Investing in resilience for sustainable growth

A message from our Chairman and CEO.

In a year of continued turbulence, our focus on addressing societal challenges and generating value for all our stakeholders only increased. Consumers and customers, as well as those throughout our supply chain, depend on us and our products. To ensure that we can continue to deliver in the long term, we are helping make the production of food more regenerative and are supporting farmers and their communities.

Regenerative agriculture is at the heart of our Net Zero Roadmap and we remain focused on progressing toward our 2025 and 2030 greenhouse gas emissions targets. We are encouraged by the collaborative work with farmers and suppliers to reduce our supply chain emissions, particularly from dairy. Helping growers and their families as they transition to regenerative agricultural practices is vital in this task.

Our work in coffee through the Nescafé Plan 2030 and the Nespresso AAA Sustainable Quality™ Program continues to meet the demands of consumers for more sustainable products. These initiatives are also benefitting communities, through increased productivity, as well as helping to improve livelihoods for growers.

In cocoa, the income accelerator program will now be expanded from Côte d’Ivoire to Ghana, allowing us to help close the living income gap for a total of 30,000 cocoa-farming families. We aim to reach an estimated 160,000 cocoa-farming families in our global cocoa supply chain by 2030 to create impact at scale.

2023 has been a significant year for nutrition at Nestlé. We announced our intention to boost the sales of our more nutritious products by CHF 20 to 25 billion by 2030, and have stepped up our work to help guide people towards a balanced diet. This includes strengthening our responsible marketing practices, making the nutritional value of our portfolio more transparent and providing more information about balanced diets via digital tools.

People are at the heart of our business. Our employees’ health and well-being remain fundamental to our success, and by the end of 2023, we had embedded the Nestlé Roadmap for Employee Health across all of our markets. We also launched our Salient Issue Action Plans, which will support human rights, both within Nestlé and across our value chain for the years to come.

As a global food and beverage company, we are committed to safety and quality. Last year, we further enhanced the safety controls in our factories, and are deploying new digital technologies that help us to anticipate and prevent issues before they arise.

We do business in a way that creates value for all of our stakeholders. Our goal is to remain the Good food, Good life company that people can depend on.

Paul Bulcke
Chairman

U. Mark Schneider
Chief Executive Officer
Our business model and progress against commitments

Nestlé’s business model is to deliver exceptional products to our customers while delivering sustainability and value. Our diverse portfolio encompasses well-known brands and innovative offerings, allowing us to meet the ever-changing demands of consumers.

As a global company, we are unwavering in our dedication to growing our business, while focusing on environmental and social responsibility. Nestlé’s resilient and flexible business model empowers us to navigate market challenges, seize opportunities and achieve sustainable growth. Please refer to the ‘Our business’ section of this year’s Nestlé Annual Review for more detail on this topic.

Categories and markets
We make and sell products in: Powdered and Liquid Beverages, PetCare, Nutrition and Health Science, Prepared dishes and cooking aids, Milk products and ice cream, Confectionery Science, Prepared dishes and cooking aids, Liquid Beverages, PetCare, Nutrition and Health Science.

Our business operates in five zones: North America (NA), Europe (EUR), Asia, Oceania and China (GC). We make and sell products in: Powdered and Liquid Beverages, PetCare, Nutrition and Health Science, Prepared dishes and cooking aids, Milk products and ice cream, Confectionery Science, Prepared dishes and cooking aids, Liquid Beverages, PetCare, Nutrition and Health Science.

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1. Covers emissions related to our net zero commitment. Net reductions (%) of GHG emissions vs. 2018 baseline. Includes removals from inside our value chains and sourcing landscapes. Previously absolute amount of reductions and removals in Business As Usual was used as the indicator. Therefore data are not comparable between years.
2. Cocoa and coffee only included in 2023.
3. In 2023, the following ingredients are included in the numerator: dairy (fresh milk and dairy derivatives), coffee (excluding blended green coffee and blue bottle), cocoa, confectionery and grains, soy and vegetable. The denominator includes all raw materials in scope: coffee, cocoa, dairy, sugar, confectionery and grains, meat, poultry and eggs, palm oil, soy, vegetables, fish and seafood.
4. Key ingredients’ refers to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume: cereals and grains; cocoa; coconut; coffee; dairy; fish and seafood; hazelnuts; meat; poultry and eggs; palm oil; sugar; spices; soy; and vegetables.
5. India excluded from sugar assessed as deforestation-free (%)
6. Change in definition means only 2022 year-on-year data are comparable with 2023 performance.
7. Number corrected to adjust for some products that were reclassified.
8. KPI methodology was updated in 2023 to account for YUDeh Entrepreneurship Platform data.
9. The definition of this KPI changed in the current year from ‘women in the top 200+ senior executive positions (%)’

Informed by the materiality assessment conducted for our business model (see page 3), the table above summarizes the strategies for the identified material topics and the leading key performance indicators that show the effectiveness of the measures behind these strategies. The full set of sustainability key performance indicators is listed on pages 79–89.
Sound governance is essential to create shared value, meet our environmental and social commitments and fulfill our due diligence and reporting obligations.

Nestlé’s ESG & Sustainability Strategy is key to our decision-making. To ensure we meet our aim of long-term, sustainable value creation, the strategy is developed and delivered by our Executive Board and is approved and regularly reviewed by the Board of Directors and its Sustainability Committee. The Sustainability Committee Charter can be viewed here.

The Board of Directors approved the 2023 Nestlé Creating Shared Value and Sustainability Report to be issued on February 22, 2024, subject to approval at the Annual General Meeting on April 18, 2024.

Executive Board remuneration is linked to ESG indicators. In 2021, we introduced ESG-related key performance indicators (KPIs) to the Short-Term Incentive Plan for 15% of its grant value. In 2023, they relate to affordable nutrition with micronutrients, the reduction of greenhouse gas (GHG) emissions, plastic packaging designed for recycling, the reduction of water use in factories, and management positions held by women. Also in 2023, an ESG-related KPI was added as a fourth performance metric in the Long-Term Incentive Plan for 20% of its grant value. It relates to the reduction of GHG emissions. Full details of Board-level remuneration and bonuses are available in our Compensation Report.

During 2023, the Council met 12 times. There was a particular focus on how the Nestlé brands were delivering on the ESG & Sustainability Strategy and valorizing it through brand communication. The Council also oversaw the implementation of the new reporting obligations, including Swiss Non-Financial Reporting Obligations (articles 964a to 964c and articles 964j to 964i of the Swiss Code of Obligations) which require specific disclosures on ESG risks, policies, mitigation measures and outcomes, summarized in the appendix of this report.

