Nestlé - Forests 2021

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 "to 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. Creating Shared Value remains the fundamental guiding principle for how Nestlé does business, focusing energy and resources where we can make the greatest positive impact on people and the planet. We have set commitments to achieve 100% reusable or recyclable packaging by 2025 and to reduce the use of virgin plastics by one third by 2025. We have also committed to achieve net zero greenhouse gas emissions by 2050, supported by our Net Zero Roadmap with tangible, time-bound targets to reduce emissions, within and beyond our operations. Our actions include working with farmers and suppliers to support them in implementing regenerative agricultural practices, and our commitments to planting the equivalent of two hundred million trees within the next 10 years and to completing the company's transition to 100% renewable electricity by 2025.

Our values are reflected in the way we do business, acting with respect both for our own people and those we do business with. **The Nestlé Corporate Business Principles** 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 2020	December 31 2020

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 (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

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

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?
Yes

F0.5a

(F0.5a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.

Value chain stage	Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Direct operations	Business activity	We don't include office paper in our scope related to Timber products, only paper that is used in our packaging, such as Solidboard, Microflute & Corrugated. This currently represents 95% of total paper-based products that we buy.	Potential for forests-related risk but not evaluated	The following are out of scope for our pulp and paper commitment. They represent an estimated 5% of our pulp & paper usage: - Paper for office or marketing is considered not relevant based on the low volumes compared to our packaging - Paper labels (for jars, cans or bottles) are not managed by our global Nestlé Procurement team but by our local teams – we do not have traceability for these - Flexibles (e.g. pouches, flow-wraps etc.) are considered not relevant based on low volumes compared to our packaging
Supply chain	Specific product line(s)	Meat by products are excluded from the scope of our no deforestation work.	No potential	We exclude meat by-products for the following reason: livestock are raised for their primary products (meat), not for the by-products. If the primary product were not in demand, the animals would not be reared and the risk of deforestation would not exist. It is our position that deforestation should be attributed to the primary product, just as GHG footprint is mainly allocated to the primary product and by-product use is viewed as the beneficial consumption of what would otherwise be wasted.

F1. Current state

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)

Value chain stage	Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Direct operations	Business activity	We don't include office paper in our scope related to Timber products, only paper that is used in our packaging, such as Solidboard, Microflute & Corrugated. This currently represents 95% of total paper-based products that we buy.		

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

Guatemala

Honduras

Indonesia

Madagascar

Malaysia

Mexico

Nigeria

Papua New Guinea

Peru

Philippines

Solomon Islands

Thailand

% of procurement spend

1-5%

Comment

Cattle products

Activity

Using as input into product manufacturing

Form of commodity

Beef

Source

Trader/broker/commodity market

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Australia

Austria

Belgium

Brazil

Canada

Chile

China

Czechia

Denmark

Finland

France

Germany

Hungary

Ireland

Italy

Mexico

Netherlands

New Zealand

Nicaragua

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
Cambodia
Canada
India
Nigeria
Paraguay
Russian Federation
Serbia
United States of America

% of procurement spend

1-5%

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
Cameroon
Côte d'Ivoire
Ecuador
Ghana
Indonesia
Mexico
Venezuela (Bolivarian Republic of)

% of procurement spend

6-10%

Comment

Other - Coffee

Activity
Using as input into product manufacturing

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

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

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

% of procurement spend
11-20%

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	61-70%	We estimate that approximately in 60% of our products use some amount of palm oil and therefore we estimate that 61-70% of our revenue is dependent on palm oil based on total Group sales.
Cattle products	1-5%	Meat is primarily used in our Prepared dishes and cooking aids business that accounts for CHF 11.5 bn turnover in 2020. It is however only present in a limited number of recipes. This is why we have estimated that 5% or less of our revenue is dependent on it.
Soy	11-20%	Soy is primarily used by our Purina Petcare Business, which is CHF 14 billion turnover as well as in some of our plant-based products (small amount) in 2020.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	6-10%	Cocoa is primarily used in our Confectionery – this amounts to CHF 7bn turnover in 2020.
Other - Coffee	21-30%	Coffee is primarily used in our Beverages business (mainly coffee-based beverages) – this amounts to CHF 22.2 bn turnover in 2020.

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
1154

Metric
Other, please specify (kilotonnes)

Data coverage
Full commodity production/consumption

Please explain
<Not Applicable>

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
154

Metric
Other, please specify (kilotonne)

Data coverage
Full commodity production/consumption

Please explain
<Not Applicable>

Forest risk commodity
Soy

Data type
Consumption data

Volume
560

Metric
Other, please specify (kilotonnes)

Data coverage
Full commodity production/consumption

Please explain
<Not Applicable>

Forest risk commodity
Other - Cocoa

Data type
Consumption data

Volume
436

Metric

Other, please specify (Kilotonnes)

Data coverage
Full commodity production/consumption

Please explain
<Not Applicable>

Forest risk commodity
Other - Coffee

Data type
Consumption data

Volume
971

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 (Cordoba, Buenos Aires, Santa Fe, Entre Rios, Santiago Del Estero, La Pampa, Salta, Chaco, San Luis, Tucuman)

% of total production/consumption volume
6.3

Please explain
This location covers 6.3% of the soy sourced by our business, out of 93% of soy that is currently traceable. We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 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 helps inform 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 the municipalities of origin and if sourcing of conversion-free soy is ensured. As soy is a global commodity and an annual crop, it has multi-tier 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 deforestation and conversion of high ecosystemic value land. 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, Distrito Federal, Rio Grande do Sul)

% of total production/consumption volume
12.3

Please explain
These locations cover 12.3% of the soy sourced by our business, out of 93% of soy that is currently traceable. We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 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 93% of soy that is currently traceable. We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. 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
75.6

Please explain
75.6% of our sourcing of soy comes from USA, Canada, Russia, Italy and Serbia, out of 93% of soy that is currently traceable. These are considered low-risk locations for deforestation. We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity
Soy

Country/Area of origin
Unknown origin

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
3.6

Please explain
Ninety-three percent of our soy is traceable back to crush site location (as a minimum). Seven percent of our soy volumes are currently not traceable back to the crush site (compared with 20.5% in 2019). Within these volumes, 3.6% is of unknown origin and 3.4% is mapped to the country level of origin and is in the process of being mapped to crush site. 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 a larger set of suppliers to get them to map their supply chains and share with us country, region or municipality information regarding soy production origins. 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 and focusing our granularity in origins of high-risk of deforestation and conversion linked to the commodity. 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
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
Cambodia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Sihanouk Province, KAOH KONG)

% 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 (ANTIOQUIA, BOLIVAR, CASANARE CESAR, CUNDINAMARCA MAGDALENA, META, NARINO, NORTE DE SANTANDER, NORTH SANTANDER, SANTANDER, VICHADA)

% 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 monitored by Starling Satellite Monitoring. We have the GPS coordinates of the mills at origin.

Forest risk commodity
Palm oil

Country/Area of origin
Côte d'Ivoire

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (BAS-SASSANDRA, COMOE SASSANDRA)

% 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
Ecuador

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (ESMERALDAS LOS RIOS MANABI ORELLANA SANTO DOMINGO DE LOS TSACHILAS)

% 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
Guatemala

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (ALTA VERAPAZ, ESCUINTLA, IZABAL, PETEN, QUEZALTENANGO)

% 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
Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (ACEH, BANGKA BELITUNG,BANTEN, BENGKULU, JAMBI, KALIMANTAN (BARAT, SELATAN, TENGAH, TIMUR, UTARA), KEPULAUAN RIAU, LAMPUNG, PAPUA, RIAU, SULAWESI (BARAT, SELATAN, TENGAH, TENGGARA UTARA), SUMATERA (BARAT, SELATAN, UTARA), SUMUT)

% of total production/consumption volume
45

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, PULAU PINANG, Sabah, Sarawak, SELANGOR Terengganu)

% of total production/consumption volume
34

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 (Chiapas,Tabasco)

% of total production/consumption volume
4

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
Nigeria

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

% 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
Papua New Guinea

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

% of total production/consumption volume
3

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 (LORETO, SAN MARTIN, UCAYALI)

% 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 (CHUMPHON, KRABI, SURAT THANI,TRANG)

% 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

2

Please explain

We also source some palm oil from 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

3

Please explain

These volumes are from Indonesia & Malaysia but are not yet traceable to the mill.

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

0.45

Please explain

We source 0.45% of our total sourcing of timber from Australia, including from Tasmania and Victoria. We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Minas Gerais, Belmonte, Eunapolis, Itagimirim, Itapebi, Porto Seguro, Santa Cruz, Cabralia, Aracruz-Espirit Santo, Campos Novos - SC, Cruz Machado - PR, Imperatriz, Inácio Martins - PR, Malle)

% of total production/consumption volume

6.82

Please explain

We source 6.82% of our total sourcing of timber from Brazil, including from Minas Gerais, Belmonte, Eunapolis, Itagimirim, Itapebi, Porto Seguro, Santa Cruz, Cabralia, Aracruz-Espirit Santo, Campos Novos - SC, Cruz Machado - PR, Imperatriz, Inácio Martins - PR, Malle. We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Colombia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.1

Please explain

We source 0.007% of our total sourcing of timber from Colombia. We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.1

Please explain

We source 0.002% of our pulp and paper from Ecuador. We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

India

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.11

Please explain

We source 0.11% of our pulp and paper from India. We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Sumatra)

% of total production/consumption volume

0.2

Please explain

We source 0.2% of our pulp and paper from Indonesia, including from Sumatra. We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.1

Please explain

We source 0.003% of our pulp and paper from Malaysia. We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin
United Republic of Tanzania

State or equivalent jurisdiction
Don't know

% of total production/consumption volume
0.1

Please explain
We source 0.003% of our pulp and paper from Thailand. We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

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
0.1

Please explain
We source 0.107% of our pulp and paper from Vietnam, including from Quang Nam, Dong Nai, Quang Ninh. We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity
Timber products

Country/Area of origin
Any other countries/areas

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
84.98

Please explain
We source almost 85% of our pulp and paper from other countries. These are: Austria, Belarus, Belgium, Canada, Chile, China, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, New Zealand, Norway, Poland, Portugal, Russia, Slovakia, Slovenia, South Africa, Spain, Sweden, Taiwan, Ukraine, UK, Uruguay, USA. Among those our biggest sourcing country is USA with 55.30% of total sourcing volume, followed by Chile (7.88%), Sweden (5.50%) and Russia (3.54%) We know the % volume from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity
Timber products

Country/Area of origin
Unknown origin

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
7.2

Please explain
7.2% of our pulp and paper volumes are currently not traceable (down from 11.27% in 2019). 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 mill and then to the Country of Origin of the raw material) and region.

Forest risk commodity
Other - Coffee

Country/Area of origin
Brazil

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

% of total production/consumption volume
26

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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)

% of total production/consumption volume
7

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
3

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
0.8

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
2.5

Please explain

In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
5

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
0.6

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
7

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
1.4

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
0.7

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
0.6

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

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
35

Please explain
In 2020, 76% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers 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 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.

Forest risk commodity
Other - Coffee

Country/Area of origin
Any other countries/areas

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
6.1

Please explain
Uganda, Rwanda, Ethiopia, China, Costa Rica, Burundi. These are smaller-volume origins not specifically listed in the targeted countries. Reported as combined volume across all of them

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
4

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity
Other - Cocoa

Country/Area of origin
Cameroon

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

% 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.

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
72

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity
Other - Cocoa

Country/Area of origin
Ecuador

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Esmeraldas, Pichincha, Los Rios, Manabi, Canar, Bolivar, El Oro)

% of total production/consumption volume
9

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity
Other - Cocoa

Country/Area of origin
Indonesia

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Sulawesi, Sumatra South)

% of total production/consumption volume
4

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity
Other - Cocoa

Country/Area of origin
Mexico

State or equivalent jurisdiction
Specify state/equivalent jurisdiction (Tabasco, Chiapas, Veracruz)

% 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.

Forest risk commodity
Other - Cocoa

Country/Area of origin
Any other countries/areas

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
8

Please explain
Eight percent of our global sourcing of cocoa comes from Ghana where we source from the following regions: Suhum, Asamankese, Akim Oda, Bremen Asikuma, Nkawkaw, Tepa B, Sankore, Mankranso, Ashanti Bekwai, Nsokote. We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity
Cattle products

Country/Area of origin
Any other countries/areas

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
98

Please explain
We source from these countries: Austria, Belgium, Canada, Chile, China, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Netherlands, New Zealand, Poland, Portugal, Slovakia, Spain We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

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
0.06

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

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
0.04

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data

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
0.02

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data

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
0.03

Please explain
We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?
No

Data type
<Not Applicable>

Volume produced/consumed
<Not Applicable>

Metric
<Not Applicable>

Country/Area of origin
<Not Applicable>

State or equivalent jurisdiction
<Not Applicable>

% of total production/consumption volume
<Not Applicable>

Does the source of your organization's biofuel material come from smallholders?
<Not Applicable>

Comment

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
Increased production costs

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 confectionery brands such as Kit Kat) and whether it has been produced sustainably. Most of the NGO campaigns have targeted the company rather than specific Nestlé brands and link mills in our supply chains to allegations of deforestation. However, in the last year, we have seen some NGOs asking for information about forest-risk relating to specific brands. In addition, 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. All of this can have a negative impact on the brand and we are addressing it by working together with our suppliers and partners to improve the sustainability of the palm oil that we source. This impact has not been substantive so far.

Primary response
Engagement with suppliers

Total financial impact
15000000

Description of response
Financial impact calculation: So far detrimental impacts are associated with the incremental cost of switching to other origins or suppliers more aligned with sustainable practices that we demand from forest-based commodities. This incremental cost is evaluated at approx. +5% premium. We spend av. CHF300 million on palm per year, 5% makes it CHF15 million of financial impact having to switch to more sustainable origins. Actions taken in 2020: - we continued to work with our partners to engage our suppliers to both improve traceability to mill (96%) and to plantation (70%), improve compliance with our Responsible Sourcing Standard and collaborate on joint projects on the ground. - We use Starling satellite monitoring to monitor 100% of our supply chain. We have prioritized which suppliers to engage based on Starling data (number and size (ha) of deforestation alerts linked to our supply chain). As such, this may cover different sizes of suppliers and different geographies. We also plan to achieve 100% RSPO palm oil by 2023. - from a stakeholder perspective, in 2020, we held several media and stakeholder webinars to engage and raise awareness about our actions on resp. sourcing of palm oil. Outcomes: We increased our percentage of traceable palm oil to mill (96%) and to plantation (70%) and % of assessed deforestation-free palm oil (70%). Reputationally, we increased the number of positive media articles related to our responsible sourcing of palm oil.

Forest risk commodity
Timber products

Impact driver type
Reputational and markets

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

Primary impact
Increased production costs

Description of impact
We use pulp & paper for food packaging, wrapping and transport. Deforestation is a key challenge in some geographies where pulp & paper is produced. Following commitments made by many companies, including Nestlé, to reduce use of plastics, demand for pulp is growing, incl. our own 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 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 now, 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. If this is the case, it may lead to increased production costs. As such, this risk is not considered as substantive at the moment but could become so in the future. This is why we're proactively working to better understand where and how this expansion is happening and are engaging with our suppliers and leveraging our influence to ensure sustainable expansion.

Primary response
Engagement with suppliers

Total financial impact
5000000

Description of response
Financial impact calculation: So far forest related detrimental impacts on pulp and paper are associated with the cost of verifying deforestation-free and good forest management practices. This is largely related to project and third-party assessment personnel costs, which is negligible vs. our spend (less than CHF5 million). We spend av. CHF1.8 billion on pulp and paper per year. Actions taken: Where we have existing links through ongoing responsible sourcing work, we're looking at how to ensure the requirements of our 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. - in 2020 we looked at two mill expansions in Sweden and Finland to understand what effect this might have on forest resources, HCV/biodiversity and local community wellbeing. We visited the companies, have a roadmap in place with one and are looking to get improved transparency and knowledge on key metrics and evolution over time to be able to take action if required. - We're involved in different multi-stakeholders initiatives, incl. CGF's Forest Positive Coalition, and several landscape initiatives to drive transformative change. We continue to share best practices and learnings in different fora and with a broad range of stakeholders. Impact to date: - Increased traceability (96% back to country of origin) - assessed deforestation free KPI improved to 94% - Improved engagement with suppliers

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 for example 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. We have also recently received questions from an NGO asking where the meat in our Purina products sold in a European country was sourced from. So far, the impact of this has not been substantive for Nestlé.

Primary response
Greater traceability of forest-risk commodities

Total financial impact
2000000

Description of response
Explanation of calculation of financial impact: So far forest-related detrimental impacts on beef are associated with the cost associated with switching to lower risk origins. The price differential is considered negligible (less than CHF2 million) versus the total spend. We spend av. CHF120 million per year. However, we believe in engaging suppliers in high-risk areas, rather than exiting these areas altogether, to be able to have a positive impact on the ground. Action taken: This has accelerated our traceability efforts for meat. We partner with suppliers to ensure the best monitoring tools are used. Our sourcing of meat in the Amazon is traceable and has not been linked to any deforestation. Note that our volume 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 traced our purchase of meat by-products to ensure it is not linked to deforestation. This work included a more focused assessment of the Nestlé animal protein supply chain in Brazil than our standard traceability exercise. Impact to date: Proforest examined supplier sustainability programs related to deforestation, human rights and animal welfare, shedding light on potential support Nestlé could provide. This work led to the development of a supplier training program in 2020, also led by Proforest and funded by Nestlé, that is kicking off in 2021.

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 where the cocoa in their products comes from and whether it 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 Confectionery brands, such as KitKat. For example, the annual Easter Egg scorecard by a group of NGOs uses pack shots of Kit Kat and Nesquik products to illustrate Nestlé's confectionery business. So far, the impact has of this type of communication has not been substantive.

