the farmers that help produce *Nescafé*, achieved more than 9 million impressions in total.



Connecting consumers to coffee growers



Developing plant-based food for the future

Nestlé has a strong portfolio of plant-based options. In August 2020, we expanded into seafood plant-based alternatives. Our plant-based tuna alternative, the newest addition to the *Garden Gourmet* brand, is helping to reduce overfishing and protect ocean biodiversity. It is made using only six plant-based ingredients, is high in protein and essential amino acids, and is free of artificial colorings or preservatives. We developed the tuna alternative within 9 months through leveraging our deep R&D expertise in protein science and proprietary technologies.



Offering more plant-based protein options that are better for you and the planet



Innovating packaging for the future

We are accelerating research and innovation to ensure 100% of our packaging is recyclable or reusable and use of virgin plastics is reduced by one-third by 2025. We are taking a five-pillar approach to target our efforts:

- **Reducing packaging size and virgin plastic use:** We have invested USD 30 million in the Closed Loop Leadership Fund, supporting a shift to food-grade recycled plastics.
- **Scaling reusable and refillable systems:** We are scaling up reusable and refillable options, working with Loop in France and Algramo in Chile.
- **Pioneering alternative materials:** We are transitioning to paper packaging where viable, such as for *Maggi* bouillon cube wrappers. Purina PetCare launched industry-first recyclable flexible plastic packaging for wet pet food.
- **Shaping a waste-free future:** In August 2020, Nestlé Philippines reached plastic neutrality, collecting as much plastic as we produce. We also work with Project STOP to address plastic pollution in Indonesia.
- **Driving new behavior:** Nestlé is rolling out a sustainable packaging education program for all employees, while our *Nescafé Dolce Gusto* brand launched a consumer recycling campaign in Germany and Mexico.



Making refill and reuse options easier for our consumers



Providing farmers with plantlets to support the environment



Preserving and restoring forests

Tackling deforestation in our supply chains is vital for addressing climate change. For example, we are working together with the national government and NGO Earthworm Foundation to preserve and reforest the classified Cavally reserve in Côte d'Ivoire, a biodiversity hotspot. Through a CHF 2.5 million investment, as part of the Cocoa and Forests Initiative, the *Nestlé Cocoa Plan* has mapped suppliers to ensure they are not in protected areas. We are also distributing forest trees to farmers to improve the environment on their farms. A successful implementation will provide a model to use in the other forests.

Stakeholder engagement

Engaging with our stakeholders

Our global stakeholder network includes investors, multilateral organizations, governments, NGOs, civil society organizations (CSOs), academia, local communities, suppliers, consumers, customers and our employees. Although 2020 presented a challenging time for in-person engagement, our dialogs with stakeholders continued.

For example, a virtual workshop in March explored ways to achieve a living income for cocoa farmers, while a webinar during EU Green Week in June, held in partnership with Earthworm Foundation, explored how satellite technology is helping achieve deforestation-free supply chains. We also worked with stakeholders to understand how on-pack communication can help consumers to make informed product choices.

In June, our CEO, Mark Schneider, was a lead speaker at the launch of the 'Race to Zero', a UN campaign to encourage companies to pledge to achieve net zero by 2050. During Climate Week in September, our leadership participated in discussions with government, business and civil society leaders on topics related to tackling deforestation and promoting reforestation. In December, we organized two sessions with stakeholders to discuss the *Nestlé's Net Zero Roadmap*.

Each year, the Nestlé CSV Council actively guides our approach to Creating Shared Value. The CSV Council is a group of experts from a broad range of fields, from corporate responsibility, strategy and sustainability to nutrition, water and rural development. The group advises Nestlé and assesses our progress, helping deepen our knowledge and understanding of important societal matters. In 2020, the CSV Council met with our CEO and executive board members to discuss items related to sustainability, including Nestlé's ambition to achieve zero net emissions by 2050.

Materiality assessment

We know that stakeholder priorities are constantly changing and that we must evolve to ensure we meet expectations. Every two years, we conduct a formal materiality assessment, through which we identify and prioritize the issues that matter most to our business and stakeholders.

In 2020, we took our materiality process further. We fully integrated the assessment with

Nestlé's Enterprise Risk Management process, to ensure that wider sustainability issues were incorporated into the risks and opportunities under consideration across the company.

The assessment, co-led internally by Public Affairs and Group Risk Management, was undertaken by an independent third party to ensure complete confidentiality and impartiality. Following a research and planning stage, 72 key internal and external stakeholders were interviewed and asked to score issues by importance to them.

Based on the results of the assessment, we will tailor our activities. We will address those issues identified as being most material to our business, developing ambitious goals to advance the health of our planet, drive societal progress and support a sustainable and healthy food system. More information on risks can be found on page 60.

Our performance in leading indices

 FTSE4Good	Nestlé maintained its strong standing in the Index with an overall 2020 environmental, social and governance (ESG) rating of 4.9 out of 5. This is significantly higher than the Food Products subsector average.
	Nestlé achieved a robust ESG score and obtained a lead ranking in the Food sector in Europe.
 MSCI ESG RATINGS AA	In 2020, Nestlé was rated AA by the MSCI ESG Research according to its performance on ESG issues.
 CDP DRIVING SUSTAINABLE ECONOMIES	We continued to be within the leadership band for Climate and Water.

Nestlé materiality matrix



- People

- Communities

- Planet

- Maximizing long-term value