We monitor our ESG & Sustainability Strategy performance KPIs using an internal dashboard. For the full list of KPIs, see pages 79 to 89 in the appendix of this report.

Our governance and implementation structure

BOARD OF DIRECTORS
The Board is responsible for the Company’s strategy and organization and provides oversight over its financial and non-financial performance and reporting. The Board approves the Company’s ESG & Sustainability Strategy and approves its CSV and Sustainability Report for submission to the Annual General Meeting.

BOARD COMMITTEES
Sustainability Committee (SC)
The SC has oversight over the structure and content of the Company’s ESG & Sustainability reporting and validates that the overall approach is in line with the Company’s strategy.

Audit Committee (AC)
The AC has oversight over the accuracy of the Company’s financial and ESG & Sustainability reporting.

EXECUTIVE BOARD
The Company’s Executive Board is responsible for the execution of the Company’s ESG & Sustainability Strategy, which includes ensuring compliance with mandatory reporting obligations.

ESG & SUSTAINABILITY COUNCIL
The ESG & Sustainability Council provides strategic leadership and execution support, and drives the implementation of Nestlé’s ESG & Sustainability Strategy, including our 2050 Net Zero Roadmap, ensuring focus and alignment.

Scope:
- 2050 net zero
- Sustainable Packaging
- Water
- Responsible Sourcing
- Upstream Human Rights
- Communications
- Advocacy
- Systems and Reporting

CREATING SHARED VALUE (CSV) COUNCIL
The CSV Council is an external advisory body that advises senior management on a range of sustainability issues.

Key:
- Approves
- Reports
- Advises

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Our material topics

Nestlé employs a comprehensive and systematic approach to identify its most material topics in ESG & Sustainability.

Materiality’s value
We regularly conduct a materiality assessment to identify where Nestlé’s business model has the greatest impact on society and the environment, and which impacts are most important to our business success. The assessment helps to prioritize actions that maximize value creation for shareholders and cultivate positive societal and environmental impacts. Although our priorities may not change greatly from year to year, we evaluate each topic to inform strategic decision-making.

Our approach
Overseen by the ESG & Sustainability Council, we update our materiality assessment every two years. The last assessment was conducted in 2022. Our due diligence approach included working with an independent third party to conduct desk research and interviews with 55 internal and external stakeholders. The results, published in last year’s Nestlé Creating Shared Value and Sustainability Report, informed how we managed the business in 2023.

In 2023, we updated our materiality matrix to focus on ESG topics only, in line with the contents of this report. We summarize the related risks and opportunities for stakeholders and the environment.

Other non-ESG related topics of particular stakeholder interest are addressed in the Nestlé Annual Review. These include customer satisfaction, systematic and critical risk management of the legal and regulatory environment, changing consumption patterns, business models and innovation and technology, cybersecurity and information security, and organizational set-up and efficiency.

Managing risks
In addition to the materiality assessment, a risk assessment at Group level is conducted annually. ESG & Sustainability topics are built into our Enterprise Risk Management process. This helps to ensure that the full range of material topics is incorporated into the risks and opportunities that are considered across the Company. Risks relating to the environmental and social impacts of the supply chain, including exposure to human rights risks, are reviewed at Group management level.

There is also a detailed supplier risk and due diligence program, conducted by the Global Procurement function. If required, cases relating to our risk assessment processes are escalated to the Executive Board and related findings are reflected in decision-making processes at an operational and strategic level.

Further information on business risks related to our different material topics is included in the 2023 Nestlé Annual Review, under Principal Risks and Uncertainties.

Evaluating our material topics

Our materiality process

Report chapters covering topics
- Governance
- Stakeholder engagement
- On the road to net zero
- Restoring nature, protecting biodiversity
- Looking at the whole landscape
- More regenerative practices on farms
- Water stewardship
- Responsible sourcing
- Advancing human rights
- Packaging and circularity
- Supporting balanced and sustainable diets
- Food safety and quality
- Our diverse and inclusive culture
- Opportunities for young people
- An employer of choice
- The foundations of ethical business
- Community giving

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<table>
<thead>
<tr>
<th>Our material topics</th>
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</tr>
</thead>
</table>

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Stakeholder engagement

Regular interactions with our many stakeholders help us perform better as a company.

To assess our impacts on the identified ESG material topics, we engage with our stakeholders at a local, regional, national and international level. We apply the Nestlé Corporate Business Principle of ‘transparent interaction and communication’ in every engagement. This approach encourages collaboration, knowledge sharing, open discussion and deep dialogue. We run projects, release publications and host campaigns and events that we believe will help address any risks related to the material topics and advance regenerative food systems at scale.

Throughout the year, we consult regularly with our Creating Shared Value (CSV) Council, an advisory group established in 2009. The CSV Council’s agenda is defined by Nestlé’s commitments and activities to advance regenerative food systems. This includes, but is not limited to, issues that impact the business related to climate, nature (forests, land and agriculture), packaging, circular economy, water, human rights, nutrition and social matters. The topics in 2023 included progress on our commitments and activities to advance collective thinking on waste management.

During 2023, we also engaged with our stakeholders to demonstrate progress on key initiatives related to:


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| Stakeholder engagement |

2023 stakeholders and activity examples

In a fast-evolving global context, we exchange relevant ESG information and communicate announcements with a broad range of stakeholders, across a wide range of channels:

- Consumers: social media, brand campaigns, transparent information.
- Customers: regular meetings, communications, topical events.
- Investors and analysts: meetings, investor days, analyst calls.
- Industry associations: regular engagements across ESG topics.
- Governments, international organizations, NGOs: discussions, events, conferences.
- Global partnerships: joint initiatives on key topics, hosting of events.
- Suppliers: programs, guidance, collaborative roadmaps, support.
- Academia and science: symposia, collaboration with institutions.
- Farmers, youth, communities: grower programs for commodities.
- Global partnerships: – Refocused our partnership with IFRC, with a five-year strategic partnership for the Disaster Response Emergency Fund.
- Established a new UNESCO partnership to support young people to contribute to their communities.
- Nestlé and The Global Food Banking Network signed a Memorandum of Understanding to work on the goal of reducing global food loss and waste while working to eliminate hunger in communities around the world.

Nutrition:

- Publication of Good for You, our new Nutrition Strategy.
- Committee on World Food Security: Techniques as well as discussions with governments and key stakeholders to advance our advocacy priorities.
- Participated in the UN Food Systems Summit+2 Stocktaking Moment.

Packaging:

- Co-chaired the Business Coalition for a Global Plastics Treaty.
- Developed the Fair Circularly Initiative with the private sector and non-governmental organizations, ensuring regulatory compliance and topical thought leadership on human rights issues across the full packaging lifecycle, mitigating reputational risk.
- Hosted ‘3 Horizons’ facilitator training with 50 key stakeholders and Nestlé employees to advance collective thinking on waste management and packaging system futures.
- Continued partnerships with customers and startups such as Circulation in Germany to build new scalable systems across reuse and refill.