Primary response
Greater traceability of forest-risk commodities

Total financial impact

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 by 2025. We have well advanced the mapping of 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 82% of Nestlé Cocoa Plan farmers in Côte d'Ivoire, has been mapped by walking field boundaries with global positioning system (GPS) trackers. In Ghana, this number is 95%. - This information has allowed us to work with our suppliers to assess risks of deforestation in our supply chain by comparing mapped farms to maps of national parks and 'forêts classées' (classified forests). - We have also kicked off a project with the government of Côte d'Ivoire and Earthworm Foundation to help halt deforestation and restore the Cavally Forest Reserve. 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 and the reputational damage as non significant. 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 and agroforestry. This will help us to meeting our net zero GHG emissions commitment by 2050 and will providing consumer communication

Primary response
Other, please specify (Responsible Sourcing supplies, Voluntary engagement in conservation projects (including reforestation, afforestation and ecosystem restoration))

Total financial impact

Description of response
Our response has been on different fronts: - from an operational point of view, we continue to increase the traceability and responsible sourcing of the coffee we use (76% back to a group of farm) - from a collaboration perspective, we are part of the different coffee platforms, including the Global Coffee Challenge and Sustainable 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 2020, Nespresso had reached the commitment and had funded plantation of 5.2 million trees in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. 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 numerous 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. As such, we estimate the brand damage risk potential as not substantive.

Primary response
Greater traceability of forest-risk commodities

Total financial impact
5400000

Description of response
Explanation of financial impact calculation So far forest related detrimental impacts are associated with the incremental cost of switching to other origins or suppliers more aligned with the sustainable practices that we demand from forest based commodities. This incremental cost is evaluated on soya to be approx. +2% premium. We spend av. CHF270Mio on soya per year, 2% makes it CHF5.4Mio of negative financial impact having to switch to more sustainable origins. However we believe in engaging suppliers in high risk areas, rather than exiting these areas altogether, to be able to have a positive impact on the ground. Actions in 2020: To better address potential and future risks related to unsustainable sourcing of soy, we developed a Theory of Change for soya with Proforest. We also developed a global risk-based approach to allow traceability to a level where risks can be managed. We develop country risk profiles and run spatial risk assessments using publicly available information. This triggers risk mitigation actions and supplier engagement to evolve towards our requirements for at risk volumes: invest in regional certification credits, require more granular supplier traceability system, require physical certified material, regenerative agriculture programs. Impact to date: - Increased our traceability of our soy volumes (93% at least to crush site compared to 78% in 2019) - Increased % of soy assessed as deforestation free to 90%

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?
3 to 6 years

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

Please explain
We use the following tools: - The Responsible Sourcing (RS) Program that covers our 14 most important raw materials, including pulp & paper. Based on our volume and spend breakdown we identify countries and Tier 1 suppliers to prioritize. For Pulp & Paper, we send suppliers an annual questionnaire to refresh traceability information in relation to direct suppliers, mills and country of harvest (COH). COH is particularly important in pulp since wood chips may come from another country than where the mill is located. A review of priority suppliers is made based on traceability / country risk and business importance. We combine our annual supply chain mapping with tools like industry intelligence, satellite monitoring and on-the-ground assessment to assess deforestation risks. We use this toolkit approach as we know that several tools need to be combined to efficiently assess deforestation risks. - Any major gap detected in the RS program can be escalated to corporate functional assessments e.g. relevant Market Enterprise Risk Management (ERM) carried by each of our markets. If the risk has the potential to be impactful at a Group level, this is escalated to the annual Group ERM assessment e.g. deforestation under Climate Change. - A corporate materiality analysis is carried out by external advisors every two years and includes engagement with third party stakeholders. The time frame reflects the risk assessment that took place as we developed our Net Zero roadmap, which includes 2025, 2030 and 2050 targets. Achieving our no-deforestation target is a key part of the roadmap. We are also expanding our approach to assess future risks of deforestation through a forest footprint exercise. Case study of a tool: We use Starling satellite monitoring in pulp & paper because it helps us identify potential forest loss in our supply chain and understand whether this may result in deforestation and degradation of HCV forests. In 2019 we developed the base maps and in 2020 used this technology to analyze changes in forest cover across four key priority landscapes: NW Russia; SE USA; British Columbia, Canada; and Sumatra, Indonesia. This increased visibility allows us to observe changes in real-time and has informed more targeted discussions with suppliers on forest cover change alerts and supported the development of forest-positive interventions and solutions.

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?
3 to 6 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 RS Program that covers our 14 most important raw materials, including palm oil. Based on volume and spend breakdown 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 made based on traceability / country risk and business importance. We combine our annual supply chain mapping with tools like satellite monitoring + on the ground assessment. We use this toolkit approach as we know that several tools need to be combined to efficiently assess deforestation risks. In particular, Starling satellite monitoring has been instrumental to accelerate our progress given the fact that we source from more than 1,600 mills in 21 countries. - Any significant gap detected in the RS program can be escalated to be included in corporate functional assessments e.g. relevant Market ERM carried by each of our markets. If the risk has the potential to be impactful at Group level, this is then escalated to the annual Group ERM assessment e.g. deforestation under Climate Change. - A corporate materiality analysis is carried out by external advisors every two years and includes engagement with third-party stakeholders to understand their expectations. The time frame reflects the risk assessment that took place as we developed our Net Zero roadmap, which include 2025, 2030 and 2050 targets. Achieving our no-deforestation target is a key part of the roadmap. We're also expanding our approach of assessing future deforestation risks through a forest footprint exercise. In 2020 we carried out a pilot in our palm oil supply chain in Aceh, Indonesia. Case study: We use Starling to monitor 100% of our global palm oil supply chain since the beginning of 2019 to identify potential deforestation cases and areas at risks, prioritize actions and inform of our strategy. In 2020, thanks to Starling data we: - Assessed 68% of our purchases of palm oil as deforestation free globally (in addition 2% were assessed through certification or on the ground assessment) - Included forest conservation elements to all our smallholder palm-oil projects - Developed a forest footprint pilot in Aceh, Indonesia, to assess future risks of deforestation

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?
3 to 6 years

Tools and methods used
Internal company methods
External consultants

Please explain
We use these tools to assess forest-related risks: - The Responsible Sourcing (RS) Program that covers our 14 most important raw materials, including cattle. Based on our volume and spend breakdown 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 (e.g. Maplecroft) and on the ground assessment. We use this toolkit approach as we know that several tools need to be combined to efficiently assess deforestation risks. For livestock, suppliers provide traceability information back to the slaughter facilities that process the meat. This information is assessed against a country-level index of deforestation risk. Nestlé is also a member of the Consumer Goods Forum Beef Working Group to address direct and indirect beef supply chains in Brazil and develop greater traceability in that country. - Any significant gap detected in the RS program can be escalated to be included in corporate functional assessments e.g. relevant Market Enterprise Risk Management (ERM) carried by each our markets. If the risk has the potential to be impactful at a Group level, it is escalated to the annual Group ERM assessment e.g. deforestation under Climate Change. - A corporate materiality analysis is carried out by external advisors every two years and includes engagement with third-party stakeholders to understand their expectations. The time frame reflects the risk assessment that took place as we developed our Net Zero roadmap, which include 2025, 2030 and 2050 targets. Achieving our no-deforestation target is a key part of the roadmap. We are expanding our approach to assess future risks of deforestation through a forest footprint exercise. Case study: Every year, including in 2020, we conduct a global traceability exercise together with our suppliers to trace back the volumes of meat to the slaughterhouse. We combined this with the Maplecroft deforestation risk index to assess what are the volumes at risk. Through this, we traced 59% of our meat volumes to low-risk locations. Forty percent of the volumes were assessed through farm assessments.

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?
3 to 6 years

Tools and methods used
Internal company methods
External consultants

Please explain
We use the following tools to assess forest related risk: - The RS Program that covers our 14 most important raw materials, including soy. Based on volume and spend breakdown we identify countries and Tier-1 suppliers to prioritize. For soy, supply chain mapping questionnaires are sent to suppliers, all soy (under scope) is mapped to country of origin. For high-risk countries based on recent literature and in line with the Accountability Framework initiative, soy origin needs to be mapped one level further, to identify the biome of origin. In biomes classified as high risk, soy needs to either be certified by a credible deforestation and conversion-free scheme; traceable to a municipality where risk of conversion to soy is monitored by credible traders' system and considered very low; or traceable to a farm where a credible monitoring system checked that no conversion to soy has happened. - Any significant gap detected in our RS program can be escalated to be included in corporate functional assessments e.g. relevant Market Enterprise Risk Management (ERM) carried by each our markets . If the risk has the potential to be impactful at Group level, it is escalated to the annual Group ERM assessment e.g. deforestation under Climate Change. - A materiality analysis is carried out by external advisors every two years and includes engagement with third-party stakeholders to understand their expectations. The time frame reflects the risk assessment that took place as we developed our Net Zero roadmap, which include 2025, 2030 and 2050 targets. Achieving our no deforestation target is a key part of the roadmap. We are expanding our approach to assess future risks of deforestation through a forest footprint exercise. Case study - external consultants: We developed a global risk-based approach to allow traceability to a level where risks can be managed. To understand risk at subnational level, we develop country risk profiles and run spatial risk assessments using public info. In 2020, this helped identify our exposure to deforestation risk, and our prioritization in assessing supplier sourcing information to validate and mitigate risk exposure. This resulted in higher performance on transparency and deforestation-free indicators and in the ability to geographically target risk mitigation investments (e.g. RTRS regional credits or future landscape initiatives).

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?
3 to 6 years

Tools and methods used
Internal company methods
Jurisdictional/landscape assessment

Please explain
We use these tools to assess forest-related risk: - The Responsible Sourcing (RS) Program that covers our 14 most important raw materials, including cocoa. Based on our volume and spend breakdown 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 and on the ground assessment to assess deforestation risks and inform our no-deforestation strategy. - Any significant gap detected in the RS program can be escalated to be included in corporate functional assessments e.g. relevant Market Enterprise Risk Management (ERM) 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 corporate materiality analysis is carried out by external advisors every two 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 time frame reflects the risk assessment that took place as we developed our Net Zero roadmap, which include 2025, 2030 and 2050 targets. Achieving, and then maintaining our no-deforestation target is a key part of the roadmap. Case study of tool - Landscape initiative: We are 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 110,000 farms that we source from as part of the Nestlé Cocoa Plan, and putting in place traceability systems to help ensure that cocoa is sourced legally from farms outside of protected areas. In 2020, we had mapped 85% of the farm boundaries of Nestlé Cocoa Plan farmers in Ghana and Côte d'Ivoire; trained and sensitized over 10,000 farmers on the importance of protecting forest and agricultural best practices, and distributed over 1,250,000 native forest and local fruit trees in Côte d'Ivoire and Ghana.

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?
3 to 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 is the Responsible Sourcing (RS) Program that covers our 14 most important raw materials, including pulp and paper, palm oil, soy, cattle, cocoa and coffee. Based on our volume and spend we identify countries and suppliers to prioritize. - Any significant gap 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 our markets and include siting and land use risks. If the risk has the potential to be impactful at a Group level, this would be escalated to the annual Group ERM assessment e.g. deforestation under Climate Change. - A corporate materiality analysis is carried out by external advisors every two years and includes engagement with third-party stakeholders to understand their expectations of Nestlé in terms of managing risks and opportunities. The time frame reflects the risk assessment that took place as we developed our Net Zero roadmap, which include 2025, 2030 and 2050 targets. Achieving and maintaining our no-deforestation target is a key part of the roadmap. We are in the process of expanding our approach to assess future risks of deforestation through a forest footprint exercise that will overlay our sourcing areas, standing forests and peatlands in these areas and customary land rights. Case study - External consultants: we conducted a research project with the University of Lancaster in 2019 to help understand the importance of climate change and variability for wheat, coffee and dairy. The project assessed publicly available scientific evidence on climate impacts on wheat, coffee and dairy to help highlight potential risks and opportunities. A timeframe of up to 2050 was considered, as well as qualitative analysis of potential challenges of coffee cultivation beyond 2050. Most studies predict losses in area suitability for wild and cultivated coffee under climate change. Changes in area suitability would create conditions for coffee cultivation at higher elevations and risks of displacement of natural ecosystems such as forests. Increased CO2 concentrations could increase coffee yields; however, higher temperatures combined with water shortages could compromise both coffee bean yield and quality.

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, 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, is key for Nestlé 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 help manage risks and continuously improve the performance of suppliers and our upstream supply chain. We report annually on 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. Our approach to food safety covers the entire supply chain, starting with farmers and suppliers. We follow rigorous procurement and auditing processes to ensure we select safe, high-quality raw materials, including ingredients from forest risk commodities. This includes defining specifications for the materials we use and performing checks to ensure they comply with the applicable regulations and the latest scientific knowledge. If they don't comply, we reject them.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

Nestlé's activities partially rely on natural capital with its attendant ecosystem services. We need to know that suppliers are managing this with long-term continuity and sustainability in mind. As part of our Responsible Sourcing Standard, we have specific no-deforestation and no-conversation commitments: 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 High Carbon Stock (HCS) & High Conservation Value (HCV) requirements, conducted as part of either certification schemes or assessments with third-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 the upstream supplier and engage through our Tier-1 supplier. - 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. In 2020, we also carried out a Forest Footprint pilot in our palm oil supply chain in Aceh. We mapped forest areas, peatlands and community lands located within or in proximity to mills in and around our supply chains to better understand the risks of impacts on forest and peatland as well as on Indigenous Peoples and Local Communities rights. We are now using the learnings to inform our new Forest Positive strategy and expanding these pilots to cover our key sourcing locations at risk of deforestation.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Our business is based on compliance. Compliance with all regulatory framework ensures our license 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 and Legal teams works with a network of colleagues in all countries where we operate. They track regulatory and legal framework changes and estimate future potential regulatory and legislative changes at local or regional level. Any changes/potential impacts are shared with colleagues at the Zone or Central level. A regulatory database is managed where all relevant regulatory documents are gathered. It is updated as the local situation changes. Our Legal function also keeps track of legislative discussions taking place on topics like human rights and environmental due diligence. How we use this information: These assessments are used to inform our Procurement strategies as needed.

Climate change

Relevance & inclusion

Relevant, sometimes included

Please explain

We are accelerating our climate change efforts to help transition to a low-carbon economy and have made a commitment to achieve zero net emissions by 2050. In December 2020 we published our net zero roadmap, which includes interim targets consistent with the 1.5°C path. We will review its progress annually to ensure we are on track. In 2020 we developed a model to calculate the GHG mitigation potential of agricultural land that assesses various actions and their costs. The aim was to: - help identify mitigation and 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 were used to develop our Net Zero roadmap, published in December 2020, and includes our climate adaptation and mitigation interventions, time-bound targets and metrics to measure progress. Findings related to forests: +11 million tons CO2e of our 92 million tons 2018 baselines is associated with land use change. The conversion of natural landscapes for ingredients in our supply chain is estimated to account for between 25 and 35% of our total ingredient emissions. Actions we will take: - Delivering against our zero deforestation commitment and removing carbon through agroforestry and regenerative agriculture are key to reaching net zero. Forest conservation and the restoration of natural landscapes are some of the most cost-effective and impactful ways we can mitigate GHG emissions. By 2030, we forecast a 44% reduction in GHG emissions from investing in soil health and forests compared to our 2018 in-scope baseline. - Based on this we're transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing.

Impact on water security

Relevance & inclusion

Relevant, sometimes included

Please explain

Water is vital for our operations and throughout our value chain, from supply, to processing and final consumption of our products. To ensure the sustainability of our value chain our suppliers, employees, customers and consumers need access to water in adequate quantity and quality. We have several processes to ensure water resources are managed sustainably in our value chain. In our direct Operations, we assess annually the water risk at our factory locations and monitor closely our direct water use. We comply with strict standards on the quality of water we discharge. Both measures help ensure we are managing local water resources sustainably for local ecosystems and communities. In our supply chain, we annually assess the water footprint of 15 key agricultural commodities we purchase, using the method and data from The Water Footprint Network. This assessment includes forest-related commodities such as coffee, cocoa, palm, soy, cereals and meat. In addition, we perform local water risk assessments for specific commodities (coffee, sugar, cereals and fresh milk). We currently have several projects addressing water-related matters in coffee, cereals, meat and dairy supply chains. Not only do we assess and address water in forest-related commodities, we aim to promote forests for their likely 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 water quality, but they also increase the amount of water locally available. Such programs and promising results benefit our business and also benefit every water user in the same watershed. Planting trees preserves water, captures carbon, helps rebuild communities, favors biodiversity and improves soil nutrients content – all of which help increase resilience of farmers. As such, we also have several other reforestation and agroforestry initiatives. Plants and trees can store water but also to provide water and nutrients to plants that are grown in the surroundings. As a result, farmers using agroforestry in our supply chains should be able to use less water, with the potential of 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 public affairs teams and industry associations (e.g. trade discussions between EU and producing countries like Brazil or Indonesia). For the supply of our key raw materials, we take into consideration pricing and tariff duties along with other important criteria such as carbon footprint and logistics.

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 ingredients with lower carbon footprint. 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. This aggregated information and trends are then analysed by our Strategic Business Units to define Product Development strategies, including product reformulation, as well as to develop consumer communication campaigns. Once these trends are operationalized into concepts, we test these 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. The results of these tests are used to refine concepts and ideas before a new product is launched or a new communication campaigns go out.

