



Bureau Veritas' Independent Assurance Statement

To: The Stakeholders of Nestlé S.A.

Introduction and objectives of the engagement

Bureau Veritas UK Limited ('Bureau Veritas') has been engaged by Nestlé S.A. ('Nestlé') to provide independent Moderate level assurance over the Creating Shared Value and Sustainability Report 2022 (the 'CSV Report'). The objective of our engagement is to provide assurance to Nestlé's stakeholders over the accuracy, reliability and objectivity of the reported information and that it covers the issues material to the business and its stakeholders.

Scope of work

The scope of our work was limited to assurance over performance data and qualitative information, included in the CSV Report for the reporting period January 1, 2022, to December 31, 2022 (the 'Selected Information'). Subject to the limitations and exclusions listed in the section below, our review included:

- Statements, information and selected ESG performance indicators contained within the CSV Report; and
- Nestlé's management approach to its material issues;

Reporting Criteria

The Selected Information has been prepared in accordance with relevant best practice reporting frameworks such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), as well as internal definitions set by Nestlé for tracking and monitoring the progress against its ESG (Environment, Social, Governance) performance indicators.

Nutritional Value Transparency Key Performance Indicators on page 39 have been prepared in accordance with reporting criteria available [here](#), aligning with recognised and externally referenceable nutrition profiling systems.

Limitations and exclusions

Our work was subject to the following exclusions:

- Any information and data, including underlying data and directly related text, regarding the following as these are understood to be outside our scope of work:
 - Energy use, including total energy consumed, percentage renewable electricity sourced at year end; percentage annual renewable electricity sourced (RE100), percentage of energy consumed that is renewable energy, and percentage of energy consumed that was supplied from grid electricity;
 - Percentage deforestation free for primary supply chain, including for the five commodities Palm Oil, Pulp and Paper, Soya, Meat and Sugar;
 - Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste
 - Scope 1, Scope 2, and Scope 3 Greenhouse Gas (GHG) emissions, including reductions achieved and removals secured in CO₂e, million trees secured for planting, and million tonnes CO₂e secured through tree-planting projects initiated; and percentage of global fleet vehicles switched to lower emission options;



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- Percentage of key ingredients sourced through regenerative agriculture methods;
- Percentage key ingredients produced sustainably; percentage of cage free eggs; percentage certified sustainable palm oil; percentage of cocoa sourced through the Nestlé Cocoa Plan; percentage coffee produced sustainably; percentage Nespresso coffee AAA sourced; and percentage Nescafé coffee sustainably sourced;
- Total weight of packaging; Total weight of plastic packaging; percentage plastic packaging designed for recycling; percentage of global plastic use by weight and type as a percentage of total; percentage recycled plastic in plastic packaging; percentage packaging made from recycled and/or renewable materials; percentage packaging that is recyclable or reusable; virgin plastic reduction percentage; packaging pieces placed on the market;
- Water use, including water use reduction in factories, total water withdrawn and broken down by source, total water consumed, direct water withdrawals per tonne of product, water withdrawals at factories by product category; and percentage of water withdrawn, and percentage of water consumed in regions with High or extremely High Baseline Water Stress;
- Percentage of women in the top 200+ senior executive positions
- Number of servings sold of affordable nutrition (also known as popularly positioned products/PPP) with micronutrient fortification; and
- Youth and agripreneurship, including millions of young people around the world to access economic opportunities, apprenticeship and traineeship opportunities, job opportunities for people under 30, number of young people impacted through digital events, young farmers trained through the agripreneurship program, Nestlé employees hired under 30 years old by contract type, and young entrepreneurs who have received some basic, but tangible benefit from Nestlé;
- The following statements included in the CSV Report:
 - “ESG objectives (15% of the target) are annually set by the Compensation Committee and reflect selected performance measures from the Nestlé ESG/Sustainability agenda.” (p.6);
 - “Nestlé was recognized as a Giga-Guru partner – a supplier with a SMART goal and publicly reported emissions reductions – under Walmart’s Project Gigaton.” (p. 8);
 - “Yet, in the Netherlands, around 90% of hedgerows have been lost since 1900. Nestlé Professional teamed up with the Hoogheggen Foundation to help restore biodiversity in the country. For every Nescafé machine sold for professional use, 2.5 meters of hedgerow were planted.” (p. 24);
 - “We accelerated production and in May 2022 flew 500 000 bottle equivalents of Nestlé Health Science’s Alfamino Infant and Alfamino Junior and a million bottle equivalents of Gerber Good Start Extensive HA – all for babies with cow’s milk protein allergies. This was followed by many more shipments of specialized and non specialized Nestlé infant formula, including NAN Supreme pro and Gerber Gentle.” (p. 40); and
- Text in the CSV Report relating to: the Brand Contribution Framework (p. 5), the development of environment footprint labelling schemes in Europe and related actions by Nestlé in France, Belgium, and the UK (p. 13); the Long-term Forest conservation and restoration in our supply chains (p.17); data on the Colmeia project (p. 24), and Bowers Farm in specific (p. 32);
- Financial data, including financial data that feeds into the calculation of Selected Information as these are audited by an external financial auditor and are relied on as accurate for the purposes of our scope of work. This includes but is not limited to any statements relating to production, sales, revenue, salaries, payments, and financial investments;
- Information related to activities outside the defined reporting period or scope;