2023 engagements included:

Climate:

- Published the Nestlé Climate Advocacy Industry Associations Review.
- Provided ongoing support to the International Chamber of Commerce, Business for Nature and the World Business Council for Sustainable Development in calling for strong action by policymakers to safeguard natural resources.
- Supported efforts to place food systems at the heart of climate action, backing the COP28 Action Agenda on Regenerative Landscapes and the Emirates Declaration on Resilient Food Systems, Sustainable Agriculture and Climate Action.
- Partnered with key suppliers to commit to climate change mitigation.
- Shared guidance on regenerative agriculture techniques such as improved grazing patterns and tree planting.

Social:

- Established a new UNESCO partnership for youth projects.
- Grew the Nestlé Cocoa Plan income accelerator program to reach 10,000 cocoa farming families.
- Nestlé Youth delegation attended the World Food Forum to showcase work on innovation.
- Implemented the Nescafé Plan 2030, continued to offer farmers closer agronomy support and worked directly with them on various pilot projects.

Transparency:

- Engaged with the investment community through our Annual General Meeting and regular investor meetings and analyst calls.
- Held five in-person Chairman’s roundtables and engaged with investors throughout the year.
- Published the 2022 CSV and Sustainability Report.

Ratings:

- #1 on Nature, World Benchmarking Alliance.
- #2 on Food and Agriculture, World Benchmarking Alliance.
- FTSE4Good: 4.4.

Global partnerships:

- Continued partnerships with customers and startups such as Circulation in Germany to build new scalable systems across reuse and refill.
On the road to net zero

Our science-based approach to net zero is designed to mitigate emissions across our value chain and help address impacts on natural ecosystems, communities and food systems.

At the end of 2023, we:
- Achieved a reduction in emissions of 12.75% vs. 2018 baseline. With removals, a 13.58% net reduction vs. 2018.
- Are more than halfway to our 2025 Net Zero Roadmap target of 20% absolute emissions reductions against a 2018 baseline.
- Identified over 80% of the supply chain initiatives needed to hit this objective.
- Are planning further GHG emissions reductions to reach a 50% cut in absolute terms across our net zero scope by 2030.

To track our progress, we put in place the following KPIs:

Nestlé GHG emissions*, GHG removals and % net reduction vs. 2018 baseline (million tonnes of CO2e)

<table>
<thead>
<tr>
<th>Year</th>
<th>GHG emissions</th>
<th>Net GHG emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 baseline</td>
<td>91.17**</td>
<td>87.28</td>
</tr>
<tr>
<td>2019</td>
<td>90.73</td>
<td>86.77</td>
</tr>
<tr>
<td>2020</td>
<td>89.70</td>
<td>86.04</td>
</tr>
<tr>
<td>2021</td>
<td>88.26</td>
<td>85.34</td>
</tr>
<tr>
<td>2022</td>
<td>86.17</td>
<td>84.47</td>
</tr>
<tr>
<td>2023</td>
<td>84.03</td>
<td>82.76</td>
</tr>
</tbody>
</table>

- Includes Scopes 1, 2 and 3 covered by the Net Zero Roadmap.
- Restated baseline due to acquisitions, divestitures and methodological enhancements.
- Net reduction (in %) includes GHG reductions and GHG removals from projects within our value chain and our sourcing landscapes.

2023 absolute CO2e reductions and removals from our interventions (million tonnes)

- Responsible Sourcing 28%
- Manufacturing 15%
- Sourcing – Dairy & Livestock 25%
- Sourcing – Soil & Forest 9%
- Packaging 7%
- Logistics 4%
- Recipe reformulation 6%
- Removals 6%

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found [here](#).
As indicated in the graphs above, 90% of Nestlé total emissions (87.54 million tonnes) are in scope of Net Zero (79.55 million tonnes). We are following SBTi guidelines, restating our 2018 baseline and excluding the following Scope 3 emissions from our net zero commitment: direct use-phase of sold products, purchased services, leased assets, capital goods and investments, totaling 7.99 million tonnes CO2e.

As per GHG Protocol guidance, the reporting of the emissions related to the indirect use-phase of our sold products is optional and should be disclosed separately from Scopes 1, 2 and 3 reporting. For Nestlé this represented 8.8 million tonnes CO2e in 2023.

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here.

** Footprint in scope for Net Zero.
* Restated due to acquisitions, divestitures, emissions factor restatements and adjusted scopes.

Nestlé initiatives, such as the Nescafé Plan, place farmers at the center, providing technical support.

** Removals from landscape projects (86,950 tonnes CO2e) are currently included pending the release of the SBTi guidance on neutralization.

91.9% in 2023
78.4% in 2022
63.7% in 2021

In 2023, the impacts of climate change continued to affect more people and ecosystems around the world, notably through extreme weather events. Each business has to play its part to mitigate risks for people and the planet. Nestlé accelerated performance during 2023, achieving a 13.58% GHG emissions reduction relative to the 2018 baseline. Climate change is considered to bring material risks and opportunities for Nestlé. We use the Task Force on Climate-Related Financial Disclosures (TCFD) methodology to assess and disclose our climate risks and opportunities. These are covered in this chapter and summarized in the appendix of this report. For more on business risks, please refer to the 2023 Nestlé Annual Review.

In 2020, we published the Nestlé Net Zero Roadmap (see the latest report here) to set out how we plan to meet our net zero commitment by 2050. Guided by the Roadmap, we have been transforming our business to deliver reductions in GHG emissions across all three Scopes of our activities, according to the criteria approved by the Science Based Targets initiative (SBTi).

A detailed analysis of our GHG emissions, carried out when setting our 2018 baseline, showed that nearly 95% of our footprint was made up of Scope 3 emissions in our supply chain, such as from farming and land use. Dairy ingredients are our largest single source of emissions, accounting for 24% of our total.

To tackle our Scope 3 emissions we have developed the Nestlé Forest Positive Strategy and the Nestlé Agriculture Framework. We also reduce the carbon emissions associated with our logistics activities and continue to collaborate with suppliers, farmers and communities to increase the use of regenerative agricultural practices. We are delivering Nestlé’s Net Zero Roadmap through emissions reductions and in-value chain removals. We do not use offsets/voluntary market credits to deliver against our SBTi-approved targets.