Leakage markets

Relevance & inclusion

Relevant, always included

Please explain

The transformation of the agricultural commodities sector towards deforestation free supply chains is under way, with key industry actors, including consumer goods manufacturer like Nestlé, having made commitments, adopted policies and implemented traceability and ways to assess risks. However, the risk of market leakage is real as segments of the market continue to produce or purchase forest risk commodities from recently deforested or converted land. Our no-deforestation strategy takes into account that risk. This is one of the key reasons why, over the last 10 years, we have adopted a toolkit approach to assess and address deforestation risks in our supply chain, instead of relying on one single tool like certification. This includes supply chain mapping to know the origin of our raw materials, desktop based risk assessment, satellite monitoring, on-the-ground assessments Our approach aims at achieving sector transformation, including through industry collaboration, the funding of landscapes approaches and smallholder inclusion in our supply chains. To develop our new forest positive strategy we have taken into account the risks that have been identified over the last ten years of tackling deforestation, incl. challenges related to supply chain transparency & traceability, the dynamic nature of deforestation fronts, and increasing small-scale patterns of deforestation. These learnings, together the forest footprint pilot that we have carried out, helped us develop a holistic and integrated Forest Positive strategy that is built around three pillars: o Achieve and maintain 100% assessed deforestation & forest degradation free supply chains o Long-term forest conservation and restoration in our supply chains o Investments in sustainable production landscapes A key principle in our decision making is that we work with our direct suppliers to continuously improve the sustainability practices of our upstream supply chain, all the way up to smallholder farmers based on gaps identified based on supplier assessments. This then informs the development of action plans with defined milestones and deadlines to act upon risks and identified opportunities for improvement. When a supplier fails to effectively manage identified risks or meet agreed deadlines, we may end our commercial relationship.

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 risks. 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 Executive Board meetings. 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 risks 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. Based on this information, for example, we may decide that we need to communicate more about a certain topic (e.g. responsible sourcing of palm oil) towards a given audience (e.g. media).

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. Risks 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

Respect for human rights is non-negotiable across our supply chains. We are dedicated to upholding these rights for everyone who works for and with us. 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 is important 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 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, customers define their own sustainability requirements for the products that go onto their shelves. It is 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 at global or regional level for global or regionally operating customers. The types of engagement vary, such as interviewing them as part of our materiality assessment process which is carried out every two years and helps us to identify the economic, social and environmental risks that matter most to our business and our stakeholders; 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 and who can provide information to inform our risk assessment on a range of topic, including deforestation risks. Engagement is throughout induction program, which 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 2020, we received 1624 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. We also analyze trends from this channel, including report volumes and rate of substantiated reports, to draw insights and drive improvements. Our objective in taking these steps (raising awareness and providing channels to raise concerns) is to ensure that employees can alert us to deforestation risks in the course of their work.

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 assessed 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 nine-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 positive 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. 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 risks 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 hold 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 risks 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 Executive Board meetings. 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 risks 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 positive 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. These were limited in 2020 because of Covid-19.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

Our business is based on compliance. 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 and Legal teams works with a network of colleagues in all countries where we operate. They track regulatory and legal framework changes and estimate future potential regulatory and legislative changes at local or regional level. Any changes/potential impacts are shared with colleagues at the Zone or Central level. A database is maintained where all relevant regulatory documents are gathered. It is updated as the local situation changes. Our Legal function also keeps track of legislative discussions taking place on topics like human rights and environmental due diligence. 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 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	Yes
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?

In 2020, we integrated our materiality assessment with the Group's Enterprise Risk Management process to ensure that wider sustainability risks were incorporated into the risks and opportunities under consideration across the company. We run the materiality assessment with external stakeholders every two years. This helps us identify the economic, social and environmental risks that matter most to our business and our stakeholders. For each risk, the materiality assessment rates the degree of stakeholder concern as well as the potential business impact.

The framework has a four-level risk rating scale which enables us to categorize the level of impact of each risk:

- Internal stakeholders rate the impact of the risk on Nestlé's success as major, significant, moderate or negligible

- External stakeholders rate the level of importance of the risk to them as major, significant, moderate or negligible

Both qualitative and quantitative factors are considered when rating a risk:

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

Based on the results of the materiality assessment, we tailor our activities. We will work to address those risks identified as being most material to our business, developing ambitious goals to help advance the health of our planet, drive societal progress and support a sustainable and healthy food system.

In 2020, "Responsible Sourcing" (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 risks, being rated externally as being of major importance to external stakeholders and having a significant impact according to internal stakeholders.

To support in the Group's identification and assessment of potential substantive climate-related risks and opportunities, Nestlé decided to implement the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. In 2020, we embarked on developing a qualitative and quantitative climate modeling process across our value chain to assess our portfolio's resilience under different external conditions. We partnered with the University of Cambridge's Centre for Risk Studies to build a climate modeling tool to evaluate the potential directional impacts on Nestlé for both transition and physical risks. Full details of our process and the results are disclosed in our TCFD Report 2020 (https://www.nestle.com/sites/default/files/2021-04/2020-tcfd-report.pdf).

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?
Other parts of the value chain

Primary risk driver
Shifts in consumer preference

Primary potential impact
Disruption to sales

Company-specific description
An increasing number of our customers, in particular retailers in developed markets, want the products they market and the ingredients used to make them to be sustainably sourced, with no links to deforestation. In some cases, customers ask that our products contain certified ingredients or are free from certain ingredients. This is particularly the case for palm oil, which has been the subject of much NGO campaigning and media coverage in some countries. Though we share our customers' commitment to sustainable products that are not linked to deforestation, there is a risk that a retailer may stop buying a certain Nestlé product, leading to loss of revenue and market share. Nestlé products including Confectionery may be affected as they often contain small amounts of palm oil.

Timeframe
1-3 years

Magnitude of potential impact
High

Likelihood
About as likely as not

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 many of our recipes for confectionery and other products. We based this estimate on the potential delisting of our main palm-oil containing products by our customers in a number of countries where palm oil is high on the media agenda.

Primary response to risk
Increased use of sustainably sourced materials

Description of response
We submitted a time-bound action plan to achieve 100% Roundtable on Sustainable Palm Oil (RSPO) certified sustainable palm oil by 2023. 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 Principles and Criteria and we are the manufacturer representative in the Assurance Taskforce. As of end of 2020, 60% of the palm oil we buy was RSPO Certified. As we progress towards our 100% target, this is helping us to address the risk of customers delisting our products, since most products sold in countries where certified palm oil is preferred is covered by RSPO certification. Beyond certification, we are also using Starling satellite monitoring to assess the palm oil we source is not linked to deforestation and to address any potential risk based on alerts we receive. To date and to the best of our knowledge we believe that no customer has delisted any of our products due to a perception that we are using palm oil linked to deforestation.

Cost of response
33000000

Explanation of cost of response
This is an estimate for the total premiums we will pay for RSPO Certified palm oil at current market cost over the next three years (2021-2023) until we reach 100% RSPO certified palm oil. The assumptions made in this calculation include that supply of segregated volume opportunities will remain limited and that segregated has (we're assuming no or low growth of segregated palm oil) and that we will only purchase segregated/identity preserved and credits (no mass balance).

Forest risk commodity
Timber products

Type of risk
Reputational and markets

Geographical scale
Global

Where in your value chain does the risk driver occur?
Other parts of the value 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 environmental footprint, including the potential link between deforestation and paper packaging. Indeed, our consumer market research as well as our materiality assessment show growing consumer demand and growing stakeholder expectations for us to develop alternative packaging or delivery systems, including paper packaging. Indeed, our last materiality assessment, which rates the degree of stakeholder concern as well as the potential business impact, showed that the topic of product packaging and plastics was of significant importance to external stakeholders and major importance to internal stakeholders. 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. If NGOs were to link our paper packaging to deforestation in the future, the resulting brand damage may deter some consumers from buying our products, leading to reduced revenues.

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 due-diligence 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 all markets. In particular, we source certified paper packaging materials in countries where the market demand for certified products is higher from consumers and customers. As a result of our efforts we were able to assess 94.5% of our total pulp and paper volumes as deforestation free in 2020.

Cost of response

15000000

Explanation of cost of response

This is the ongoing annual cost of our Responsible Sourcing program for pulp and paper. This includes premium costs for certified pulp and paper (FSC and PEFC) that we use, supply chain mapping, on-the-ground assessments, partnerships and projects

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Forest risk commodity

Soy

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Other parts of the value chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Today, the majority of the soy 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. Brand damage caused by negative media coverage may lead to loss of revenues if NGO campaigning deters consumers from buying products that may contain soy sourced from the Cerrado. We source soya products from numerous 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 relation to our sourcing from the Cerrado as relatively low.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

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

We estimated the potential financial impact based on the potential of loss of a proportion of revenues from the Purina Petcare business, which is the biggest user of soy in our business. In the future we expect our exposure to soy-related risks 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 due-diligence 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 result of our efforts we were able to verify 76% of our total soy volumes soy as deforestation free in 2020.

Cost of response

900000

Explanation of cost of response

This is the current annual cost of implementing our responsible sourcing program for soy, including premium for certification (RTRS and Proterra), supply chain mapping, partnerships and projects on the ground.

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-regulatory 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. Sixty percent 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 our Europe, Middle East and North Africa zone 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
In 2017, we signed up to the Forests & Cocoa Initiative - 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 85 % of the farms in the Nestlé Cocoa Plan (NCP) in Côte d'Ivoire, and Ghana, have been mapped to date - 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. - a project to help stop deforestation and restore the Cavally Forest has started 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.

Forest risk commodity
Cattle products

Type of risk
Reputational and markets

Geographical scale
Global

Where in your value chain does the risk driver occur?
Other parts of the value chain

Primary risk driver
Shifts in consumer preference

Primary potential impact
Brand damage

Company-specific description
Meat is primarily used in our Prepared dishes and cooking aids business (e.g. Stouffer brand). It is however only present in a limited number of recipes. We source meat from numerous suppliers in many different countries, mainly in countries of low risk of deforestation. However, we do source very small amounts of meat from Brazil

(0.06%) and therefore there is a small risk for our brands of being associated with deforestation. There are indeed ongoing NGO campaigns and media attention on industry sourcing in Brazil, including the Nestlé footprint. Brand damage caused by negative media coverage may lead to loss of revenues if NGO campaigning deters consumers from buying products that may contain meat sourced from Brazil. However, since our sourcing of meat from Brazil is relatively small, we assess the risk in relation to this as low.

Timeframe
1-3 years

Magnitude of potential impact
Low

Likelihood
About as likely as not

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

Potential financial impact (currency)
1000000

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

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

Explanation of financial
We estimated the potential financial impact based on the potential of loss of a proportion of revenues from our Prepared dishes and cooking aids business, which is the primary user of Meat. The prepared dishes and cooking aids business that accounts for CHF11.5 billion turnover. Meat is however only present in a limited number of recipes. This is why we have estimated the number at CHF1 million.

Primary response to risk
Engagement with suppliers

Description of response
We currently have 0.06% of our meat coming from Brazil and 1% coming from unknown origins. We are working with our direct suppliers to trace the remaining 1% and ensure this is not coming from areas at risk of deforestation.

Cost of response
6200000

Explanation of cost of response
So far, forest-related detrimental impacts are associated with the incremental cost of switching to other origins or suppliers more aligned with the sustainable practices that we demand from forest-based commodities. This incremental cost is evaluated at approximately 5% premium. We spend an average CHF124 million on meat per year, so 5% is CHF6.2 million of financial impact from having to switch to more sustainable origins.

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	<Not Applicable>	<Not Applicable>
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) 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, KitKat, one of the world's most popular chocolate brands, has pledged to become carbon neutral by 2025. Most emissions occur when producing ingredients like cocoa and milk. KitKat aims to reduce the emissions generated through the sourcing of its ingredients, the manufacturing of the product and its distribution by more than 50% as part of the plan. More specifically, KitKat will focus on forest regeneration, planting 5 million shade trees, supporting regenerative farming and securing 100% renewable electricity for factories. KitKat will offset any remaining carbon by investing in high-quality climate projects. The actions are the basis of an on-pack and social media consumer communication campaign with the headline "let's give the planet a break".

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
Improved response to regulatory changes

Company-specific description & strategy to realize opportunity
Countries and regions including the EU and UK are currently developing forest-related due diligence regulation to prevent raw materials or products associated with deforestation entering their market. In the past 10 years, Nestlé has worked to ensure that key forest-risk commodities we buy are not associated with deforestation. Through our toolkit approach (supply chain mapping, satellite monitoring, etc), at the end of 2020 we had assessed 90% of all commodities sourced as deforestation-free and 70% of palm oil sourced as deforestation-free. While we continue to work to close the gap to 100%, we're strengthening our strategy to be in a better position to assess future risks of deforestation. To this end, we piloted in 2020 a "forest footprint" methodology on our palm oil supply chain in Aceh, Indonesia, to better understand risks within our supply chain. By better understanding these risks, we wanted to design more effective, forward-looking forest-positive strategies. This exercise helped us better understand our exposure to risks of future deforestation and land rights conflicts in Aceh. We assessed that 89,667 hectares of forest and peatland banks exist within palm oil concessions in this region and could be at risk of potential future clearances. An additional 1.45 million hectares of forested land suitable for palm oil cultivation is located within 50km of mills in our supply chain. Based on these results, we are engaging our direct suppliers and the producer groups further upstream on their commitments to protect these areas to ensure that they commit to conducting HCSA / HCV and FPIC assessments prior to future development. We're in a good position to leverage the forest footprint exercise to take a more long-term and proactive approach to addressing deforestation risks as we have good traceability for our forest risk commodities. E.g. we're using satellite technology in palm oil, pulp and paper, and will extend it to cocoa and coffee. This reflects our Net Zero roadmap published in 2020 and ambition to reduce GHG emissions by 8 million tons by 2030 through preventing deforestation in our supply chain. Acting on this will help better inform our risk analysis and intervention design, and help us reach our no-deforestation target. It also means we have the systems in place to meet the requirements of new and future due diligence regulations.

Estimated timeframe for realization
1-3 years

Magnitude of potential impact
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
We are not able to calculate the potential financial impact of preparing for possible future regulation.

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
Trends show growing consumer demand for low-carbon products like plant-based foods and drinks. For consumer-facing businesses like Nestlé operating in very competitive and innovative markets where we compete with both agile start-ups and multinational companies, it is clear we need to seize the opportunity that increasing demand for plant-based options constitutes – to stay relevant in the marketplace and to gain a competitive advantage and increased market share. With its R&D capabilities and marketing expertise, Nestlé is well placed to take advantage of this opportunity. Nestlé's inner core of plant-based meat analogues generated 2020 sales in the vicinity of CHF 200 million with strong double-digit growth. Sales in Garden Gourmet grew close to 60% supported by new product launches and continued distribution expansion across 20 markets. This is ahead of Nestlé's broader global portfolio which saw organic sales gain 3.6% through 2020. The opportunity in plant-based goes well-beyond plant-based burgers: It is about a wider opportunity to reimagine, reinvent and reinvigorate a CHF 12 billion food category for Nestlé. To continue seizing the opportunity: - We sped up the transformation of Nestlé's portfolio to offer more products that have a better environmental footprint, including more plant- based food and beverages, including soy-based ones. This led us to redefine our approach to new product development with shorter innovation cycles and faster launches. - We are educating our employees about climate change and provide them with the knowledge, skills and tools they need to make informed decisions around product development. - We are helping our portfolio and product managers incorporate GHG emissions information more effectively into their decision-making, including selecting which ingredients to use and continuously improving our eco design tools used in R&D. To support this, we will make more environmental data about ingredient supply chains available at the product level. - We are establishing clear key performance indicators (KPIs) and refining our central data tracking systems to better measure progress and improve the allocation of emissions and reductions to specific businesses. We are making it easier to make comparisons and consult with brand managers around translating corporate targets into business-specific ones.

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 publicly 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 increases sales 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 risks. 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 with the objective of helping farmers store carbon through soil management and land restoration, reduce greenhouse gas emissions and halt deforestation. 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 five million trees in the AAA coffee farms and landscapes. By the end of 2020, Nespresso had reached the commitment and had funded plantation of 5.2 million trees in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. We have committed funding of planting 825 000 trees in six origins (Colombia, Guatemala, Ethiopia, Uganda, Costa Rica, Indonesia) in 2021. 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
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

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

As a food and beverage company, we need packaging to keep food safe, protect it during transportation, extend shelf life and reduce waste. Our consumer market research as well as our materiality assessment show growing consumer demand and growing stakeholder expectations for us to develop alternative solutions for our packaging and delivery systems for our products, including paper packaging. For Nestlé who is operating in very competitive and innovative markets coupled with increased consumer demand, we need to seize the opportunity to be relevant and meet the demands in a sustainable manner. To reduce our footprint and satisfy consumers demand for sustainable products and sustainable packaging, we have committed to make 100% of our packaging recyclable or reusable by 2025. With its R&D capabilities and marketing expertise, Nestlé is well placed to take advantage of this opportunity. In 2019, we launched our Institute of Packaging Sciences, the first of its kind in our industry, in order to help us accelerate our sustainable packaging ambition and increase brand value as a result. Research focus areas include packaging-free solutions, simplified packaging, functional paper, and recycled, biodegradable or compostable materials. New solutions will be tested in various product categories before being rolled out across Nestlé's global portfolio. For example, the Institute helped launch Maggi bouillon cubes into paper wrappers for the very first time. These wrappers are the result of extensive research by a dedicated team of scientists and engineers and replace the multi-material versions that are hard to recycle. The new packaging is made from sustainably sourced paper – from pulp and paper mills certified by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). This was the first time a major brand was able to use recyclable paper packaging to wrap individual bouillon cubes. This is particularly important as Maggi products – including bouillons cubes – are sold in over 90 countries, presenting a great opportunity to leverage our sustainable packaging to 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

Forest risk commodity
Cattle products

Type of opportunity
Markets

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

Primary forests-related opportunity
Increased availability of products with reduced environmental impact (other than certified products)

Company-specific description & strategy to realize opportunity
Dairy and livestock ingredients are our largest single source of emissions. They accounted for 34.2 million tonnes of CO2e in 2018 – more than half of the emissions created in sourcing our ingredients. In order to reach our net zero emissions target, we need to drive a major shift in the sourcing and production these nutritious ingredients. By strengthening our programs with livestock farmers to restore land, for instance, we can scale up initiatives to help absorb more carbon from the atmosphere. Thanks to our experience in the dairy sector and our network of agronomists and partners, we are well placed to respond to this challenge. As a first step, to find the most effective ways of reducing emissions, in partnership with the Sustainability in Business Lab at ETH Zurich, we developed a simulation tool to evaluate actions and costs for dairy, which represents most of our livestock emissions. Based on this we defined our main activities, which include: - Cutting the methane produced by animals mainly through the inclusion of feed additives and dietary supplements, with the help of dedicated research and development (R&D) support for the Agriculture team - Feeding livestock with more sustainable feed, i.e. feed from regenerative agricultural practices to help avoid deforestation and reduce the carbon footprint of feeding livestock - Making farms more productive through better herd, by helping increase the productivity and livelihoods of farmers, by developing sustainable business models and helping them adopt successful business practices - Introducing regenerative agricultural practices such as better paddock management and silvopasture to increase carbon storage in the soil. For exmaple, we're working with our US supplier OSI Group to help scale sustainable grazing practices in Montana through a project run by regional nonprofit Western Sustainability Exchange and international carbon project developer NativeEnergy. In 2020 the project established the baseline of participating ranches. - Using our R&D capabilities to support new technologies that will help increase the efficiency of dairy farms, maximizing output while using minimum energy We expect these actions will reduce the emissions from sourcing our dairy and livestock ingredients by 21 million tonnes by 2030.