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- Company position statements (including any expression of opinion, belief, aspiration, expectation, aim or future intent) and any Nestlé or third-party anecdotes or testimonials;
- Content of external websites or documents linked from the CSV Report and <https://www.nestle.com/csv> pages, and country or business unit specific Reports of other Nestlé entities or joint ventures;
- Appropriateness of any new targets, commitments, and objectives established and communicated by Nestlé; and
- Appropriateness of definitions and any internal reporting criteria adopted by Nestlé for its disclosures.

The following limitations should be noted:

Our work was limited to Nestlé's Head Office activities where Nestlé consolidates and reconciles data provided by its markets, countries of operation, suppliers and other third parties. The reliability of the reported data is dependent on the accuracy of data collection and monitoring arrangements at market and site level, not addressed as part of this assurance.

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

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

Responsibilities

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

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

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

Assessment Standard

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (AA1000AS v3), Type 2 at a Moderate level of assurance¹.

Summary of work performed

As part of our independent assurance, our work included:

- Conducting interviews with over 65 personnel responsible for content included in the CSV Report at Nestlé's Head Office in Vevey, Switzerland and remotely via virtual meetings;
- Reviewing documentary evidence provided by Nestlé;
- Agreeing a selection of the Selected Information to the corresponding source documentation;

¹ Type 2 moderate level Assurance: an engagement in which the assurance provider gives findings and conclusions on the principles of Inclusivity, Materiality and Responsiveness and verifies the reliability of specified sustainability performance information (v3 Standard). For further information see <https://www.accountability.org/standards/aa1000-assurance-standard>



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- Evaluating the design of internal systems, processes and controls to collect and report the Selected Information including assessing the appropriateness of assumptions made, estimation techniques used and reporting boundaries;
- Reviewing Nestlé's systems for quantitative data aggregation and analysis;
- Reperforming a selection of aggregation calculations of the Selected Information;
- Confirming where relevant the accuracy of information with third parties and/or partner agencies;
- Assessing the disclosure and presentation of the Selected Information to ensure consistency with assured information.

A 5% materiality threshold was applied to quantitative ESG performance indicators (a subset of the Selected Information) included within the scope of this assurance.

It should be noted that the procedures performed for a Moderate level assurance engagement vary in nature and timing from, and are less in extent than for, a High level assurance engagement. Consequently, the level of assurance obtained for a Moderate level assurance engagement, is substantially lower than the assurance that would have been obtained had a High level assurance engagement been performed.

Conclusion

Based on the scope of work and subject to the limitations and exclusions described above, nothing has come to our attention to indicate that:

- The Selected information is not fairly stated in all material aspects;
- Nestlé does not adhere in its reporting to the principles of inclusivity, materiality, responsiveness and impact as per the AA1000 Accountability Principles (2018);

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

However, the following should be noted:

The reported percentage of sales covered by the nutrient profiling assessment of Nestlé's food and beverage product portfolio accounts for all of Cereal Partners Worldwide in a manner not proportional to Nestlé's share in this joint venture included in its total sales. It is not considered to result in a material misstatement for the overall portfolio assessment.

Observations of good practice and positive developments

We have observed progress and identified good practices in the following areas during 2022:

- Nestlé has integrated its biennial materiality process into its updated and reinforced ESG governance structure. Together with its annual enterprise risk management process, the outcomes of these exercises are feeding into and being addressed at the top, through both the ESG Committee and ESG Strategy and Deployment Unit functions, reporting directly to the Executive Board on a periodic basis;
- Nestlé is utilising for the second year in a row and has further improved its centralised platform to report its ESG performance indicators on an annual basis, acting as the single source of truth for the same. This tracks the provenance of each indicator and incorporates a documented internal approval step for added control and consistency. This puts into practice recommendations made in prior years by Bureau Veritas.
- Nestlé has strengthened its data collection and provided more visibility on the internal reporting process and oversight in place for a number of its strategic ESG performance indicators, including, for example, in relation to data privacy breaches and marketing and labelling violations.



- Nestlé have in place a system of quarterly monitoring for selected ESG performance indicators which are understood to factor into the performance bonus for the Executive Board.
- Nestlé have for the first time reported on an assessment of its global food and beverage portfolio against an externally recognised and referenceable nutrient profiling system.