Just 5% of our baseline emissions were Scopes 1 and 2, from our own operations. For these, our primary strategy is to reduce GHG emissions by increasing energy efficiency and also by transitioning to renewable energy sources. Nestlé has approved near- and long-term science-based emissions reduction targets with the SBTi. The SBTi has validated Nestlé’s net zero science-based target by 2050. These targets include our specific Forest, Land and Agriculture (FLAG) sector objectives for 2030 and 2050.

Renewable electricity at our manufacturing sites at year end (%), with a target of 100% by 2025

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1 (emitted directly)</th>
<th>Scope 2 (emitted indirectly market-based)</th>
<th>Scope 3 (in scope for Net Zero Roadmap)</th>
<th>Scope 3 (not in scope for Net Zero Roadmap)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>91.9%</td>
<td>78.4%</td>
<td>63.7%</td>
<td>91.9%</td>
</tr>
<tr>
<td>2022</td>
<td>91.9%</td>
<td>78.4%</td>
<td>63.7%</td>
<td>91.9%</td>
</tr>
<tr>
<td>2023</td>
<td>91.9%</td>
<td>78.4%</td>
<td>63.7%</td>
<td>91.9%</td>
</tr>
</tbody>
</table>
Climate change impacts affect all aspects of our value chain and the complex ecosystems we source from.

More information on our ERM approach is reported in “Information and control instruments vis-à-vis the Executive Board” in our Corporate Governance Report.

In 2023, we continued to strengthen our approach and tools, conducting high-level assessments for product categories and in-depth scenario analyses across our value chain. The outcomes are incorporated into the Group’s strategic planning:

- Top-down climate assessments are formally incorporated into the annual strategic portfolio reviews for Strategic Business Units and Globally Managed Businesses. Each unit considers how climate-related risks may affect its strategy and future business projections. The assessments consider risks at an individual zone level and aggregated global level.

- Bottom-up scenario analyses are conducted across our value chain to assess the resilience of the Group’s strategy under different climate scenarios. We worked with third-party experts Risilience and their academic partner the Centre for Risk Studies at the University of Cambridge Judge Business School to model transition and physical risks, together with potential directional impacts on future cash flows. The relevant operational teams, including procurement, agriculture and business continuity management, review the most significant climate-related risks, develop mitigation strategies and identify opportunities.

- Our properties, plants and equipment are geographically widespread and therefore are not materially exposed to climate transition risks nor to climate physical risks.

TCFD transition risks

In the context of a transition to a low-carbon economy, over the next 10 years transition risks will be affected by changes in policy, including potentially on carbon pricing and taxes, and businesses’ license to operate. Consumer behaviors and sustainable preferences, together with new technology, including improvements to GHG performance, could also play a role. The risks are analyzed against low-, intermediate- and high-emissions pathways and these can vary significantly depending on the nature and speed at which jurisdictions act to align to a Paris Agreement trajectory.

Outcomes of transition risk modeling

Depending on the global actions taken to address climate change, in the short-to-medium term we estimate that transition risks will become material to our business.

The outcomes of our assessments were considered in the Group’s annual enterprise risk assessment and the annual impairment review. For the latter, we considered how climate risks may impact business forecasts prepared for testing our goodwill and indefinite life intangible assets (see note 9 of the Nestlé Group Consolidated Financial Statement).
## Transition risk impacts, mitigations and future opportunities

<table>
<thead>
<tr>
<th>Risk category</th>
<th>Value chain</th>
<th>Medium emissions</th>
<th>Low emissions</th>
<th>Future opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy</strong></td>
<td>Operations</td>
<td>Increase in raw materials costs.</td>
<td>High</td>
<td>By implementing our Net Zero Roadmap, we are already addressing a significant part of the transition risks identified that we could potentially face during this decade, resulting in a net reduction of our exposure. We continue to review opportunities to reduce our risk exposure levels further and address upside potential of the societal transition to a low-carbon economy.</td>
</tr>
<tr>
<td></td>
<td>Raw materials</td>
<td>Restrictions to land use.</td>
<td></td>
<td>On this basis we anticipate the following opportunities:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in energy costs.</td>
<td></td>
<td>– Increasing the resilience of our supply chain through climate-smart agricultural practices.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in raw materials costs.</td>
<td></td>
<td>– Reducing direct costs from lower-emissions sources of energy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in cost of recycled packaging materials due to constraint in supplies, e.g. recycled PET.</td>
<td></td>
<td>– Limiting exposure to regulatory changes and increased operational costs due to carbon prices via reductions in our emissions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Virgin plastic reduction by one-third by 2025; 14.9% reduction achieved in 2023.</td>
<td></td>
<td>– Increasing revenues resulting from more demand for low-emission products and services.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Virgin plastic reduction by one-third by 2025; 14.9% reduction achieved in 2023.</td>
<td></td>
<td>– Growing consumer demand for low-carbon products such as plant-based foods and drinks.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cross-industry collaboration to drive collection and management of packaging at scale; currently active in 46 of our markets.</td>
<td></td>
<td>– Continually upgrading our plant-based offerings in terms of taste, texture, flavor and nutrition.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Constant review of products and business models based on their environmental footprint.</td>
<td></td>
<td>– Leveraging our expertise in plant proteins to expand our dairy-alternative offerings.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% of R&amp;D-led projects are assessed for potential climate impact.</td>
<td></td>
<td>– Constantly assessing opportunities to reduce our products’ footprint, through changing recipes and by using alternative ingredients.</td>
</tr>
<tr>
<td><strong>Packaging</strong></td>
<td></td>
<td>Increase in costs for packaging materials.</td>
<td>Medium (Med)</td>
<td>– Asset write-downs, investments in low-emission technology to meet market regulation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in cost of recycled packaging materials due to constraint in supplies, e.g. recycled PET.</td>
<td></td>
<td>– Switchover to low-emission technologies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Virgin plastic reduction by one-third by 2025; 14.9% reduction achieved in 2023.</td>
<td></td>
<td>– Switch to 100% renewable electricity by 2025; 91.9% in our manufacturing sites achieved in 2023.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cross-industry collaboration to drive collection and management of packaging at scale; currently active in 46 of our markets.</td>
<td></td>
<td>– Through our broader regenerative agriculture program, support farmers in:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Constant review of products and business models based on their environmental footprint.</td>
<td></td>
<td>– Implementing agroforestry.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% of R&amp;D-led projects are assessed for potential climate impact.</td>
<td></td>
<td>– Increasing productivity without increasing land use.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Enhancing resilience to changing weather patterns.</td>
<td></td>
<td>– Prioritizing deployment of climate-smart agriculture practices in highly exposed geographies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Aim for 20% of our key ingredients to be sourced from farmers adopting regenerative agricultural practices by 2025 and 50% by 2030; 15.2% achieved in 2023.</td>
<td></td>
<td>– Diversifying sourcing origins from highly exposed geographies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Priority is place for regenerative agriculture practices in highly exposed geographies.</td>
<td></td>
<td>– Product ingredient substitution: by 2030, plant-based proteins are anticipated to contribute 0.74 million tonnes CO₂ to our GHG emissions reduction target.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Prioritize deployment of climate-smart agriculture practices in highly exposed geographies.</td>
<td></td>
<td>– Increasing the resilience of our supply chain through climate-smart agricultural practices.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Diversify sourcing origins from highly exposed geographies.</td>
<td></td>
<td>– Reducing direct costs from lower-emissions sources of energy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Aim for 20% of our key ingredients to be sourced from farmers adopting regenerative agricultural practices by 2025 and 50% by 2030; 15.2% achieved in 2023.</td>
<td></td>
<td>– Limiting exposure to regulatory changes and increased operational costs due to carbon prices via reductions in our emissions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Priority is place for regenerative agriculture practices in highly exposed geographies.</td>
<td></td>
<td>– Increasing revenues resulting from more demand for low-emission products and services.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Diversify sourcing origins from highly exposed geographies.</td>
<td></td>
<td>– Growing consumer demand for low-carbon products such as plant-based foods and drinks.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Prioritize deployment of climate-smart agriculture practices in highly exposed geographies.</td>
<td></td>
<td>– Continually upgrading our plant-based offerings in terms of taste, texture, flavor and nutrition.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Diversify sourcing origins from highly exposed geographies.</td>
<td></td>
<td>– Leveraging our expertise in plant proteins to expand our dairy-alternative offerings.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Prioritize deployment of climate-smart agriculture practices in highly exposed geographies.</td>
<td></td>
<td>– Constantly assessing opportunities to reduce our products’ footprint, through changing recipes and by using alternative ingredients.</td>
</tr>
</tbody>
</table>