Estimated timeframe for realization
4-6 years

Magnitude of potential impact
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
We are not yet able to disclose a financial impact figure for this opportunity.

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	In 2020, the Nomination and Sustainability Committee of the Board of Directors periodically reviewed measures to ensure our company's sustainability and how its long-term strategy relates to our ability to create shared value, including forest risk. At Board level, as of the Annual General Meeting 2021, Nestlé is splitting its existing Nomination and Sustainability Committee into a separate Nomination Committee and a focused Sustainability Committee. This reflects the importance of sustainability in Nestlé's corporate governance and allows Board members to dedicate more time and focus on each of these important topics.

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	During 2020, the Nomination and Sustainability Committee oversaw environment, including on the topic of responsible sourcing that encompasses deforestation. The Committee Chair provided detailed reports of its meetings to the full Board of Directors. The Executive Board's oversight of forest-related risks covered both risk and strategies to address the risk. The Chief Financial Officer was responsible for the financial risk related aspects and the EVP Global Head of Operations oversaw our no deforestation commitment. Deforestation is integrated into the company's enterprise risk management (ERM) process and reviewed by the board as part of the Board of Directors' 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. 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 (Chief Financial Officer and the EVP Global Head of Operations). As of April 2021, the Nomination and Sustainability Committee is split into a separate Nomination Committee and a focused Sustainability Committee. The Sustainability Committee provides strategic guidance on forest risk matters.

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
Sustainability committee	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	In 2020, our Responsible Sourcing Program was embedded in the operational master plan (business plan) for the Operations Division including Procurement. The Responsible Sourcing Program included work to address deforestation and natural conversion. Progress was reported to the Executive Board quarterly. Our Executive Vice President Global Head of Operations was the dedicated board member for the Responsible Sourcing Program. In addition our global Sustainable Sourcing Committee, chaired by the Executive Vice President Global Head of Operations was attended by other Board members, including the three Zone CEOs (Americas, Europe, Middle East and North Africa, and Asia Oceania Africa), the Chief Financial Officer and the Executive Vice President Chief Technology Officer. This Committee oversaw our commitments and targets, and implementation plans and budget to deliver on those. As of January 2021 an Environmental, Social and Governance (ESG) Sustainability Council was established at Executive Board level. The ESG Sustainability Council provides governance, strategic leadership and execution support. It drives implementation of Nestlé's sustainability strategy, including our 2050 Net Zero roadmap, ensuring focus and alignment on execution. The ESG Sustainability Council meets monthly and reports progress to the Executive Board monthly. Also in January 2021, we put in place an ESG Strategy unit led by the Global Head of ESG, reporting to the EVP Global Head of Operations.
Other C-Suite Officer, please specify (Executive Vice President Head of Strategic Business Units and Marketing and Sales)	Other, please specify	More frequently than quarterly	The Executive Vice President Head of Strategic Business Units and Marketing and Sales is the chair of the ESG Sustainability Council.

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 Chief Executive Officer Zone Americas (United States of America, Canada, Latin America, Caribbean))	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Chief Executive Officer Zone Americas (United States of America, Canada, Latin America, Caribbean) is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Europe, Middle East and North Africa (EMENA))	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Chief Executive Officer Zone Europe, Middle East and North Africa (EMENA) is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA))	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA) is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Global Head of Operations)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Head of Operations is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Chief Technology Officer)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Chief Technology Officer is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President General Counsel, Corporate Governance and Compliance)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President General Counsel, Corporate Governance and Compliance is a member of the ESG Sustainability Council.
Chief Financial Officer (CFO)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Chief Financial Officer (CFO) is a member of the ESG Sustainability Council.

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	Yes	The no-deforestation performance is a bonusable objective for the board members.

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Board/Executive board Chief Procurement Officer (CPO) Other C-suite Officer	Achievement of commitments and targets	Head of ESG Strategy and Deployment Unit
Non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	

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)
2020-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
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 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. While the policy has not been updated since, we have regularly updated our Responsible Sourcing Standard (RSS) since our first Responsible Sourcing Guidelines (RSG) for palm oil and pulp and paper in 2010 were developed (last update: 2018). Description of business dependency on forests: as a food and beverage manufacturer, the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its raw materials, such as palm oil, pulp & paper, soy, sugar, meat, cocoa and coffee for the manufacture of many products, including confectionery, frozen food and prepared dishes, coffee and beverages. Many of our ingredients come from landscapes where forests are a critical part of the ecosystem and to help sustain people, planet, and our business, ensuring no deforestation is central. This policy serves as the basis to inform the deforestation-free requirements that are in our RSS, which sets out basic non-negotiable standards that we ask our suppliers to respect when conducting business. It is an integral part of our purchase orders and supplier contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. We conduct supplier assessments based on this Standard. If gaps are found, a time-bound action plan is developed and implemented by the supplier. The implementation of this plan will be later verified. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. The RSS establishes our requirements to ensure sustainable long-term supply. Our definition of deforestation goes beyond local legal definitions and refers to non-conversion of HCS and HCV lands. Five categories of raw material are central to our "no deforestation" commitment as they are considered to have the highest deforestation risks based on publicly available literature: palm oil, soy, pulp & paper, meat and sugar. In 2020, we upgraded our commitment to include cocoa and coffee. Nestlé has also backed the New York Declaration on Forests, and the Consumer Goods Forum commitment to tackle deforestation.

(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
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 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 how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its pulp and paper, as well as our ambition 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 pulp and paper. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 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. As of end of December 2020, 94% of pulp & paper we buy was assessed as 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 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 how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its palm oil, as well as our ambition 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 palm oil. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 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. As of December 2020, 70% of the palm oil we buy was assessed as 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
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 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 how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its meat, as well as our ambition 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 meat. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 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, including those for cattle products, to implement our commitment. It is an integral part of all of our purchase orders and supply contracts for cattle products 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 supplies of cattle products. As of December 2020, 98% of the meat we buy was assessed as deforestation-free. We will continue to work with suppliers to be close to 100% deforestation-free by 2022.

	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 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 how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its soy, as well as our ambition 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 soy. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 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 of soy to implement our commitment. It is an integral part of all of our purchase orders and supply contracts for soy 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 soy supplies. As of December 2020, 90% of the soy we buy was assessed as 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 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 how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its cocoa, as well as our ambition 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 cocoa. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 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. In addition, in 2019 we announced our aim to source 100% of cocoa for Nestlé confectionery through the Nestlé Cocoa Plan by 2025. 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 how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its cocoa, as well as our ambition 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 cocoa. This policy served as the basis to inform the

	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 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 how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its coffee, as well as our ambition 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 coffee. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 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. We have achieved the commitment to have 70% of the total Nescafé coffee supply assessed as 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 two 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 Goods 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 Up to 2020, our focus has been on addressing deforestation in our key forest-risk commodities (which includes pulp and paper) supply chains. Building on our 10-year experience, we are moving toward a Forest Positive Strategy, where we will work with the objective of actively conserving and restoring forests and to help promote sustainable livelihoods and respect for human rights. Our strategy, to be published in 2021, will comprise three pillars: (i) Achieve and maintain 100% assessed as deforestation-free supply chains; (ii) proactively help conserve forests (assessing where there is risk of future deforestation, forest degradation or land conflicts, and taking a forward-looking approach aiming at active long-term conservation of forests and respect for community and indigenous land rights in our supply chain); and (iii) investing in sustainable landscapes (investing in conservation, restoration and multi-stakeholder sustainable land-use planning to help ensure our raw materials originate from sustainable landscapes where production and forest protection work in harmony while human rights are respected). Case study for demonstrating no deforestation: In 2020, we continued to use Starling satellite technology to monitor the 300,000-hectare voluntary moratorium area of the remaining Intact Forest Landscapes (IFL) of high conservation value in Arkhangelsk Oblast/Russia. This helps us determine forest cover change within IFL and the newly created Dvina Pinega Reserve, which forms the core of the Dvinsky IFL. This has expanded our understanding of the catchment area and informed discussions with key suppliers operating there. 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 2020, we supported several activities to strengthen implementation of community and indigenous people's rights throughout the Brazilian pulp and paper sector. Case study on No conversion of natural ecosystems: using Starling to analyze changes in forest cover across four landscapes: Northwest Russia; Southeastern USA; British Columbia, Canada; we have used base maps developed in 2019 to observe forest loss changes in real-time in 2020. The information has informed more targeted discussions with suppliers on forest cover change alerts and supported the development of forest-positive interventions and solutions with them and other stakeholders.

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 (and 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. Up to 2020, our focus has been on addressing deforestation in our key forest-risk commodities (which includes palm oil) supply chains. Building on our 10-year experience, we are moving toward a Forest Positive Strategy, where we will work with the objective of actively conserving and restoring forests and to help promote sustainable livelihoods and respect for human rights. Our strategy, to be published in 2021, will comprise three pillars: (i) Achieve and maintain 100% assessed as deforestation-free supply chains; (ii) proactively help conserve forests (assessing where there is risk of future deforestation, forest degradation or land conflicts, and taking a forward-looking approach aiming at active long-term conservation of forests and respect for community and indigenous land rights in our supply chain); and (iii) investing in sustainable landscapes (investing in conservation, restoration and multi-stakeholder sustainable land-use planning to help ensure our raw materials originate from sustainable landscapes where production and forest protection work in harmony while human rights are respected). Case study to demonstrate no conversion: To enable the use of the HCSA by smallholders, our co-funding continued to support the trialing of a simplified HCS-HCV approach for smallholders by SPKS, an HCSA member and smallholder and farmer support organization based in Indonesia. Field trials conducted in West Kalimantan in Jan 2020 tested the draft version of A Simplified Approach to Identify, Manage and Monitor HCSA Forest and HCV Areas. Four villages participated in the trials. The fourth draft version of the Simplified Approach for smallholders was updated based on lessons learned from these trials. 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. In 2020 we developed a forest footprint exercise based on Starling data to allow us to assess future risks of deforestation in and around our palm oil supply chain in Aceh Indonesia. We are now using the information to engage suppliers on risks identified. Case study to demonstrate FPIC: we support a project in North Sumatra where five 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 and land use. In 2020, the project led to the development of participatory community land use plans with 58 villages, including agreements for the protection of nearly 35,000 hectares of forest.

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 (and 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 Up to 2020, our focus has been on addressing deforestation in our key forest-risk commodities (which includes cattle products) supply chains. Building on our 10-year experience, we are moving toward a Forest Positive Strategy, where we will work with the objective of actively conserving and restoring forests and to help promote sustainable livelihoods and respect for human rights. Our strategy, to be published in 2021, will comprise three pillars: (i) Achieve and maintain 100% assessed as deforestation-free supply chains; (ii) proactively help conserve forests (assessing where there is risk of future deforestation, forest degradation or land conflicts, and taking a forward-looking approach aiming at active long-term conservation of forests and respect for community and indigenous land rights in our supply chain); and (iii) investing in sustainable landscapes (investing in conservation, restoration and multi-stakeholder sustainable land-use planning to help ensure our raw materials originate from sustainable landscapes where production and forest protection work in harmony while human rights are respected). Case study on no deforestation: We work closely with all our direct meat suppliers at global level 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 end of December 2020, 98% of the meat we buy for our Food Business (excluding meat by-products) was assessed as deforestation-free using traceability to no / low risk location and SGS audits. Case study on no conversion: 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. In 2020, we continued to work with US supplier OSI Group to help scale sustainable grazing practices in Montana. The program provides ranchers with the necessary educational resources and financial security to convert their practices, with the objectives of having productive lands, reduced input costs, increased rancher profitability and the delivery of real and measurable environmental results.

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 (and 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 Up to 2020, our focus has been on addressing deforestation in our key forest-risk commodities (which includes soy) supply chains. Building on our 10-year experience, we are moving toward a Forest Positive Strategy, where we will work with the objective of actively conserving and restoring forests and to help promote sustainable livelihoods and respect for human rights. Our strategy, to be published in 2021, will comprise three pillars: (i) Achieve and maintain 100% assessed as deforestation-free supply chains; (ii) proactively help conserve forests (assessing where there is risk of future deforestation, forest degradation or land conflicts, and taking a forward-looking approach aiming at active long-term conservation of forests and respect for community and indigenous land rights in our supply chain); and (iii) investing in sustainable landscapes (investing in conservation, restoration and multi-stakeholder sustainable land-use planning to help ensure our raw materials originate from sustainable landscapes where production and forest protection work in harmony while human rights are respected). Case study on no deforestation: 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. We used the scorecard in 2020 to engage with and get key comparable information from our large number of suppliers. Case study on no conversion: We're supporting TNC's Regenerative Ranching & Agriculture strategy across Latin America. In 2020, this helped develop a systems approach for bringing regenerative ranching and agriculture to the Brazilian Cerrado and fostering multi-stakeholder cooperation for regenerative practices in Argentina's soy and beef sectors. Local Nestlé agricultural experts attended, and contributed to, workshops and the development of workplans in Colombia and Brazil. Each workshop convened over 30 relevant stakeholders from different sectors to identify systems-level interventions. They also generated ideas on agricultural norms, business models and public policy to facilitate the future development of landscapes through sustainable interventions. Based on this insight, TNC created three-year workplans for the landscapes.

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 (and 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 two 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. In 2020, we achieved another milestone when we released the first Cocoa & Forests Initiative progress report. The report details the extent of our work to tackle deforestation and promote regenerative practices in Côte d'Ivoire and Ghana. This includes distributing over half a million forest trees and mapping tens of thousands of farmers to ensure farms do not extend into protected areas. In 2020, we launched the Cavally Forest project with the Côte d'Ivoire Government and Earthworm Foundation. The forest is a key biodiversity region and home to endangered species that spans Côte d'Ivoire, Liberia, Guinea and Sierra Leone. The partnership will help tackle the threat of deforestation by working with the communities in or near the threatened forest. We have recruited our field team and are currently working to collect diagnostics of the current challenges. Using this information, we will co-create and implement sustainable land use plans.

Forest risk commodity
Other - Coffee

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 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
Remediate any adverse impacts on indigenous people and local communities
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 (and 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 nine 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 2020, Nespresso had reached the commitment and had funded plantation of 5.2 million trees in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. We have committed funding of planting 825 000 trees in 6 origins (Colombia, Guatemala, Ethiopia, Uganda, Costa Rica, Indonesia) in 2021.

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	Deforestation and natural habitat loss are a cause of GHG emissions and therefore affect climate change, which has been identified as one of the greatest risks for Nestlé as the biggest food and beverage manufacturer. To address this, we have integrated forests-related risks into our long-term business objectives. In particular, forest-related risks are core to our Net Zero roadmap that lays out how we expect to achieve net zero GHG emissions in our entire 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 (-20%) and 2030 (-50%), we have selected the 21-30 year timeline. The vast majority of our GHG emissions (95%) come from activities in our supply chain. A significant quantity of the ingredients we purchase come from natural ecosystems, which are under pressure from agriculture: 27% of our in-scope 2018 footprint can be linked back to these agricultural ingredients. We are going to accelerate our efforts to help protect and restore these areas, working with farmers and suppliers to enhance biodiversity and limit GHG emissions. The specific interventions we will implement include: - Achieving and maintaining deforestation-free supply chains in our supply chain (by 2022 : palm oil, soy, beef, pulp & paper, sugar; by 2025: cocoa and coffee) - Reforestation and restoration of forests and other precious ecosystems: by 2030, we have committed to plant the equivalent of 200 million trees in key sourcing locations 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 help protect and restore the Cavally Forest Reserve - 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
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. Five internal taskforces were set up to define emissions reduction strategies, including a Sustainable sourcing taskforce and a Product Portfolio one. Finally, our Net Zero roadmap was defined and published in December 2020. It explains the interventions and associated emissions reductions 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 year timeline. As part of this roadmap, forest-related risks 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 chain. 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 Net Zero roadmap, we have calculated the evolution of emissions over time taking into account our planned interventions and the cost of getting there between 2021 to 2050. 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, The budget related to our Forest interventions has been estimated at CHF420 million in the next five years and is embedded into our business and brand strategies, including our sustainable sourcing strategies for forest-risk commodities. In addition, some of our global brands have committed to or already achieved carbon neutrality include KitKat (2025), Garden Gourmet (2022) and Wunda (2021).