Observations and recommendations for 2022

We have identified opportunities for continual improvement in the following areas during 2022:

- Whilst Nestlé have published reporting criteria in relation to some of its ESG performance indicators for transparency, the definitions, data, scope, and methodologies to measure and report on all of the ESG performance indicators should be clearly set out and published by Nestlé. In particular, where cut off dates are applied to dynamic datasets to provide a snapshot status at the time of reporting, as is the case with CARE audit and SpeakUp related data, for example, this should also be established in externally accessible reporting criteria.
- As Nestlé's list of ESG performance indicators is expected to evolve, based on the changing sustainability landscape, Nestlé should consider the following:
 - Continue its efforts in relation to the Taskforce on Nature Related Financial Disclosures (TNFD) and work towards better demonstrating the cumulative scale of its efforts on biodiversity and ecological impacts;
 - Monitor and report on employee acquisition and retention, as well as the effectiveness of its People Strategy 2025. In this particular respect, given the increase in importance of talent acquisition and retention as a material topic in 2022;
 - Explore the potential to build in broader diversity and inclusion dimensions into its global reporting of related ESG performance indicators in order to demonstrate progress over time with respect to outcomes of the market-level self-assessments on diversity and inclusion implementation, together with any growth in voluntary self-identification.
- Nestlé has the opportunity to strengthen its communication and better showcase its efforts and progress on certain topics within the CSV Report. This is the case, for example, in relation to its Global Reforestation Programme and setting out the distinction between, as well as the achievements in relation to, trees secured and planted across the various projects and countries each year.
- Nestlé should look to continue its efforts to streamline and automate data collection and calculations across all its ESG performance indicators. This includes, for example, collecting data on the number of non-conformances and corrective actions directly from certification bodies undertaking GFSI audits.

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

Inclusivity²

Nestlé continues to engage with its global stakeholder network on a regular basis through various channels adopted by its Markets and at Head office level. As part of its 2022 materiality assessment, 55 internal and external stakeholders, spanning suppliers, customers, NGOs, investors, board members, were engaged with to establish the most pressing issues for the organisation to address. The CSV Report provides an overview of the full spectrum of Nestlé's stakeholders, and the nature of engagement with each group during 2022. In some instances, these include examples of communications and campaigns addressed to select stakeholder groups, such as consumers, rather than a two-way dialogue for capturing priorities. It would be beneficial to understand the nature of inputs on ESG and CSV related topics being raised, as important by different stakeholder groups.

² **Inclusivity** is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.



Materiality³

Nestlé conducted its biennial materiality assessment in 2022. This confirmed the continued importance of many previously identified issues, with some of them, such as biodiversity (ecological impacts), having gone up in the prioritisation rankings. Bureau Veritas believes that this updated materiality process is appropriate and relevant to the business in 2022, and that it is fairly represented and reflected in the CSV Report. A cross reference linking the material issues, to the relevant sections of the CSV Report, helps to identify where these have been woven into the narrative and bridges the differences in terminology. Certain material topics, such as customer satisfaction, changing consumption patterns, and cybersecurity and information security (beyond data privacy management), could be discussed more explicitly and comprehensively.

Responsiveness⁴

Nestlé remains responsive to stakeholder concerns through its annual publication of the CSV Report and the evolution of its list of annually reported ESG performance indicators. Of note, Nestlé have responded to calls for further transparency on the nutritional value of its products, by reporting on, an assessment of its entire food and beverage portfolio, against an external, recognised nutrition profiling system. These efforts are also being mirrored at country or regional level, for selected markets, using locally relevant benchmarks. Moreover, recommendations coming from Key Opinion Leaders (KOLs), continue to inform brand strategies on sustainability considerations in 2022, and beyond, for example, prior to the launches of the Nescafé Plan 2030 and Nescafé Dolce Gusto Neo. As abovementioned, due to the increase in importance of talent acquisition and retention as a material topic in 2022, Nestlé may consider reporting on employee acquisition and retention rates, as well as the effectiveness of its People Strategy 2025, in relation to this topic more comprehensively.

Impact⁵

Nestlé continues to report on and has expanded its list of ESG performance indicators that it will report on annually moving forward to showcase accountability externally and manage its impacts. Bureau Veritas believes the CSV Report is a fair representation of Nestlé performance and impacts in 2022. For example, Nestlé reports for the first time on the Percentage of key ingredients sourced through regenerative agriculture methods, pulling under one umbrella the outcomes of its various interventions and programmes in this area. This year also sees an elevated emphasis on Nestlé's biodiversity and ecological impacts in response to the outcomes of the materiality assessment. Whilst the interconnectedness of impacts is evident in the discussion around the Nescafé Plan 2030 within the Uplifting lives and Livelihoods section, Nestlé might also seek to contextualise the broader significance of meeting its various commitments by measuring and quantifying the indirect impacts.

Statement of Independence, Impartiality and Competence

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

Bureau Veritas operates a certified¹ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, quality reviews and applicable legal and regulatory requirements.

³ **Materiality** is determining the relevance and significance of an issue to an organisation and its stakeholders.

⁴ **Responsiveness** is the extent of an organisation's response to stakeholder issues and is realised through decisions, actions, and communication with stakeholders.

⁵ **Impact** relates to the organisations approach to monitor, measure and be accountable for how their actions affect their broader ecosystems.



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Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies Compliance Code 3rd ed., across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour, and high ethical standards in their day-to-day business activities.



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