* We do not display the high-level emissions scenario due to its low impact level.
TCFD physical risks
We have modeled physical risk based on an intermediate scenario, in which climate-related risks such as heatwaves, drought and water stress may be more frequent and severe. We have modeled these risks and in 2023 made the following updates:
- Our modeling partner Risilience has reflected the physical science released in the AR6 Climate Change 2021: The Physical Science Basis — IPCC. This included incorporating results based on Coupled Model Intercomparison Projects 6 (CIMP6).
- Included the latest sourcing data for the year, fine-tuning the origins of commodities to reflect our business.
- Modeled yield changes for 12 commodities, representing approximately 90% of our total spend. We included sourcing locations and volumes and considered their vulnerability to climate change.

We estimated the yield change in 2040 versus today in a ‘steady state’, discounting the unpredictable impacts of extreme events. We included the locations where we source from and how the temperature and precipitation changes at those locations might deviate from ideal growing conditions for each of the commodities in scope for 2023.

Physical risk modeling

Time horizon 2040
Warming scenario Intermediate (+2 to 3 °C by 2050)
Footprint scope* 12 key raw materials**
Modeling simulations Assumed current footprint remains static until 2040

Modeling metric Projected percentage change in crop yields in 2040 compared to 2022 for selected raw materials
* Scope includes only Nestlé’s current sourcing footprint.
** The raw materials are arabica coffee, robusta coffee, palm oil, cocoa, dairy, barley, maize, rice, soy, wheat, sugarcane and sugar beet.

Physical risk impacts, mitigations and opportunities
These initial results confirm that, driven by changes in growing conditions, we are likely to see some yield changes, up or down, and shifts across sourcing origins by 2040.

Mitigating actions
Some of the key risks on yield will be driven by increasingly frequent and extreme weather events, which are likely to have more impact than average warming rises. The resilience of farmers and communities will be key. Our regenerative agriculture program is designed to enhance farm resilience and, with that, mitigate climate risk for our key ingredients.

Future opportunities
We believe that the Group continues to demonstrate the resilience and agility to transition to a lower-carbon model. We will create new growth opportunities as part of our ambition to help deliver regenerative food systems at scale, for instance, by exploring new sourcing origins. This is due to our broad geographic scope, supply chain flexibility, research and development, diversified product portfolio, leading brands and capital strength.

Impact of climate and physical risks on Nestlé’s key ingredient yields by 2040

For a detailed view of climate and physical risks for Nestlé’s key ingredient yields by 2040, see the table below.

<table>
<thead>
<tr>
<th>INGREDIENTS</th>
<th>UK</th>
<th>FRANCE</th>
<th>GERMANY</th>
<th>CHINA</th>
<th>INDIA</th>
<th>VIETNAM</th>
<th>BARLEY</th>
<th>MAIZE</th>
<th>WHEAT</th>
<th>RICE</th>
<th>SUGARBEET</th>
<th>SUGARCANE</th>
<th>COCOA</th>
<th>PALM OIL</th>
<th>ROBUSTA</th>
<th>ARABICA</th>
<th>DAIRY</th>
<th>CÔTE D’IVOIRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modelled yield change by 2040 vs. 2022</td>
<td>2% increase or more</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease or more</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
<td>-2% decrease to 2% increase</td>
</tr>
</tbody>
</table>

There are more than one billion coffee drinkers in the world, a number that’s growing. Meanwhile, some coffee plantations are increasingly affected by drought and disease because of climate change.

Our work at the Nestlé Institute of Agricultural Sciences is central to our ability to help ensure that the coffee farmers we work with can continue to have crops to plant. Since 2010, Nestlé has distributed more than 290 million improved coffee plantlets through the Nescafé Plan.

Using technologies in the fields of genomics, phenomics and artificial intelligence, we develop new coffee varieties using traditional plant breeding methods. Our newest varieties are being tested and deployed in key coffee-growing countries.

Great examples are Roubi 1 and Roubi 2, two new varieties of robusta coffee. These can deliver up to 50% higher yields compared with standard varieties and have been distributed to growers in Central America. Because the coffee can be produced using the same amount of land, fertilizer and energy, the result is an up to 30% reduction in the carbon footprint of the green coffee beans.

Beyond the development of superior coffee varieties, Nestlé also invests in the identification of regenerative agricultural practices for coffee production that seek to have a measurably positive impact on farmers’ livelihoods and the environment.
Performance

In 2023, Scope 1, 2 and 3 emissions included in our Net Zero Roadmap reduced by 12.75% from our 2018 baseline level. When we also consider our removals, this is a 13.58% net reduction versus 2018. The 2023 reduction benefited from the introduction of sourcing projects initiated in 2021 or 2022, which are now reaching maturity. A range of initiatives is keeping us on track to deliver a 20% net reduction of GHG emissions versus the 2018 baseline by 2025, in accordance with our net zero plan.