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, in addition to requesting traceability to mill from our suppliers, we started requesting traceability to plantation. Our objective was to reach 100% traceability to mill 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
Mill

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
96

Please explain
In 2020, 96% of the total volume of palm oil we source annually was traceable to mill (TTM). However, assessing and monitoring conditions on the ground requires us to go further upstream, which is why we are focusing on traceability to plantation (TTP), which we have now achieved for 70% of our volume. Plans to improve: - To get to 100% TTM we are doing direct engagement with our supply chains that have not achieved this and help them map their supply chains or change the supply chains to ones that can provide that information. Plans to improve on TTP: - 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 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 fresh-fruit bunch (FFB) control systems and commit not to accept FFB from unknown origin. We're also strongly committed to more supply chain 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 - 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 in our supply chain. - In May 2021, we have also co-signed a letter addressed at the European Commission asking them to incentivize more supply chain transparency and traceability for forest-risk commodities.

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 assessed deforestation free by the end of 2020. Palm oil volumes are assessed as deforestation-free when they are traceable to locations that meet one of the following criteria: a. Assessed through on-the-ground assessments (e.g. HCS/HCV assessments, site assessment) by partners (e.g. Earthworm Foundation). b. RSPO segregated or identity preserved certified supply chains. c. Traceable to origins that are assessed as deforestation-free via satellite monitoring systems such as Starling.

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
70

Please explain
In 2010, we made a commitment to no deforestation. As of December 2020, 70% of the palm oil that we buy was assessed as deforestation free. Over the last years we worked hard to accelerate our progress both in terms of traceability and verification. However we did not reach our targets due to 1) the complexity of the palm oil supply chain which was greater than expected when making our commitment in 2010, 2) because our strategy focused on engaging our suppliers and help them build capacity to assess and address deforestation risks, including with smallholders, instead of leaving riskier areas or excluding smallholders. We continue to work with smallholder farmers and large suppliers alike to reach our 100% deforestation-free target by 2022. To achieve our target by 2022 we will continue to use a combination of tools, like supply chain mapping, certification, 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, to 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. In addition, in 2021, we are strengthening of our no deforestation strategy: Building our no deforestation strategy towards a forest positive strategy which will include three pillars and equip us to better assess future risks of deforestation and better address its systemic drivers: 1) Achieve and maintain 100% deforestation free supply chains 2) Long-term forest conservation and restoration in our supply chains 3) Investments in key sustainable production landscapes

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Target reference number
Target 3

Forest risk commodity
Timber products

Type of target
Traceability

Description of target
Traceability is crucial for implementing our no deforestation commitment. We use this information to assess our exposure to deforestation risks and to monitor our suppliers on deforestation risks. Target: Our target was 95% traceability of virgin pulp and paper 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. This is repeated annually, at every tier in the supply chain. External partners and service providers, such as Earthworm Foundation help us achieve this. We also piloted technology like Supply Shift. Our global buyers 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 upstream supply for recycled material in the same way as virgin pulp and paper. Recycled material is not considered as adding to deforestation.

Linked commitment
No conversion of natural ecosystems

Traceability point
Mill

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
100

Please explain
We have a Pulp & Paper buyer network in place which sends out supplier questionnaires to collect supply chain data from tier-1 and upstream supply chains. The tracking and monitoring are managed by the same buyer network together with our external partner Earthworm Foundation. Standard documents are used to collect data and all

information is stored in an Excel database. As of end of 2020, we achieved 96% traceability to mill. 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 receive. We are also piloting innovations– particularly in digital technologies – to accelerate progress. Since 2018, we have been piloting 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 date, it has been particularly useful in increasing our reach to smaller suppliers to raise awareness on our expectations and traceability information. 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 assessed as deforestation-free when they are traceable to locations that meet one of the following criteria: a. Classified as low risk of deforestation by relevant literature. b. Assessed through on-the-ground assessments (e.g. High Conservation Value/Habitat deforestation by partners (e.g. Earthworm Foundation). c. Certified by FSC or PEFC. d. Recycled or recovered fiber traceable to mill and assessed as low risk We believe that certifications on Paper do not fully meet our requirements although 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
94

Please explain
In 2010, we committed to no deforestation in pulp and paper by the end of 2020. As of March 2020, 94% was assessed deforestation free. Tools used include supply chain mapping, certification, on-the-ground verification and satellite monitoring. We continue to work with our suppliers to close the gap by 2022. Gaps are driven by traceability gaps where the pulp & paper origin is unknown, or we have not received info from suppliers in high-risk regions regarding having certification or action plan in place to ensure no deforestation. We're actively working with them to close these gaps. To reach our target: - We will continue executing our traceability exercise to know the origins of our pulp & paper - We will continue to implement the different tools, including supply chain mapping, satellite monitoring, on the ground assessments and supplier engagement - We're also using Starling to monitor landscapes and concessions that supply us with fiber to help determine forest cover change within Intact Forest Landscapes and inform discussions with key suppliers - We're also addressing some of the drivers of deforestation like the lack of viable livelihoods and community rights. Example on Livelihoods: In 2020, we supported a project between Earthworm and WWF to study the local ecology and perform socioeconomic mapping of forest-dependent communities to identify livelihood alternatives. The findings will be used to raise awareness of the risks and bolster our support of ongoing activities that meet our commitment to continual landscape improvements. We will continue this engagement in 2021 as part of an evolving landscape initiative being driven by WWF, Earthworm, and FSC Community rights example: We actively participate in a program to address sourcing risks associated with IFL and caribou habitat degradation, as well as infringements on the rights of Indigenous peoples in British Columbia, Canada. In working with our partner Earthworm, we have supported the indigenous Tsay Keh Dene Nation to gain protection for key areas of land against harvesting for pulp and paper. The Tsay Keh Dene will be leading high conservation value assessments across their territory to identify and help protect critical areas. These assessments aim to form the foundation of agreements with local industry players on which areas can be responsibly harvested and which must be preserved.

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. Note that this is linked both to our full Responsible Sourcing agenda, including our no deforestation commitment as well as our Responsible Sourced

commitment. 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
Social commitments

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
61

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 2020 we have achieved 61% certified RSPO palm oil. This is a combination of segregated, Identity Preserved, and Book and Claim, and credits. 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. We are the Consumer Goods Manufacturer representative of the RSPO Assurance Standing Committee as its, and actively participated in the various consultation processes around RSPO's Smallholder Standard 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 assess origins at risk of deforestation and monitor our suppliers in these origins. 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 actually achieved 96%, exceeding our target. 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
100

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 December

2020, 96% of the meat that we buy was traceable to slaughterhouse, exceeding our 93% target. 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. In 2020, we joined the newly created Beef Working Group as part of the Forest Positive Coalition, As part of this work, we are actively involved in shaping the Beef roadmap, including a set of KPIs that would include traceability KPIs. We think that using our collective voice will help increase transparency and traceability in the sector.

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. Meat volumes are considered deforestation free when they are traceable to locations that meet one of the following criteria: a. Classified as low risk of deforestation by relevant literature b. Verified through on-the-ground assessments (SGS audits) 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 traceable volumes) where deforestation risk is low. We source a minimal volume (1 to 2%) from regions with high risk of deforestation.

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
98

Please explain
As of December 2020, 98% of the meat that we buy was assessed deforestation free. This was achieved by tracing volumes back to low risk locations as our main sources of meat are from North America (the United States) and Europe (France, Germany and Spain). We only source 1% from high risk countries like Brazil and Argentina and 1% from origins that have not been traced back yet. The challenges in tracing this final 1% lie in the complexity of the meat supply chain where slaughterhouses usually have traceability for their direct cattle suppliers but typically not for the indirect suppliers. In order to achieve our 100% deforestation-free target by 2022, we will continue to engage with the remaining suppliers and are also actively involved in the CGF's Forest Positive Coalition Beef Working Group where one stream of work is developing joint asks for suppliers, including on traceability and compliance.

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 mainly focused on soybean, soybean meal and soybean protein products so far. We started mapping soybean oil and lecithin and will start reporting on this from 2022.

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 (%)

80

% of target achieved

100

Please explain

We source soya products from numerous 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. To better understand our supply chain exposure, we have worked with Proforest to develop a global risk-based approach to allow traceability to a level where risks can be managed. To understand the risk at the subnational level, we develop country risk profiles and run spatial risk assessments using publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. 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 in 2020 we achieved 93% traceability for direct soy to crush site. We have started mapping our Soybean oil and Lecithin volumes, but these will remain out of the scope until 2022. Soy embedded in other products is out of scope (covered by footprint equivalent risk mapping/RTRS regional credits).

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 assessed as deforestation-free when they meet one of the following criteria: a. Traceable to origins classified as low risk of conversion of natural ecosystems by relevant literature. b. Traceable to high-risk origins and certified by RTRS, Proterra or other accepted standards.

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

90

Please explain

In 2010, we committed to no-deforestation in soy by end 2020. We have been using a combination of tools, including supply chain mapping, certification and on-the-ground verification, to ensure that the soy we buy is not linked to deforestation. As of December 2020, 90% of the soy we buy was assessed deforestation-free. The remaining 10% is not considered deforestation-free due to the complexity of the supply chain, the level of risk associated with certain traced volumes, or because it is not yet traced back to origin. In order to accelerate our efforts to reach our no deforestation and no conversion commitments on soya by 2022, we developed a new Theory of Change for soya with the support of our partner Proforest. The main strategies for direct and indirect soy sourcing between 2020 and 2025 are to work 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 origins are based on volumes sourced and needs in Nestlé's different focus areas. For natural capital, priority origins are the Brazilian Cerrado and Argentinian Chaco biomes. - Engage priority suppliers to build capacity, improve policies, cascade implementation and demonstrate compliance. We source soy from numerous suppliers, so prioritization is key. Priority suppliers potentially linked to high risk regions are engaged in a continuous improvement program of awareness raising and capacity building, supply chain mapping, gap assessments, development of action plans and progress monitoring. - Cover potentially at-risk sourced volumes with certification credits and financial mechanisms as an interim solution and move to physical certified volumes or increased traceability to low risk origins. Since 2020, we co-lead the Soy Working Group within the CGF Forest Positive Coalition which focuses on collectively engaging key soy traders and suppliers to deliver on commitments across their entire businesses. We will do this by communicating the Coalition's expectations and monitoring performance, and by finding opportunities to collaborate and align for sector-wide transformation. The CGF Roadmap commits to support a shared understanding of high-risk origins by working with key actors and using this information to implement effective responses beyond our own supply chain.

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: We have upgraded our commitment to source 100% of the cocoa that we buy at Nestlé through the Nestlé Cocoa Plan by 2025. Our target previously covered cocoa sourced for confectionery products only.

Linked commitment
Social commitments

Traceability point
Farm

Third-party certification scheme
<Not Applicable>

Start year
2010

Target year
2025

Quantitative metric
<Not Applicable>

Target (number)
<Not Applicable>

Target (%)
46

% of target achieved
100

Please explain
As of end of 2020, 46% of our total cocoa volumes were traceable back to the farm - this is the Nestlé Cocoa Plan tonnage. Of this, 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 are extending verification to Mexico and the remaining tonnage from Ecuador. Verification, like certification, involves audits by external companies against the Nestlé Responsible Sourcing standard. In 2020, we extended our commitment. Our original 2020 commitment was updated in 2019, to source all the cocoa for Nestlé confectionery through the Plan for 2025. We have now extended this to include all the cocoa we buy, not just for confectionery, still 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 risk 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 implement 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 Nestlé Cocoa Plan 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.

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

85

Please explain

As of end of 2020, we GPS polygon-mapped 85% of the farm boundaries of the 110,000 Nestlé Cocoa Plan farmers in Ghana and Côte d'Ivoire. GPS polygons map the entire farm boundary rather than GPS waypoints, which just show the farm's location. This means we can check whether farm boundaries are expanding or encroaching on protected forest areas. We aim to reach our target to map 100% of farm boundaries by end of 2022. All Nestlé Cocoa Plan cocoa is already traceable to farm-level with either a GPS waypoint or polygon. Each coop in our supply chain maintains records of all purchases from each farmer, and our suppliers maintain traceability up to their warehouse, from which point a mass balance system may be used. All of this data is recorded in the certification scheme systems. We are progressing toward achieving our 2022 target

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 and social risks. Approach: As part of the Nescafé Plan, we work together with our direct suppliers and certifiers 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 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 : Our target was to reach 70% of traceability for all the green coffee we source (including Nespresso) to a at least a group of identified farmers by 2020

Linked commitment
Social commitments

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
100

Please explain

As of end of 2020, we achieved 76% traceability for all green coffee that we source, exceeding our 2020 target of 70%. This was driven by significant yearly increases in volumes of Responsibly Sourced coffee, all of which meet the criteria for traceability. We have now committed to reach 100% Responsibly Sourced (traceable) coffee by 2025 at the latest.

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 biggest commodities by volume. Rising demand for coffee globally can drive an increase in land used to grow it. In some cases, this could potentially increase risks like forest clearing and amplifying the effects of climate change. Nestlé is collaborating with coffee farmers to help them increase efficiency, grow more coffee on less land, and help reforest affected regions with their communities. Nestlé's programs to 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. Certified by 4C, Rainforest Alliance/UTZ or Fairtrade b. From validated, independently verified programs (Nespresso AAA, Starbucks' C.A.F.E. Practices, Certifica Minas, Comexim app, Olam AtSource) Our target was to source 70% of all green coffee responsibly by 2020.

Linked commitment
Social commitments

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 (%)
70

% of target achieved
100

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 yearly investment of approx. CHF 80 million. In 2020, 76% of our total coffee supplies was responsibly sourced, exceeding our 2020 target. This was achieved by working closely with our suppliers, our partners on the ground and the network of Nestlé agronomists in coffee origins. As part of our net zero roadmap, Nestlé has committed to sourcing 100% sustainable and deforestation-free coffee by 2025. As part of this work we are encouraging coffee farmers to plant more shade trees to help protect these crops from heat stress and other threats such as excessive rainfall. Shade trees also improve water management and biodiversity, and absorb carbon from the atmosphere to drive down emissions

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, by 2022 we have committed to sensitizing 38,000 farmers that are part of the Nestlé Cocoa Plan in Côte d'Ivoire on forest law enforcement and the importance of protecting forests.

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)
38000

Target (%)
<Not Applicable>

% of target achieved
28

Please explain
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.

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
84.3

Please explain
We've committed to responsibly source the pulp and paper we use. As of end 2020, we achieved 84.3% responsibly sourced pulp and paper using tools including supply chain mapping, certification, on-the-ground verification, supplier engagement and smallholder projects. We didn't reach our target due to COVID restrictions for on the ground visits and having numerous very small suppliers with limited resources to engage in traceability. To reach our target we will continue to implement the tools above. We are also increasing collaboration with other buyers as we do not always have the leverage to drive and scale change. To close the gap, we are focusing on different projects and risks. For example: - Risks related to social conflicts around land use and land rights: The Free, Prior and Informed Consent (FPIC) Initiative we support in Latin America aims to establish a set of private sector practices 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 2020, we supported several activities to strengthen implementation of community and indigenous people's rights throughout the Brazilian pulp and paper sector. This included a 5-year partnership with FSC Brazil and the Cooperative Program for Forest Certification within the Forestry Research Institute of the University of São Paulo. Through the partnership, we will work to promote and improve social management practices, including FPIC. - We will continue to implement smallholder programs to help 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. Furthermore, we added following projects to our responsible sourcing efforts: performing a social assessment in Chile, working on Malaysia forced labor conditions and working in India within the recovered paper supply chain to address social risks in our supply chain (similar to our work in Brazil within the recovered paper supply chain). All this 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
94

Please explain
We've made a commitment to responsibly source meat. As of end of 2020, we achieved 63% 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 footprint of raising cattle. Nestlé and its US supplier OSI Group are partnering to help scale sustainable grazing practices in Montana through a project run by regional nonprofit Western Sustainability Exchange and international carbon project developer NativeEnergy. The program, entitled the Montana Improved Grazing Project, began in late 2019. It will provide ranchers with the necessary educational resources and financial security to convert their practices, with the objectives of

having more productive lands, reduced input costs, increased rancher profitability and the delivery of real and measurable environmental results. The support given through OSI Group and Nestlé's partnership will help Western Sustainability Exchange achieve its goal of expanding the program to 200 000 acres of grasslands surrounding Yellowstone National Park. Under the direction of project implementer NativeEnergy, soil sampling and testing was performed in 2020 to establish the baseline of participating ranches and help build the US soil carbon data set. The data will be taken from soil sample analyses and modeled in the SNAPGRAZE soil model to estimate soil carbon levels across each ranch and adjust and improve the model across the region.

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 Proterra, and any standard benchmarked by FSA Silver level. b. Have been assessed as compliant with Nestlé Responsible Sourcing Standard by Proforest or Control Union. c. From low-risk countries in North America (Canada and USA) and Europe (including Russia). d. From origins where a Responsible Sourcing program is in place (including volumes covered with RTRS regional credits).

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
100

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 2020, 90% of the soya that we buy was responsibly sourced, overachieving our commitment. This was made possible through the development of our new Theory of Change (ToC) for soya developed 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 helped us reach our 2020 target: - Focusing 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. - Engagement of priority suppliers to build capacity, improve policies, cascade implementation and demonstrate compliance. We source soya from numerous 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.

F6.2

(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 paper 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. 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 date, it has been particularly useful in increasing our reach to smaller suppliers to raise awareness on our expectations and traceability information.	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. Since 2018 we have been inputting the GPS coordinates of all the mills in our supply chain into the Starling satellite monitoring database, this allows us to monitor all the mills in our supply chain for deforestation risks across all our locations. 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. We also trialed blockchain technology in 2020. Example: In 2020, we continued our work with OpenSC, a platform founded by WWF-Australia and Boston Consulting Group Digital Ventures. We have completed the initial phase of our project in South America, where we were testing key technologies, such as satellites and internet of things (IoT) devices, to track palm fruits from farm to mill and onward to Nestlé.	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 . Traceability is done by surveying the suppliers bi-annually. This is handled by procurement. Suppliers provide their countries of sourcing as well as the names and locations of slaughterhouses that feed into the Nestle supply chain. 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))	In 2019 we carried out a traceability exercise for meat by-products with our partner Proforest. This work included a more focused assessment of the Nestlé animal protein supply chain in Brazil than our standard traceability exercise. Proforest examined supplier sustainability programs related to deforestation, human rights and animal welfare, shedding light on the potential support Nestlé could provide to further progress these risks. It clarified the differences between large and small suppliers' sustainability capacities and between collectors and direct meat suppliers, and led to the development of a supplier training program in 2020, also led by Proforest and funded by Nestlé, that is kicking off in 2021.
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 (municipalities of growing origin for at risk of deforestation volumes) 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. Example: To better understand our supply chain exposure, we have developed with Proforest in 2020 a risk-based approach to allow traceability to a level where noncompliance risks can be managed. To understand risk at the subnational level, we develop country risk profiles and run spatial risk assessments using publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. 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 2022 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. In addition, in Côte d'Ivoire and Ghana we are in the process of mapping the farm boundaries of all the farmers that are part of the Nestlé Cocoa Plan. As of December 2020, we had achieved 85% of the farm boundaries of the 110,000 Nestlé Cocoa Plan farmers in Ghana and Côte d'Ivoire	Specific product line(s)	In 2020 we have upgraded our commitment and will be sourcing 100% of our cocoa through the Nestlé Cocoa Plan by 2025, meaning all the cocoa we source will be traceable to at least a group of farmers.
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 and certifiers 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 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	Mill	96
Palm oil	Mill	96
Cattle products	Slaughterhouse	96
Soy	Crushing facility	90
Other - Cocoa	Farm	46
Other - Coffee	Farm	76
Palm oil	Plantation	70
Timber products	Not traceable	4
Cattle products	Not traceable	4
Soy	Country	3.4
Soy	Not traceable	3.6
Palm oil	Not traceable	4

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	20
Palm oil	Yes	61
Cattle products	No, we have not adopted any third-party certification schemes for this commodity	<Not Applicable>
Soy	Yes	9
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes	43
Other - Coffee	Yes	64

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity
Soy

Third-party certification scheme
ProTerra certification

Chain-of-custody model used
Identity preservation

% of total production/consumption volume certified
8.85

Form of commodity
Soy bean meal

Volume of production/ consumption certified
43464.04

Metric for volume
Metric tons

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

Forest risk commodity
Soy

Third-party certification scheme
RTRS Credits

Chain-of-custody model used
<Not Applicable>

% of total production/consumption volume certified

Form of commodity
Soy bean meal
Other, please specify (Soy bean used in animal feed)

Volume of production/ consumption certified
162000

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

We use RTRS Regional Credits as a way to cover risk for both direct and indirect soy. Hence we cannot provide a % of our total volumes covered by these credits.

Forest risk commodity

Soy

Third-party certification scheme

Other, please specify (2BSvs)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

0.23

Form of commodity

Soy bean meal

Volume of production/ consumption certified

1127.31

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

In 2020 we continued to work with suppliers to assess availability of certified material

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Segregated

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

21.41

Form of commodity

Refined palm oil

Volume of production/ consumption certified

97

Metric for volume

Other, please specify (kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2020 we continued to work with suppliers to assess availability of certified material

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Identity Preserved

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

3.69

Form of commodity

Refined palm oil

Volume of production/ consumption certified

16.7

Metric for volume

Other, please specify (kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2020 we continued to work with suppliers to assess availability of certified material

Forest risk commodity
Palm oil

Third-party certification scheme
RSPO Mass Balance

Chain-of-custody model used
<Not Applicable>

% of total production/consumption volume certified
0.64

Form of commodity
Refined palm oil

Volume of production/ consumption certified
2.88

Metric for volume
Other, please specify (kilotons)

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

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Forest risk commodity
Palm oil

Third-party certification scheme
RSPO Credits/Book & Claim

Chain-of-custody model used
<Not Applicable>

% of total production/consumption volume certified
35.3

Form of commodity
Refined palm oil

Volume of production/ consumption certified
160

Metric for volume
Other, please specify (kilotons)

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

---

Forest risk commodity
Other - Cocoa

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

Chain-of-custody model used
Mass balance

% of total production/consumption volume certified
42

Form of commodity
Other, please specify (cocoa beans)

Volume of production/ consumption certified
184842

Metric for volume
Metric tons

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

---

Forest risk commodity
Other - Cocoa

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

Chain-of-custody model used
Mass balance

% of total production/consumption volume certified
1

Form of commodity
Other, please specify (cocoa beans)

Volume of production/ consumption certified
5410

Metric for volume
Metric tons

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

---

Forest risk commodity
Other - Coffee

Third-party certification scheme
Other, please specify (4C)

Chain-of-custody model used
Segregation

% of total production/consumption volume certified
74

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

Volume of production/ consumption certified
553

Metric for volume
Other, please specify (kilotons)

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

---

Forest risk commodity
Other - Coffee

Third-party certification scheme
Other, please specify (Nespresso AAA program)

Chain-of-custody model used
Segregation

% of total production/consumption volume certified
7

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

Volume of production/ consumption certified
52

Metric for volume
Other, please specify (kilotons)

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

---

Forest risk commodity
Other - Coffee

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

Chain-of-custody model used
Segregation

% of total production/consumption volume certified
7

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

Volume of production/ consumption certified
51

Metric for volume

Other, please specify (kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2020 we continued to work with suppliers to assess availability of certified material

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Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (Olam AtSource Verified)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

4

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

33

Metric for volume

Other, please specify (kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2020 we continued to work with suppliers to assess availability of certified material

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Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (UTZ)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

2

Form of commodity

Other, please specify (green coffee beans)

Volume of production/ consumption certified

14

Metric for volume

Other, please specify (kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2020 we continued to work with suppliers to assess availability of certified material

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Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (CAFE Practices)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

2

Form of commodity

Other, please specify (green coffee beans)

Volume of production/ consumption certified

13

Metric for volume

Other, please specify (kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2020 we continued to work with suppliers to assess availability of certified material

Forest risk commodity
Other - Coffee

Third-party certification scheme
Other, please specify (EnVeritas verified)

Chain-of-custody model used
Segregation

% of total production/consumption volume certified
2

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

Volume of production/ consumption certified
11

Metric for volume
Other, please specify (kilotons)

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

---

Forest risk commodity
Other - Coffee

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

Chain-of-custody model used
Segregation

% of total production/consumption volume certified
1

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

Volume of production/ consumption certified
7

Metric for volume
Other, please specify (kilotons)

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

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Forest risk commodity
Other - Coffee

Third-party certification scheme
Other, please specify

Chain-of-custody model used
Segregation

% of total production/consumption volume certified
1

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

Volume of production/ consumption certified
9

Metric for volume
Other, please specify (kilotons)

Is this certified by more than one scheme?
No

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material

---

Forest risk commodity
Timber products

Third-party certification scheme
FSC Forest Management certification

Chain-of-custody model used
<Not Applicable>

% of total production/consumption volume certified
7.62

Form of commodity
Unprocessed wood fiber
Pulp
Paper

Volume of production/ consumption certified
87952

Metric for volume
Metric tons

Is this certified by more than one scheme?
Yes

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material. Many converters or paper and pulp mills certify their volume using both FSC and PEFC certification.

Forest risk commodity
Timber products

Third-party certification scheme
FSC Controlled Wood

Chain-of-custody model used
<Not Applicable>

% of total production/consumption volume certified
12.14

Form of commodity
Unprocessed wood fiber
Pulp
Paper

Volume of production/ consumption certified
140146

Metric for volume
Metric tons

Is this certified by more than one scheme?
Yes

Please explain
In 2020 we continued to work with suppliers to assess availability of certified material. Many converters or paper and pulp mills certify their volume using both FSC and PEFC certification.

Forest risk commodity
Timber products

Third-party certification scheme
PEFC (any type)

Chain-of-custody model used
<Not Applicable>

% of total production/consumption volume certified
0.15

Form of commodity
Unprocessed wood fiber
Pulp
Paper

Volume of production/ consumption certified
1721

Metric for volume
Metric tons

Is this certified by more than one scheme?
No

Please explain
This includes both PEFC FM & CS. In 2020 we continued to work with suppliers to assess availability of certified material

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: a. Classified as low risk of deforestation by relevant literature. b. Assessed through on-the-ground assessments (e.g. High Conservation Value/Habitat deforestation by partners (e.g. Earthworm Foundation). c. Certified by FSC or PEFC. d. Recycled or recovered fiber traceable to mill and assessed as low risk.

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, satellite monitoring, on the ground assessments or certification. If a mill or plantation in our supply chain is found to be connected to 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
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. 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 connected to 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. 14 upstream supply chain companies were removed from our palm oil supply chain since 2018. This is publicly disclosed on our website and the list was updated in 2020.

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 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
91-99%

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 connected to 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. Ninety-five percent of vendors do not source from countries at risk for deforestation. Of the 5%, some are in at-risk countries and some are unknown (not traceable).

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 Low risk, where volumes have been traced back to regions classified as at low risk of deforestation using tools like Maplecroft. The traceability exercise is carried out in collaboration with our partner Proforest. Volumes have been assessed through on-the-ground assessments by our partners Proforest, and/or through certification such as RTRS and Proterra. Only segregated volumes are accepted as deforestation-free.

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
81-90%

% 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 connected to 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
41-50%

% 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 addition, in 2020 we partnered with the Ministry of Water and Forests of Côte d'Ivoire to help restore the Cavally Forest reserve, a biodiversity hotspot under threat due to deforestation, and to help enhance the resilience and livelihoods of local communities. It will also support transition pathways for farmers currently producing in the reserve and promote regenerative agriculture for areas around the reserve. Nestlé has kicked off the community consultations with 1,600 people in 66 cocoa villages. It is an important step to foster inclusiveness and ensure success. It will also take an active role in tracking the forest's carbon stock to evaluate the influence of activities toward reducing greenhouse gas emissions.

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 sustainability standards aligned 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
71-80%

% 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. Checks are carried out annually and certification audits are carried out at regular intervals 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. 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, primary data is collected from farmers participating in the Nestlé Cocoa Plan in relation to compliance with the Brazilian legislation. Farmers are assessed by field staff or asked to make a self-assessment prior to joining the Nestlé Cocoa Plan, depending on mobility of the team during the pandemic. Details of the farm is cross checked with government official data bases where all infractions of the environmental law are available. A sample of 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. 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, primary data is collected from suppliers (farmers) in relation to compliance with the Brazilian legislation. It includes farmers who participate in the Nescafé Plan and farmers under other sustainability schemes recognized by Nestlé as Responsible Sourced. Field staff carries out audit visits. 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 it we collect data from suppliers (farmers) in relation to compliance with the Brazilian legislation. Farmers are audited or 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. During year 2020, the Nestlé Cocoa Plan in Brazil was rolled out by one cocoa grinder who has full traceability from farm to first purchasing gate, of all participating farmers. By April 2021 there were 1093 cocoa farms participating in the Nestlé Cocoa Plan. 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-assessments are carried out prior to a farmer entering into 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 in the group; the government official database is checked every week. Exclusion of farms has happened and is documented accordingly, highlighting the risk and acknowledgement by the farmer.

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 1,325 coffee growers and 885 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.

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	Comment
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. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers, who we expect 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 to assess compliance with local regulation. Following this desk-based risk assessment process, suppliers are identified for on-the-ground assessments based on volumes and risk profiles. Our on-the-ground assessments to verify no deforestation / no conversion are based on the HCS/HCV methodology. We also accept certifications like RTRS, FSC/PEFC and RSPO that integrate legal requirements into their standards, against which suppliers are audited for compliance. We are confident that all suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through certification or an on-the-ground assessment.

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. 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. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements. We are confident that all suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through certification or an on-the-ground assessment.

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. 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. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements. We are confident that all suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through certification or an on-the-ground assessment.

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. 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. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements. We are confident that all suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through certification or an on-the-ground assessment.

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. 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 have completed the mapping of the farm boundaries of 85% 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 NCP farmers on forest law enforcement in place in both countries as well as the importance of protecting forests. By carrying out on the ground assessments against our Responsible Sourcing Standard or using certification schemes that integrate legal requirements as well as taking specific actions in Côte d'Ivoire and Ghana as part of the Cocoa & Forests Initiative (a public-private partnership with the two governments), we are confident that these procedures in place are sufficient to ensure legal compliance within your operations and supply chain.

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. 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 cocoa 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. 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 4C, Rainforest Alliance / UTZ, Fairtrade, etc. They check for compliance with legal regulations in addition to compliance with standards aligned with our Standard. By carrying out on the ground assessments against standards aligned with our Responsible Sourcing Standard or using certification schemes that integrate legal requirements, we are confident that these procedures in place are sufficient to ensure legal compliance within your operations and supply chain.

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	653	While smallholders are only a small proportion of our pulp and paper supply chain, in 2020 Nestle supported a project with pulp & paper smallholders through the Earthworm Foundation Rurality initiative. In this context, we engaged with smallholder acacia farmers supplying a chip mill in our 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. This identified challenges including poor-quality seedlings and agricultural practices leading to low productivity, lack of awareness of 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: - trained a total of 453 farmers through group and individual training on best management practices - supported farmers' plant a total of 263,000 high quality seedlings (100ha), up from 44,000 in 2019, a five-fold increase in just one year - Based on research data from the Forest Science Institute of South Vietnam, Rurality expect farmers to increase yield by 10% at the time of harvest, increasing the proportion of the plantation that can be sold as saw logs, increasing gross profit by an estimated 20% - After trial in 2019, successful scale up was achieved in 2020: key part of planting design was to incorporate species that offer additional livelihood benefits for farmers. Following was achieved in 2020; 76 farmers planted 4,642 bamboo seedlings, 63 farmers planted 28,080 Trichanthera gigantea, 60 farmers planted 93,000 vetvier - Initiated an "animal pass-on" model using rabbits with the objective of enabling farmers to earn additional income using forage harvested from the Trichanthera and vetiver. The model was introduced in the last quarter of the year, and subsequently the first 'rabbit pass-on' will not happen until 2021. - In 2020, supported two additional livelihood activities including an eel raising model and a watermelon intercropping model. In 2021 more demonstrations will be organized. - Supported 88 farmers in restoration process of degraded waterways in Ham Tan District. Supported to plant 5,642 trees, 28,080 shrubs and 97,642 bamboo cuttings and vetiver slips. Will be scaled in 2021.
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	14500	Smallholders produce around 40% of oil palm globally. To ensure their inclusion in our supply chains and help build their resilience, in 2020 Nestlé was supporting seven palm oil smallholder projects across regions we source from. They aim to enable sustainable livelihoods for farmers while helping them produce responsibly. Six of these projects are through Earthworm Foundation Rurality initiative, an approach to engaging smallholders on helping them develop their own capacity through strategic use of market links and supply chains. The seventh project is implemented by Proforest in Mexico. We integrated forest conservation in all our smallholder projects. These projects have supported more than 14 500 smallholder farmers since the start of our support. In North Sumatra, Indonesia, the Nestlé and Golden Agri-Resources (GAR) Rurality project started in 2016. Since the beginning of the project, a total of 10,676 farmers have been engaged in multiple activities to improve farm incomes and livelihoods of farmer families. Two corner stones of our project include the provision of technical support on oil palm cultivation, including the application of good agricultural practices, and the development of diversification programs. The technical support on oil palm cultivation to smallholder farmers is provided jointly by the GAR and Rurality technical field teams. In 2020, 384 farmers benefitted from training and coaching activities. The average yield increase resulting from improved practices lies between 20 and 50% (for productive trees of 11 years of age and compared to a 2018 baseline). The project's diversification program reached 603 oil palm farmers. Of these farmers, 285 farmers have started diversifying their source of income with activities like rice farming and ginger intercropping. Data indicates that the average income increase per household from sale of diversified products reached 10% in 2020. We support similar projects in Brazil, Mexico, Peru, Ecuador and Côte d'Ivoire. We are observing that forest loss is increasingly linked to small-scale deforestation and small-scale farming outside of big palm oil concessions. Thus we're engaged in industry collaboration on how to address deforestation that happens outside of concessions in a Production Protection Beyond Concessions working group of the Palm Oil Collaboration Group that we co-lead.
Cattle products	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>	The cattle supply chain is mainly made of big farms, especially in the USA and in Europe where we source around 98% of your volumes. We do not have smallholder cattle farmers in our supply chain.