Tracking the evolution of our GHG footprint with a percentage GHG emissions reduction versus a 2018 baseline enables us to confirm the effectiveness of our operational climate actions and to assess our progress toward our net zero target by 2050. It also demonstrates the tangible improvements we have made to mitigate climate change since the launch of our Net Zero Roadmap in 2020. Tools and methods used to track and visualize the KPIs are enhanced year on year following a continuous improvement approach.

We are also reporting according to the recently finalized Science Based Targets initiative (SBTi) Forest, Land and Agriculture (FLAG) sector guidance. For the 2023 reporting year, we began to categorize the GHG emissions, for ingredients only for now, by specific gas types. We are also differentiating between FLAG and energy/industry (non-FLAG) emissions, in accordance with SBTi guidelines. Ingredients are the most significant category of our emissions and where most FLAG emissions occur. We will continue to try to secure reductions in other emissions categories in the coming years.

Overall

Targeted interventions across the lifecycle of our products have secured an absolute GHG emissions reduction, compared to our 2018 baseline. We use purpose-built systems to track both our progress to net zero and the projects and investment across the organization that are making it happen. We monitor our emissions using our GHG Performance System (GPS). This is designed to meet SBTi reporting requirements and strengthens over time, with consistent boundaries, methods and data granularity.

We also assess our ESG-related investments, including GHG reduction and removal activities, using bespoke tools.

To ensure that our emissions reductions are as effective as possible, we refine our methodologies according to evolving industry standards and as new, more reliable data becomes available. This increased granularity includes the emissions data we now request from our supply chains, such as in dairy and PetCare, replacing the industry averages used previously.

Our direct manufacturing operations (Scopes 1 and 2)

In 2023, Scope 1 and 2 emissions have reduced by 33.19% versus the 2018 baseline, largely as a result of the increasing amounts of renewable energy established in manufacturing facilities, combined with energy efficiency measures. Action on renewables

By year-end 2023, we sourced 91.9% renewable electricity in our manufacturing sites compared with 78.4% in 2022.

Our Net Zero Roadmap sets out our commitment to source 100% renewable electricity across all our sites by 2025. We also plan to adopt renewable thermal energy sources in our plants wherever feasible.

In March 2023, we increased our renewables sourcing with a significant investment in a major new solar energy project in Texas, United States. The 600-hectare solar project, owned and developed by Enel North America, will add 208 MW of solar electricity to the U.S. grid.

In addition to our direct investment, Nestlé will purchase 100% of the renewable electricity attributes generated by the solar project’s energy production for 15 years. The annual GHG emissions reduction is expected to be around 126,204 tonnes of CO₂e.

In Indonesia, we are replacing natural gas boilers with biomass burners in three of our four factories (two boilers completed and the third to be completed in 2024). This will save more than 20,000 tonnes CO₂e of Scope 1 and 2 emissions per year.

Energy consumption in our factories

<table>
<thead>
<tr>
<th>Energy consumption (gigajoules)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass consumed</td>
<td>60.9</td>
<td>59.9</td>
<td>59.9</td>
</tr>
<tr>
<td>Energy consumed that is renewable energy (%)</td>
<td>25.3</td>
<td>30.6</td>
<td>31.0</td>
</tr>
<tr>
<td>Renewable energy from grid electricity (%)</td>
<td>10.3</td>
<td>8.0</td>
<td>24.5</td>
</tr>
</tbody>
</table>

* The methodology calculation changed in 2023 from prior years, therefore the KPI is not directly comparable.

Our value chain (Scope 3)

In 2023, Scope 3 GHG emissions reduced across our value chain by 11.51%. This was achieved by:

- Addressing FLAG emissions by increased collaboration with suppliers and farmers on ingredients, including dairy.
- Reducing the consumption of fossil fuels across our supply chain, including in product packaging and by implementing distribution efficiencies.
- In 2023, our projects removed 758,317 CO₂e from the atmosphere, of which 671,367 CO₂e (9%) came from projects within our value chain and, in accordance with SBTi, therefore contributing to our FLAG target. We have removed 86,950 CO₂e (11%) via projects in our sourcing landscapes, through Global Reforestation Program projects, helping us toward net zero**. See Looking at the whole landscape chapter.

FLAG GHG emissions

Agriculture contributes to climate change, primarily through the release of three different gases – carbon dioxide, methane and nitrous oxide:

- Carbon dioxide (CO₂) stems from land conversion or the burning of fossil fuels.
- Methane (CH₄) is emitted from livestock production systems, crop decay or food waste residues.
- Nitrous oxide (N₂O) is released when applying nitrogen fertilizers, both synthetic and bio-based.

To comply with SBTi, we are required to have FLAG targets by the end of 2024. To begin to address the topic as soon as possible, we had these validated during 2023. On top of our net zero target, we submitted our FLAG and Energy/Industry targets, which were approved by SBTi in 2023.

Nestlé aims to reduce absolute Scope 3 FLAG GHG emissions 50% by 2030 and 75% by 2050 from a 2018 baseline year. Nestlé aims to reduce absolute Scopes 1, 2 and 3 Energy/Industry GHG emissions by 50% by 2030 and 90% by 2050 from a 2018 baseline year. Across our total emissions in scope of SBTi, Nestlé remains committed to net zero by 2050.

** Removals from landscape projects are included in our net zero target pending clarification from SBTi with the release of the guidance on neutralization (expected in 2024).
Innovation in dairy emissions reductions

We source our dairy raw materials in two ways:
- Derivative ingredients such as milk powders, whey or lactose come from dairy suppliers.
- Fresh milk is sourced directly from farmers before being processed in Nestlé factories. We purchase directly from over 150,000 dairy farmers in 27 countries.

Our overall dairy sourcing strategy is driven by the Company’s dairy climate plan and the industry-wide Sustainable Dairy Partnership (SDP). In 2023, several new innovations enhanced our dairy operations. Working with sustainability consultancy Anthesis and local data collection partners, we developed and implemented a framework to enable robust primary data collection and impact measurement in markets around the world.

The data was integrated into an extensive support tool that allows us to map all existing potential climate reduction actions for a dairy farm according to its distinct production system. We then were able to work with suppliers to adopt ambitious new roadmaps. Our teams use the tool with our farmers to create refined bottom-up 2025 to 2030 fresh milk roadmaps for climate, methane and regenerative agriculture.

We also established a dedicated team to work with our largest dairy derivatives suppliers. By the end of 2023, the scheme was addressing around 49% of our derivatives volume through interventions such as deforestation-free and low-carbon feed supply chains, optimized diets and improving animal well-being.

The Nestlé Institute of Agricultural Sciences continues to research novel approaches to reduce dairy emissions. This includes methane-reducing feed supplements, manure management and improved diets.