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Soy	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>	The soy supply chain is mainly made of large soy farms, especially in the USA which is our biggest sourcing country (more than 50% of our sourcing) as well as in Brazil and Argentina. As such, we have not prioritized working directly with smallholders to address deforestation risks. 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 and through collaboration platforms such as the CGF Forest Positive working group, where engagement with soy traders coalition (SCF) is also ongoing.
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	124053	According to estimates, almost 90% of cocoa production worldwide comes from smallholdings under five 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 (including 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 to manage their business better. We are happy that the average time coops have been with us is now six 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 programs 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's empowerment, premiums for responsible sourced coffee. - Farmers training: Nescafé carried out 7,434 training sessions in 2020 on best agricultural practices, resulting in nearly 65,000 farmers trained. - Plant research and breeding: Nestlé Research has been running a breeding program for over a decade, creating and selecting new and improved Arabica and Robusta coffee varieties with higher yield, quality and greater resistance to leaf rust and other pests/diseases.. - Climate change adaptation: An agroforestry program, launched in 2013 in cooperation with Pur Projet and the Rainforest Alliance, is helping Nespresso work to mitigate the impacts of climate change and to 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. - Premium and long-term relationships: both programs pay cash premiums for responsibly sourced coffee. Nespresso's AAA program pays premiums for top quality 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 risks of deforestation in our agricultural supply chains requires working with our 467 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers abide by our Responsible Sourcing Standard. We verify compliance with the Standard by all our direct suppliers through independent audits that follow SMETA Best Practice. If 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 collaborate with them to ensure traceability of our raw materials to origins. We work closely with all our suppliers to create a full picture of their supply chains & sourcing locations. We repeat this exercise every year, at every tier in the supply chain. This info is used to carry out farm assessments against our Standard, which may lead to time-bound action plans to address the gaps. In many cases, risks are identified that require long-term, tailored interventions to tackle their root causes. We engage directly with our suppliers on these. Examples: - Piloting SupplyShift to help us map our supply chain together with our suppliers and collect and analyze data to guide our supplier engagement and purchasing decisions to meet our commitments - Using Starling data on forest cover changes to engage our suppliers across four key landscapes: NW Russia; SE USA; British Columbia, Canada; and Sumatra, Indonesia. The information has informed more targeted discussions with suppliers on forest cover change alerts and supported the development of forest-positive interventions and solutions with them and other stakeholders. We pay premiums for responsibly sourced/ certified pulp & paper. A specific example of a supplier engagement activity in 2020 was engaging our suppliers operating in the Dvina Pinega Reserve, which forms the core of the Dvinsky Intact Forest Landscape (IFL). Using Starling satellite monitoring data was useful to inform our discussions. We are now exploring how to balance the competing needs in the region. Solutions must also prioritize the protection of IFLs and biodiversity while supporting rural communities that depend on these landscapes.

	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	91-99%	Addressing deforestation risks in our agricultural supply chains requires working closely with our 94 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers abide by our Responsible Sourcing Standard. We verify compliance with the Standard by assessing and monitoring all of our direct suppliers. If gaps are found, a time-bound action plan is developed and implemented by the supplier. 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 origins. We work closely with suppliers to create a full picture of their supply chains & sourcing locations. We repeat this exercise every year, at every tier in the supply chain. This info is used to carry out farm assessments against our Standard, which may lead to the development of time-bound action plans to address the gaps. In many cases, risks are identified that require long-term interventions to tackle their root causes. This is where we engage directly with our suppliers and sites in our supply chain and support targeted transformation activities. 2020 examples: - We used Starling to conduct an in-depth analysis of every single point of origin identified in our supply chain. This included monitoring over 8,000 farm boundaries and the area surrounding more than 1,600 mills, to determine whether origins were verifiably deforestation-free or whether further supplier engagement and investigation were needed. In many cases we directly engaged with our direct suppliers on deforestation alerts in our upstream supply chain. - We're co-funding seven smallholder projects with our direct suppliers to help build resilience of smallholders. - We participate in landscape initiatives – e.g. we're working with one of our palm oil supplier in La Encrucijada Biosphere Reserve in Mexico on a conservation initiative in the area. The project will develop farmer resilience, conservation and restoration and land use planning, including preventing the expansion of palm oil in the reserve. We 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 risks, including deforestation, in our agricultural supply chains, requires working closely with our 161 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers 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 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 bi-annually, 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. For example, in 2020, Nestlé and its US supplier OSI Group partnered to help scale sustainable grazing practices in Montana through a project run by regional nonprofit Western Sustainability Exchange and international carbon project developer NativeEnergy. The objective is provide ranchers with the necessary educational resources and financial security to convert to sustainable grazing practices.
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 risks, including deforestation, in our agricultural supply chains, requires working closely with our 124 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers 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 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. In 2020, we engaged suppliers through our participation in The Nature Conservancy Regenerative Ranching & Agriculture (R2A) strategy across Latin America to drive transformational change in food production while actively restoring natural systems. This aims to help producers producers to implement science-based practices, methods and policies that drive regenerative agriculture, forest restoration and the protection of environmental resources and services at scale. 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	91-99%	Addressing the social and environmental risks, including deforestation, in our agricultural supply chains, requires working closely with our 17 direct suppliers who account for more than 95% of our volumes, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers 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 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	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 risks, including deforestation, in our agricultural supply chains, requires working closely with our 59 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure 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 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. Nearly all the work with do on the ground with smallholder farmers is also in collaboration with our direct suppliers.

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 risks, 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 supplier assessments in our upstream supply chain with partner organizations to identify potential 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 assess their practices, understand where they are making progress against assessments. One example of our engagement beyond our first-tier suppliers is our support for the Earthworm Foundation's project 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. In 2020, this project: - Provided coordination, logistics and training support for 28 farmers to plant 264 000 high-quality acacia seedlings on harvested areas of their farms. - Supported 88 farmers to restore riparian areas in acacia plantations with co-funding from One Tree Planted - Provided capacity-building training to 301 smallholder acacia farmers throughout the year on topics such as improving plantation growth and yield, soil health and fertility, reducing carbon emissions, diversifying livelihoods, health and safety and first aid.
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 risks, 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 supplier assessments in our upstream supply chain with partner organizations to identify potential 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 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, risks 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. In 2020 for example, we engaged with suppliers beyond our first-tier by participating in six projects to support smallholders, developed with Earthworm Foundation under its Rurality program in Indonesia, Malaysia, Côte d'Ivoire, Ecuador, Brazil and Peru. As an example, over 10 000 farmers have been involved in a Rurality project in North Sumatra, Indonesia, with Earthworm Foundation. In 2020, 384 farmers were provided technical support on oil palm cultivation through training sessions and small group coaching.
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 social and environmental risks, 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 supplier assessments in our upstream supply chain with partner organizations to identify potential 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 Procurement staff seek opportunities to reach our indirect suppliers, usually together with our direct supplier, 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 with our Responsible Sourcing Standard, 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 risks; we also want to be part of the solution. 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 help change practices and become more sustainable. We have also been engaging the direct and indirect cattle supply chain through the beef working group of the Consumer Goods Forum's Forest Positive Coalition. Nestle is a member of the task force that just submitted the supplier ask for review to the full working group. In 2019 we carried out a more focused assessment of our animal protein supply chain in Brazil than our standard traceability exercise with Proforest. This work led to the development of a supplier training program in 2020, also led by Proforest and funded by Nestlé, that is kicking off in 2021.
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	To address social and environmental risks including deforestation in our agricultural supply chains, we must gain visibility across all tiers of our supply chains. It starts by ensuring traceability. We source soy products from numerous suppliers in many countries, including Argentina, Brazil, Serbia and the USA. Supply chains vary in length and complexity: they can be upstream, when soy is sourced directly from producers, or mid-stream, when producers source soy products and further process them. This is why we work closely with our direct suppliers and partners to conduct supply chain mapping all the way to crush sites. To better understand the risks 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 tier-1) to help them 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 with direct and indirect suppliers, aiming to raise awareness about our Responsible Sourcing Standard and partner to improve practices on the ground. In 2020 we continued to work with The Nature Conservancy (TNC) on its Regenerative Ranching & Agriculture (R2A) strategy across Latin America to drive transformational change in food production while restoring natural systems. It brings together governments, companies and producers to implement science-based practices, methods and policies that drive regenerative agriculture, forest restoration and the protection of environmental resources and services at scale. In 2020, work included developing a systems approach for regenerative ranching and agriculture for the Brazilian Cerrado and fostering multi-stakeholder cooperation for regenerative practices in Argentina's soy and beef sectors. Local Nestlé agricultural experts attended, and contributed to, workshops in Colombia and Brazil. Each workshop convened over 30 relevant stakeholders from different sectors to identify systems-level interventions. They generated ideas on agricultural norms, business models and public policy to facilitate the development of landscapes through sustainable interventions. Based on this, TNC created three-year workplans for the landscapes.
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	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 to manage their business better. The average time coops have been with Nestlé is six 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. 124,053 farmers were part of the Nestlé Cocoa Plan as of December 2020, we distributed 698,167 improved cocoa plantlets and 669,305 shade trees to farmers during the year.

	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 programs aim to address 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, premiums for responsibly sourced coffee. - Farmers training: Nescafé carried out 7,434 training sessions in 2020 on best agricultural practices, resulting in nearly 65,000 farmers trained. - Plant research and breeding: Nestlé Research has been running a breeding program for over a decade, creating and selecting new and improved Arabica and Robusta coffee varieties with higher yield, quality and greater resistance to leaf rust and other pests/diseases - Climate change adaptation: An agroforestry program, launched in 2013 in cooperation with Pur Projet and the Rainforest Alliance, is helping Nespresso work to mitigate the impacts of climate change and to 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. By the end of 2020, Nespresso had funded plantation of 5.2 million trees in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. We have committed funding of planting 825,000 trees in 6 origins (Colombia, Guatemala, Ethiopia, Uganda, Costa Rica, Indonesia) in 2021. - Premium and long-term relationships: both programs pay cash premiums for responsibly sourced coffee. Nespresso's AAA program pays premiums for top-quality coffee

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
Palm Oil Transparency Coalition (POTC)
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 the Tropical Forest Alliance, RSPO, HCSA Working Group, national sustainable palm oil roundtables, the Palm Oil Collaboration Group, the Palm Oil Transparency Coalition, RADD+ consortium. 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 2020, we continued to fund several initiatives to advance this ambition. For example, following the launch of our 2019 landscape-scale HCSA trials with Earthworm Foundation over a 240,000-hectare landscape, we initiated further efforts to apply HCSA at scale. The ambition is to produce a publicly available indicative land cover map covering the four palm-oil-producing states in Mexico. This map would then form the basis for further field work to identify HCSA forest at farm level, accompanied by approved protocols to guide farm and ejido (a communal land structure) level engagement. A proposal for this second trial was submitted to the HCSA Steering Committee in Q4 2020. Together, we envision that these trials will provide solutions to the methodological and cost barriers associated with ensuring zero deforestation in Mexico, where smallholders dominate the palm oil sector. This fits our environmental strategy since we believe that collaborative action on the ground by industry players is needed to achieve scale and long term impact.

Forest risk commodity
Palm oil

Do you participate in activities/initiatives?
Yes

Activities
Involved in jurisdictional approaches

Initiatives
<Not Applicable>

Jurisdictional approaches
Other, please specify (Aceh Tamiang and Southern Aceh (Earthworm Foundation); La Encrucijada Biosphere Reserve in southern Mexico (Earthworm Foundation)))

Please explain
To address key challenges in our palm oil supply chains, and to contribute to our no deforestation and net zero commitments, we are transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. This will be key in Nestlé's no deforestation commitment and deliver significant impact in our net zero roadmap targets. We already invest in several palm oil jurisdictions projects, e.g. Aceh Tamiang, Indonesia. In 2020, Nestlé, with Earthworm Foundation and several other companies, continued to support two landscape initiatives in Indonesia that use multi-stakeholder sustainable land use planning and support for local communities to help end deforestation. In Aceh Tamiang, forest-frontier communities advanced the conservation of the

Leuser Ecosystem, developing demonstration plots and expanding techniques learned through the initiative's capacity-building work. In several villages where oil palm replanting is underway, intercropping was tested and deployed to give farmers an additional source of income while oil palms matured, reducing pressure to encroach on nearby forests. Also, a women's farmer group purchased several cows using sale proceeds from crops produced on demonstration plots. In Southern Aceh, despite COVID, we made significant progress with a producer with recent large-scale deforestation. It contributes to pillar 3 of our Forest Positive strategy.

Forest risk commodity
Soy

Do you participate in activities/initiatives?
Yes

Activities
Involved in jurisdictional approaches

Initiatives
<Not Applicable>

Jurisdictional approaches
Other, please specify (TNC's Regenerative Ranching & Agriculture (R2A) strategy across Latin America)

Please explain
To address the key challenges in our soy supply chains and be able to achieve our no deforestation and net zero commitments, we are transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. This will be key to achieve our no deforestation commitment. It will contribute to delivering a significant impact for our net zero roadmap targets. We are already involved in jurisdictional activities in our soy supply chain: We support TNC's Regenerative Ranching & Agriculture (R2A) strategy across Latin America to drive transformational change in food production while actively restoring natural systems. It will demonstrate how agriculture can flourish when managed together with preserving the delicate ecological balance essential to our planet's future. Nestlé is supporting the strategy financially and providing critical private sector leadership. The R2A approach brings together governments, companies and producers to implement science-based practices, methods and policies that drive regenerative agriculture, forest restoration and the protection of environmental resources and services at scale. The results – soil regeneration, native vegetation restoration, increased carbon storage, biodiversity and habitat conservation, and improved watershed protection – should support more resilient and productive agricultural systems. Recent success includes developing a systems approach for bringing regenerative ranching and agriculture to the Brazilian Cerrado and fostering multi-stakeholder cooperation for regenerative practices in Argentina's soy and beef sectors. Based on promising evidence on carbon sequestration in soils, TNC is also implementing a regional technical working group to define a consistent framework for measuring, designing, and implementing soil carbon projects in regenerative agriculture areas. It contributes to pillar 3 of our Forest Positive strategy.

Forest risk commodity
Soy

Do you participate in activities/initiatives?
Yes

Activities
Involved in multi-partnership or stakeholder initiatives

Initiatives
Tropical Forest Alliance 2020 (TFA)
Roundtable on Sustainable Soy (RTRS)
Sustainable Agricultural Initiative (SAI)

Jurisdictional approaches
<Not Applicable>

Please explain
To address the key challenges in our soy supply chains and to contribute to our no deforestation and net zero commitments, we are transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. The strategy also comprises actions to advocate for the enabling environment needed for longer term, systemic change that should allow forest positive outcomes. Our key advocacy topics are related to: supply chain, transparency, human rights and environmental due diligence regulation, engagement with producer countries, smallholder inclusion and collective action. We aim to leverage our participation in multi-stakeholder platforms such as TFA, to contribute to shape an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground as well as advocate for an enabling environment in importing and producing countries. We have been involved in a TFA-convened working group to shape a multi-stakeholder position calling on the EU to adopt a smart mix of measures to address imported deforestation. This was signed by 50+ organizations including Nestlé (private sector, civil society, etc.) and made publicly available in December 2020. The work of this working group is continuing in 2021. Participating in such multi-stakeholder groups to shape policy is an important part of the work we need to do to support our forest positive strategy as we know that its success depends on an enabling environment. This example is relevant to soy as soy is currently foreseen to be in the scope of the EU legislation.

Forest risk commodity
Timber 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)

Jurisdictional approaches
<Not Applicable>

Please explain
To address the key challenges in our pulp and paper supply chains and to contribute to our no deforestation and net zero commitments, we are transitioning to a Forest

Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. The strategy also comprises actions to advocate for the enabling environment needed for longer term, systemic change that should allow forest positive outcomes. Our key advocacy topics are related to: supply chain, transparency, human rights and environmental due diligence regulation, engagement with producer countries, smallholder inclusion and collective action. We aim to leverage our participation in multi-stakeholder platforms such as TFA, to contribute to shape an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground as well as advocate for an enabling environment in importing and producing countries. We have been involved in a TFA-convened working group to shape a multi-stakeholder position calling on the EU to adopt a smart mix of measures to address imported deforestation. This was signed by +50 organizations incl. Nestlé (private sector, civil society, etc.) and made publicly available in December 2020. The work of this working group is continuing in 2021. Participating in such multi-stakeholder groups to shape policy is an important part of the work we need to do to support our forest positive strategy as we know that its success depends on an enabling environment. This example is relevant to pulp and paper as timber is currently foreseen to be in the scope of the EU legislation.

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 beef supply chains and to contribute to our no deforestation and net zero commitments, we are transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. The strategy also comprises actions to advocate for the enabling environment needed for longer term, systemic change that should allow forest positive outcomes. Our key advocacy topics are related to: supply chain, transparency, human rights and environmental due diligence regulation, engagement with producer countries, smallholder inclusion and collective action. We aim to leverage our participation in multi-stakeholder platforms such as TFA, to contribute to shape an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground as well as advocate for an enabling environment in importing and producing countries. We have been involved in a TFA-convened working group to shape a multi-stakeholder position calling on the EU to adopt a smart mix of measures to address imported deforestation. This was signed by 50+ organizations including Nestlé (private sector, civil society, etc.) and made publicly available in December 2020. The work of this working group is continuing in 2021. Participating in such multi-stakeholder groups to shape policy is an important part of our the work we need to do to support our forest positive strategy as we know that its success depends on an enabling environment. This example is relevant to beef as beef is currently foreseen to be in the scope of the EU legislation.

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 chains and to contribute to our no deforestation and net zero commitments, we are transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. Participating in multi-stakeholder groups to address collectively challenges on the ground is an important part of our the work we need to do to support our forest positive strategy. This is why we signed up to the Cocoa & Forests Initiative, a public-private partnership bringing together the world's leading cocoa and chocolate companies under the coordination of the World Cocoa and the governments of Côte d'Ivoire and Ghana to help stop deforestation and restore degraded forests in these two countries. 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-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. It is part of the pillar 1 of our Forest Positive strategy.

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

To address the key challenges in our cocoa supply chains and to contribute to our no deforestation and net zero commitments, we are transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. The strategy also comprises actions to advocate for the enabling environment needed for longer term, systemic change that should allow forest positive outcomes. Our key advocacy topics are related to: supply chain, transparency, human rights and environmental due diligence regulation, engagement with producer countries, smallholder inclusion and collective action. As an example of our actions in this space, 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. We're also engaging through the European industry association CAOBISCO in the multi-stakeholder cocoa dialogue convened by the EU with the government of Côte d'Ivoire ('EU Cocoa Talks'). Participating in such multi-stakeholder groups to shape policy is an important part of our the work we need to do to support our forest positive strategy as we know that its success depends on an enabling environment. This example is relevant as cocoa is currently foreseen to be in the scope of the EU legislation.

Forest risk commodity

Other - Coffee

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Tropical Forest Alliance 2020 (TFA)
Other, please specify (Global Coffee Platform, Sustainable Coffee Challenge; International Coffee Organization's Public Private Taskforce)

Jurisdictional approaches

<Not Applicable>

Please explain

To address the key challenges in our cocoa supply chains and to contribute to our no deforestation and net zero commitments, we are transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. In particular, the Sustainable Coffee Challenge is a collaborative effort of companies, governments, NGOs, research institutions and others to transition the entire coffee sector to be 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. We are now actively participating in the ICO taskforce and its working groups. This includes a Living and Prosperous Income Working Group that will help accelerate the establishment of Living Income benchmarks for smallholders in coffee producing countries, identify key transferrable learnings from economically successful coffee farming models (for large farms and smallholders) which can be taken to other origins for the benefit of their smallholder farmers, and identify and coordinate actions to drive greater farming efficiency and income diversification for smallholder coffee farmers in vulnerable origins. This work is an enabler for different pillars of our strategy, in particular pillar 3.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in jurisdictional approaches

Initiatives

<Not Applicable>

Jurisdictional approaches

Other, please specify (Divinsky Landscape in Russia (Earthworm Foundation) Riau Landscape in Indonesia (Earthworm Foundation))

Please explain

To address the key challenges in our pulp & paper supply chains and to contribute to our no deforestation and net zero commitments, we are transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. We are already involved in jurisdictional projects like Riau Landscape in Indonesia. We worked with Earthworm Foundation to implement a jurisdictional approach to avoid deforestation and further degradation (e.g. peat) of the area and engage local communities, authorities, and pulp & paper suppliers. In addition to using Starling satellite technology to understand where forest is being cleared, we are working with stakeholders to identify motives for land conversion. In 2020, we invested in Earthworm Foundation's Kumacaya Initiative, an independent verification system that employs local people to monitor activities and record any environmental, community and labor grievances observed by local communities. By combining insights from Kumacaya with data collected by Starling and engaging with relevant companies and stakeholders, we can identify solutions that can help prevent deforestation and biodiversity loss while supporting local livelihoods. In 2020, we also contributed to the provision of alternative livelihoods in two local villages outside our supply chain. Following a year of engagement facilitated by Earthworm Foundation, 30 community members who previously worked as illegal loggers are now cultivating local multi-purpose trees including durian, dog fruit, areca nut and candlenut. Nestlé funding supported the development of village nurseries to prepare these, and other, local seedlings to help restore forests. Earthworm Foundation will continue supporting these communities until the new plantations generate satisfactory yields. In 2021, we aim to expand this work to three more villages in the area and train a local forest patrol group. This is contributing to the pillar 3 of our Forest Positive strategy.

Forest risk commodity

Cattle 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 meat supply chains and to contribute to our no deforestation and net zero commitments, we are transitioning to a Forest Positive strategy that includes: o Deforestation-free supply chains: Achieve and maintain 100% assessed deforestation-free supply chains. o Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. o Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help ensure that land use demands are managed in the best way for both the environment and for human wellbeing. To be successful, we know that we need to work together with the industry to share learnings, develop common frameworks and solutions to industry challenges. The two examples below illustrate how we are doing this with the beef industry. Nestlé is partnering with its supplier Golden State Foods to evaluate the effectiveness and application of the U.S. Beef Industry Sustainability Framework. This project evaluates the metrics developed by the U.S. Roundtable for Sustainable Beef by providing educational materials, training and follow-up surveys. The platform being used is the University of Tennessee Institute of Agriculture Extension's Master Beef Program. Evaluative information will be gathered in each of the three years of the project: translating the metrics into effective educational materials, conducting county-level, multi-session trainings for up to 3000 producers and conducting follow-up surveys with participants and a state-wide forage land use survey. We are also among the first members to join the Beef Working Group of the CGF's Forest Positive Coalition, created in 2020. These actions are in line with Forest Positive strategy and will be key enablers across the three pillars.

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
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. In preserving Malaysia's rich natural heritage, Kinabatangan RiLeaf Project was established in 2011, a reforestation initiative along Sabah's Kinabatangan River. Partnering with Yayasan Sime Darby in 2014 as well as the Sabah Forestry 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 In 2020, we marked a significant milestone with the completion of this project, fulfilling our extended goal of replanting one million trees. This was in succession of our achievement of surpassing the initial target of replanting more than 700,000 trees over 2,500 hectares of degraded forest, equivalent to over 3,500 football fields in 2017. We also engaged with Komuniti Anak Pokok Kinabatangan (KAPOK), a community-based forest seedling producer. This presented them with opportunities such as capacity building and income generation, subsequently uplifting the community. With the completion of the Kinabatangan RiLeaf Project, we continued to accelerate our progress to achieve zero net greenhouse gas emissions by 2050, embarking on our new programme, Project RELeaf

Start year
2011

Target year
2020

Project area to date (Hectares)
3500

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 end of 2020, we achieved on million forest seedlings planted over an estimated 3,500 hectares of land Through the project, we monitored the following KPIs with the following results: • Number of planted forest seedlings: 1 million • Survival rate and growth performance of planted forest seedlings: Average survival rate of 80% achieved against targeted 75%. • Socio-economic impact of upon local community partners: The project has been able to create economic activity and employment opportunities for the local community in the Kinabatangan area by awarding planting contracts and purchasing seedlings to the community members. More than 100 locals have been engaged with the project as planting workers via awarded planting contracts. Additionally, more than 60 locals are actively supplying seedlings to the project. All planted forest seedlings were 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 The return on investments from the projects were 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 (1. Supporting smallholder farmers in transitioning to resilient and regenerative agriculture, and 2. Agroforestry-based carbon insetting program allows for long-term carbon removals contributing to Net Zero goals)

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 nine of its sourcing regions. As part of this program, Nespresso committed to plant five million trees in the AAA coffee farms and landscapes. Around 65% of the coffee in scope is from carbon-verified operations (either Ecocert Reforestation Solidaire or Verified Carbon Standard). Going forward we will also be piloting Value chain Certification in some of the origins, starting with a first case study in 2021.These operations act as verification for Nespresso's carbon mitigation roadmap. By the end of 2020, Nespresso had reached the commitment and had funded plantation of 5.2 million trees in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. For the purpose of this question, we will focus on our Colombian project. Also note that while our initial commitment was to 2020 and was achieved. We expect to plant 825 000 trees in 6 origins (Colombia, Guatemala, Ethiopia, Uganda, Costa Rica, Indonesia) in 2021.

Start year

2014

Target year

2020

Project area to date (Hectares)

3846

Project area in the target year (Hectares)

4477

Country/Area

Colombia

Latitude

2

Longitude

76

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity

Soil

Water

Other, please specify (Social)

Please explain

Monitoring takes place: o (tree survival) 6 months after planting o (tree survival) 1 year after planting o Long Term (visit and advice to farmers on tree/shade management) after 5 years of operation (on all parcels of project, at least once) o Biomass inventories (tree growth calculation) every 5 years, random sampling of parcels (1-2% of the parcels registered in VCS) Outcomes Biodiversity: 1.89 million trees planted with 45+ different species managed. Trees create favorable conditions for biodiversity in terms of nutrition, habitat and protection from predators. They attract beneficial organisms such as birds and insects that participate in pollination and natural pest management and form natural corridors that maintain ecological continuity in the landscape. An impact study to 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 abundance. Sun systems are expected to have an annual pest management cost of about 800,000 COP (220 USD) compared to shade systems with only 250,000 COP (70 USD). Soil: in Cauca and Nariño regions having highly degraded land, integrating trees into the agricultural landscape guards against soil depletion and ensures continued fertility. The decomposition of tree leaves and roots (humus) enriches the soil with organic matter and increases soil biodiversity, whilst the canopy protects the soil against wind and rainfall. Water: The trees planted regulate hydrologic cycles that were disrupted by mass deforestation, led to much drier soils and threatened crop sustainability. The tree's roots loosen the soil and increase soil permeability. This in turn reduces the impacts of floods and increases the soil's water capacity. The tree's deep root system has the capability to recover soil nutrients and water from deeper soil horizons, while preventing nitrates from being runoff and contaminating groundwater reserves. Through limited evapotranspiration, planted trees also contribute to preserve soil moisture. Beyond this, within the coffee parcel, trees provide shade and maintain a cool microclimate. Social: 6,666 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 the equivalent of 200 million trees in key sourcing locations by 2030. This is part of our net zero roadmap that was published in December 2020 through which we 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. As part of our this reforestation agenda, 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 – with the objective of planting at least 3 million trees in the Americas by 2021. Together with OTP, and its associated partner, the World Resources Institute, Nestlé selected specific planting locations in sourcing countries of Nestle commodities (palm, soya, paper, coffee, or coconut) and where precious ecosystems such as forests, wetlands, peatlands or mangroves can be restored. This selection process aids restoration efforts in degraded landscapes while protecting existing high conservation value areas. The selection process for the areas of restoration has finished in 2020 with a focus on Mexico, Brazil and USA. In 2020, in Brazil the following restoration projects have been executed with OTP in collaboration with local partners: • Varios areas in the municipality of Porto Seguro: 88 hectares were planted with an additional 32 hectares to plant in 2021 • Pau Brazil National Park & Buffer zone of the Monte Pascoal National Park: 28 hectares were planted with an additional 102 hectares to plant in 2021 • Pratigi environmental protection areas: 35 hectares were planted in 2020 with an additional 4 hectares to plant in 2021 These projects contributed towards enrichment planting and restoration of riparian zones, supporting agroforestry efforts with indigenous communities, forest restoration efforts in communities, forest restoration with native species. In 2020, in Mexico following restoration projects have been executed with OTP in collaboration with local partners: Veracruz -169 hectares were planted. These projects contributed towards reforestation of area affected by fire in 2019. In the USA, planting will occur during 2021.

Start year
2020

Target year
2021

Project area to date (Hectares)
320

Project area in the target year (Hectares)
458

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 above applies to Brazil and Mexico. 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
F4. Governance

Data points verified
F4.5b - Other - coffee: We have achieved the commitment to have 70% of the total Nescafé coffee supply assessed responsibly sourced by 2020

Verification standard
AA1000AS

Please explain
Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Creating Shared Value and Sustainability Report 2020 ('the 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 (AA1000AS v3) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head office based activities where Nestlé consolidates and reconciles data provided by its markets/countries of operation. The assurance was provided over all data and text included in the Report and included an evaluation of the Report's alignment to GRI Standards and the RE100 criteria. It also included a review of Nestlé's human rights reporting against the 'Tier 1' Assurance Indicators of the UN Guiding Principles Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, and a detailed assurance methodology and scope of work. The full assurance statement with Bureau Veritas' independent opinion can be found at: https://www.nestle.com/csv/performance/downloads

Disclosure module
F6. Implementation

Data points verified
F6.1a - Targets 13 & 14: As of end of 2020, we achieved 76% traceability for all green coffee that we source, exceeding our 2020 target of 70%.

Verification standard
AA1000AS

Please explain
Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Creating Shared Value and Sustainability Report 2020 ('the 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 (AA1000AS v3) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head office based activities where Nestlé consolidates and reconciles data provided by its markets/countries of operation. The assurance was provided over all data and text included in the Report and included an evaluation of the Report's alignment to GRI Standards and the RE100 criteria. It also included a review of Nestlé's human rights reporting against the 'Tier 1' Assurance Indicators of the UN Guiding Principles Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, and a detailed assurance methodology and scope of work. The full assurance statement with Bureau Veritas' independent opinion can be found at: https://www.nestle.com/csv/performance/downloads

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
Timber products

Coverage
Supply chain

Primary barrier/challenge type
Supply chain complexity

Comment
Supply chain complexity is a key challenge in eliminating deforestation and forest degradation in the pulp & paper sector. It leads to challenges in tracing the raw material all the way to origin as sources of virgin fibre are diverse and may shipped from all around the world, from tropical forests like Indonesia to temperate ones like those in Russia or Canada, before arriving to the mill supplying the converter, which is our direct supplier. This diversity also means that the challenges that we are facing in our supply chain are different and required different approaches. Sometimes, it can be easy to identify deforestation risks. For example, converting rainforests to tree plantations clearly violates our specific requirement to protect high conservation value (HCV) forests and peatlands. However, other forests from which we source carry inherently low risks of deforestation or significant degradation. These include long-established plantations and other areas where there is a high level of governance from national, environmental and social organizations. Between these extremes, there is a wide and varied range of potential forest degradation. We are working with our suppliers to understand and explore these situations and define actions plans to avoid forest degradation from happening. These challenges affect all the pulp and paper products that we use, including for food packaging, wrapping and transportation, as well as in our office stationery and marketing materials.

Forest risk commodity
Palm oil

Coverage
Supply chain

Primary barrier/challenge type
Land tenure and insecure property rights issues in sourcing regions

Comment
Indigenous Peoples and Local Communities play a crucial role in protecting standing forests. However, the relationship between deforestation and human rights risks is sometimes not well-understood across the consumer goods industry and beyond with environmental and social sustainability challenges are often viewed as part of separate fields. This is especially relevant in the palm oil sector as conflicts related to land have frequently been linked to oil palm plantations. While identifying customary

lands is crucial to address deforestation challenges, the lack of information is slowing progress. In 2020, we piloted a Forest Footprint exercise in Aceh, Indonesia, which mapped forest areas, peatlands and community lands located within or in proximity to mills in our supply chain with the objective of better informing our strategy. One of the learnings from this exercise was that some data is not collected or consolidated, making this exercise more difficult. This includes maps of customary lands, information on usage rights, land rights risks and community-company conflicts.

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 specialize 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 challenge remains on how to monitor the upstream supply chain beyond our Tier 2 suppliers. Our volume of meat coming from Brazil is relatively low and so is our leverage to transform practices. This is why we have joined the Consumer Goods Forum Forest Positive Coalition's Meat Working Group to help join forces with other buyers.

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Lack of adequate traceability systems

Comment

We source soya products from numerous suppliers in many different countries, including Argentina, Brazil, Serbia and the USA. 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 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 asks, 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, including the Consumer Goods Forum's Forest Positive Coalition.

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Limited public awareness and/or market demand

Comment

An additional challenge that we see, especially for embedded soy, is the still limited market demand for ensuring only certified or deforestation-free verified soy as public opinion doesn't make yet a direct link between animal-based products, the feed they're given and the potential impacts on forests and other natural ecosystems. It is an invisible ingredient embedded in a variety of final food products ready to consume.

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 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 partnership 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 - 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 may use 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 could potentially increase pressure on forests 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.

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
Other, please specify (Implementation of a smart mix of measures by regulators)

Comment
Based on our more than 10 years' experience in addressing deforestation in our supply chains, we know that there is no 'silver bullet' solution and that no single policy instrument can address all deforestation drivers. Rather, a "smart mix" of measures is necessary to address deforestation, by incentivizing and rewarding the right behaviors by commodity buyers and producers, leveling the playing field and increasing collaboration on the ground. We believe this smart mix of measures include the following: • Legislation to introduce an obligation of due diligence on companies involved in commodity supply chains, and to put in place other demand-side measures to support markets for sustainably produced commodities. • Encouragement for robust, consistent and practical systems and approaches to enable companies to assess, verify and report on risk and risk mitigation within their supply chains. • Partnerships between the importing and producer countries to put in place the enabling conditions necessary to protect forests and improve the standards of production of agricultural commodities. • Dialogue with other consumer countries, to ensure that stricter standards in some importing markets do not simply divert unsustainably produced products away to other markets. • Measures to steer flows of finance and investment away from unsustainable and towards sustainable activities and supply chains. This is why Nestlé is active in shaping the policy debates around measures to combat deforestation. As such, we have been: - Actively participating in a multi-stakeholder working group led by the Tropical Forest Alliance that published in December 2020 a "Collective Position Paper on EU Action to Protect and Restore the World's Forests". - Co-leading the Consumer Goods Forum's Forest Positive Coalition Communications and Engagement Working Group.

Forest risk commodity
Palm oil

Coverage
Supply chain

Main measure
Other, please specify (Implementation of a smart mix of measures by regulators)

Comment
Based on our more than 10 years' experience in addressing deforestation in our supply chains, we know that there is no 'silver bullet' solution and that no single policy instrument can address all deforestation drivers. Rather, a "smart mix" of measures is necessary to address deforestation, by incentivizing and rewarding the right behaviors by commodity buyers and producers, leveling the playing field and increasing collaboration on the ground. We believe this smart mix of measures include the following: • Legislation to introduce an obligation of due diligence on companies involved in commodity supply chains, and to put in place other demand-side measures to support markets for sustainably produced commodities. • Encouragement for robust, consistent and practical systems and approaches to enable companies to assess, verify and report on risk and risk mitigation within their supply chains. • Partnerships between the importing and producer countries to put in place the enabling conditions necessary to protect forests and improve the standards of production of agricultural commodities. • Dialogue with other consumer countries, to ensure that stricter standards in some importing markets do not simply divert unsustainably produced products away to other markets. • Measures to steer flows of finance and investment away from unsustainable and towards sustainable activities and supply chains. This is why Nestlé is active in shaping the policy debates around measures to combat deforestation. As such, we have been: - Actively participating in a multi-stakeholder working group led by the Tropical Forest Alliance that published in December 2020 a "Collective Position Paper on EU Action to Protect and Restore the World's Forests". - Co-leading the Consumer Goods Forum's Forest Positive Coalition Communications and Engagement Working Group.

Forest risk commodity
Cattle products

Coverage
Supply chain

Main measure
Other, please specify (Implementation of a smart mix of measures by regulators)

Comment
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Forest risk commodity
Soy

Coverage
Supply chain

Main measure
Other, please specify (Implementation of a smart mix of measures by regulators)

Comment
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Forest risk commodity
Other - Cocoa

Coverage
Supply chain

Main measure
Other, please specify (Implementation of a smart mix of measure by regulators)

Comment
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Forest risk commodity
Other - Coffee

Coverage
Supply chain

Main measure
Other, please specify (Implementation of a smart mix of measures by regulators)

Comment
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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.

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	Executive Vice President Global Head of Operations	Other C-Suite Officer

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