Our scientists also look at how these solutions can be used in combination with other approaches such as the management of the dairy herd, as well as efficient farm management. The most promising solutions are further validated and tested on research farms, for their practicability, before considering a broader deployment.

The Institute works in close collaboration with external partners including farmers, universities, research organizations, start-ups and industry partners. In December 2023, Nestlé joined the Dairy Methane Action Alliance to work with industry peers to drive accountability, transparency and action in the food industry on methane emissions.

As noted by Robert Erhard, Nestlé Head of Dairy, Corporate Sustainable Agricultural Development: “We’re about bringing people with us on this journey. We’re supporting our network of farmers and suppliers to develop roadmaps for regenerative agriculture and mitigating climate change which could help them, their families and their landscapes for generations to come.”

More sustainable logistics

For our logistics activities, we prioritize GHG emissions reductions, energy consumption and warehousing efficiency. With our operational footprint across many regions and types of transport, our initiatives to reduce emissions and increase efficiencies adapt to local circumstances. In 2023, our teams’ interventions included the following:
- Nestlé Chile launched a fleet of 30 liquid natural gas-powered trucks to reduce CO2e emissions by 20%. This project will deliver the additional benefit of reducing particulate pollution by up to 96%.
- Nestlé India joined 14 other companies in the Zero Emission Vehicles Emerging Markets initiative. This will support overall truck electrification in India, with a projected local demand from the group of 7,700 vehicles by 2030.
- Nestlé UK and Ireland deployed double-stacked rail for a trial with a retailer. Each freight train has the potential to take 76 heavy-goods vehicles off the roads and provide a reduction of 76% in CO2e emissions compared to diesel-powered journeys.

Changes to recipe formulations to reduce greenhouse gas emissions

The decarbonization challenge is complex and we have tasked our teams to identify opportunities across our value chain. In 2023, we successfully introduced recipe reformulations that maintain the quality and taste of our products, while reducing emissions by 0.74 million tonnes. By replacing some animal proteins with plant-based ingredients, we are helping achieve our net zero commitment and responding to trends in changing consumer diets.

For example, in Nigeria we have launched NIDO milk and soy, an affordable and nutritious instant powder, which for the first time combines the goodness of milk and locally sourced soy. This product is a source of proteins and fibers, fortified in vitamins and a source of iron and calcium – and has the potential to meet demand for products with lower carbon footprints.
Packaging
All packaging accounts for 11.70% (or 9.31 million tonnes of CO₂e) of the GHG emissions in our net zero commitment. Key interventions to reduce GHG emissions related to packaging are to:
- Use less and better packaging by driving our five-pillar packaging sustainability strategy.
- Incorporate recycled materials.
- Collaborate with our packaging suppliers, encouraging them to use energy sources that are low in GHG emissions.

Nespresso’s The Positive Cup strategy
The scale of our brands can enable our suppliers and farmers across the value chain to contribute to our net zero commitment, while engaging with consumers. Nespresso’s The Positive Cup approach has ambitious goals to regenerate landscapes, empower communities, advance circularity and inspire collective action.

Green coffee represented the single largest contributor to Nespresso’s carbon footprint during our 2018 baseline year. The brand is addressing this in part by supporting regenerative agricultural practices. These include reducing the use of carbon-intensive fertilizers and via carbon-absorbing plants cultivated amongst the growing coffee. These aim to absorb carbon emissions and increase biodiversity and soil health, complementing the millions of trees now being planted every year.

Advocacy
Reaching net zero emissions is an economy-wide endeavor that relies on creating an enabling environment for rapid and sustained progress. Nestlé prioritizes advocacy on climate change to help establish the right policy and regulatory frameworks at international and national levels.

Our work includes supporting international processes driven by the United Nations Framework Convention on Climate Change, prioritizing food systems. We also support trade associations in advocating for policies aligned with the Paris Agreement.

In 2023, we updated our advocacy priorities in our Net Zero Roadmap. Highlights of our global activities in 2023 include:
- Regenerative agriculture
  - Helping co-create the COP28 Action Agenda on Regenerative Landscapes.
  - Co-founding the industry outcomes-based framework Regenerating Together, hosted on the SAI (Sustainable Agriculture Initiative) platform and designed to expand regenerative agriculture across the world (see More, regenerative practices on farms).
- Supporting climate action
  - Participating in the first private sector panel at the United Nations Forum on Forests 18 event.

We considered how food and agriculture companies can contribute to achieving Global Forest Goals via ongoing regenerative food systems and forests initiatives.

- Signing a Call to Action for the urgent adoption of an ambitious and legally binding EU Nature Restoration Law. Nestlé also advocated in support of the EU Soil Monitoring and Resilience Law.
- Supporting the Emirates Declaration on Resilient Food Systems, Sustainable Agriculture and Climate Action at COP28.
- Adding our name to Calls to Action by the World Economic Forum and the We Mean Business Coalition for the world to fast-track the transition to renewables and take other policy measures to accelerate climate action.

We also improved our implementation of the Global Standard on Responsible Climate Lobbying by publishing our 2023 Climate Advocacy Industry Associations Review. As a result, Nestlé was recognized by InfluenceMap as among the 27 Corporate Climate Policy Engagement Leaders worldwide.

Outlook
The projects we have already started will get us close to our 2025 milestone of a 20% net reduction of GHG emissions from 2018 levels. In 2024, we aim to identify additional projects to close the small remaining gap.

Beyond this, our Net Zero Roadmap includes targeted GHG reductions to 2030. We anticipate further reductions to come from investments in agroforestry, deforestation prevention and new farming practices in the dairy sector. As climate impacts accelerate, we will continue to push hard to address all scopes of our emissions.

As well as addressing our existing activities, we need to innovate both in our products and in agri-tech, combining our own research and development capabilities with those of external researchers, start-ups and other partners. We will focus on health science, innovation and sustainability to both drive new business and support our Net Zero Roadmap.
Restoring nature, protecting biodiversity

Supporting nature and biodiversity is essential for addressing climate change, protecting the environment and communities, and the future of our business.

During 2023, we:
- Supported regenerative landscape initiatives in Brazil, Chile, Côte d’Ivoire, Indonesia, Malaysia, Mexico, Peru and the United Kingdom.
- Received assessments that 93.4% of our primary supply chains for coffee, cocoa, meat, palm oil, pulp and paper, soy and sugar were deforestation-free.
- Secured 14,697,500 trees for planting with new confirmed projects in Brazil, Colombia, Côte d’Ivoire, Mexico and Vietnam.

Context
In December 2022, a new Global Biodiversity Framework was agreed at the 15th Conference of the Parties to the United Nations Convention on Biological Diversity (COP15) in Montreal. More than 195 nations have now approved a package of biodiversity and ecosystem measures, underlining the urgency for industry, governments and communities to act.

The complex challenges companies face in the Forest, Land and Agricultural (FLAG) sector present a significant opportunity. If successful, the sector can deliver a positive and lasting impact, not just on climate, but on the interlinked issues of nature and biodiversity. As a food and beverage company, we rely on nature for all our ingredients and we have a commitment to achieve net zero emissions by 2050.

Protecting, preserving and restoring nature is essential for tackling climate change, enhancing livelihoods and achieving a more regenerative food system. Our strategy to address the challenges facing agriculture goes beyond carbon, to help deliver positive outcomes for the environment and the people it supports.

Nature and biodiversity loss poses a risk to Nestlé as it may threaten the availability and quality of key ingredients and increase vulnerability to climate change impacts. The above factors may potentially lead to supply disruptions, regulatory action and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

Approach
We understand the impact intensive agriculture can have on ecosystems. We are working to help safeguard natural resources, in particular forests, which support much of the planet’s biodiversity. We do this through our Forest Positive strategy which also sets out how we should engage Indigenous peoples and local communities as the best stewards of biodiverse lands, in many regions of the world.

To help further strengthen biodiversity, water resources and soil health, we support scaling up regenerative agricultural practices. These include water stewardship. The Nestlé Agriculture Framework sets out specific principles and practices to advance regenerative agriculture, adapted to local conditions and needs.

We take advantage of our reach and scale to participate in international efforts that aim to restore degraded ecosystems. Our Global Reforestation Program is part of landscape initiatives in our sourcing locations. We complement these initiatives with our efforts to source commodities that are assessed deforestation-free.

Our actions to help protect nature and biodiversity use the most current and accurate data available. This includes information on the quantities and locations of commodities we buy, including coffee, cocoa, palm oil and dairy.

We have worked with the Biodiversity Consultancy to understand the biodiversity profiles, impacts and dependencies of the land where key raw materials in our products grow or graze. We collaborate with experts and non-governmental organizations (NGOs) to increase our understanding and share best practices.
Actions for nature and biodiversity
Our opportunities are interconnected. By acting systemically, we can help address climate change and create a more regenerative food system that will also support more resilient communities.

– By 2025, we aim for 20% of our key ingredients to be sourced from farmers adopting regenerative agricultural practices, and 50% by 2030.
– We will invest CHF 3.2 billion by 2025 in initiatives toward net zero, including CHF 1.2 billion to help spark regenerative agriculture across our supply chain by 2025.
– We support landscape initiatives across Africa, Asia, Europe, Latin America and Oceania.
– We aim to plant 200 million trees by 2030 under our Global Reforestation Program.
– We aim for 100% assessed deforestation-free primary supply chains by 2025 (meat, palm oil, pulp and paper, soy, sugar, coffee and cocoa).
– 10 Human Rights Salient Issue Action Plans will be reported on by 2025.

Performance
For information on how our programs and adopted measures have been effectively supporting nature and biodiversity, please refer to the Performance sections in the chapters below:
– Looking at the whole landscape: Forest Positive, Global Reforestation Program.
– More regenerative practices on farms: impacts across all main commodities, agroforestry.
– Water stewardship: Nestlé Waters regeneration projects.
– Responsible sourcing: Nestlé Responsible Sourcing Standard.

Advocacy and external recognition
Nestlé was one of the founding corporate members of the Taskforce on Nature-related Financial Disclosures (TNFD) and helped shape its recommendations ahead of publication in September 2023. Our team, Business4Nature, and TNFD helped advocate for the passage of the EU Nature Restoration Law in the summer of 2023, and Nestlé continues to co-chair the International Chamber of Commerce Working Group on Biodiversity. This is in addition to our involvement in broader coalitions such as REGEN10 and Business4Nature.

In 2023, Nestlé ranked first out of 350 assessed food and agriculture companies by the World Benchmarking Alliance for our approach to managing nature and biodiversity. We also ranked second in terms of performance on managing deforestation-related risks in the Forest 500 index. We recognize that there is still much more to be done in collaboration with others in the sector to help address the impacts on nature from agriculture.

Outlook
Nestlé is undertaking work to prepare the business for forthcoming regulatory and voluntary requirements on nature and biodiversity. This includes research into our Company’s impacts and dependencies on nature, as well as identifying how best to measure and report the nature-related effects of our major climate initiatives. We are one of 17 companies engaged in a Science-Based Targets for Nature pilot to trial its methodology. This allows us to assess our readiness for setting specific objectives on nature-related impacts.

Monitoring species in vegetable sourcing landscapes in Spain.

Special nesting boxes provide shelter for insect-eating species.

Assessing nutrient levels and plant health using tissue analysis.
The Landscape Enterprise Networks (LENs) program is helping local farmers work together to organize the buying and selling of nature-based solutions.

Nature-based solutions are land management measures that deliver ecosystem functions. These can include water quality management, flood risk mitigation, the resilient supply of crops, GHG emissions reductions and improved biodiversity.

A group of forward-thinking farmers has collaborated with Nestlé Purina PetCare Europe to put the landscape at the center of their operations. Known as the ‘High Suffolk Farm Cluster’, the group farms 5 500 hectares in East Anglia, United Kingdom, where they grow wheat for cereals and pet food.

The Suffolk project has received support and funding from the LENs program. LENs encourages businesses from different sectors to work together to understand their shared risks and opportunities in a landscape. The teams then identify relevant nature-based interventions to address these, working with groups of farmers and land managers to implement them.

For the Suffolk farmers, the aim is clear: improve resilience in the face of climate change impacts, protect biodiversity, regenerate the land and secure long-term food production. It is a win-win for farm owners, wildlife and consumers.

The approach represents an efficient way for businesses to fund nature-based interventions in their areas of interest, in order to help achieve their sustainability goals. It also provides groups of farmers with a single proposal on behalf of multiple businesses and sectors, creating a coherent ask and significantly reducing time and resources.

It is not just crops and soil health that are in the farmers’ thoughts. As part of the partnership to improve biodiversity, funding has supported hedgerow planting and a comprehensive hedgerow survey of the entire project area. The survey is a first of its kind in the United Kingdom, covering 249 km. Farmers have received guidance on how to manage and restore hedgerows, which provide habitats for wildlife, while improving soil health. Farmers have also been provided with locally-made bird boxes, winter bird food and feeders to support the diversity of local bird species, and more than half of the farms now host honey bees and their hives. In addition, the High Suffolk Farm Cluster has protected 331 hectares of woodland and 220 hectares of permanent grassland.

Any support must be “farmer-led, and with people at the heart”, highlights Matt Ryan, Regeneration Lead at Nestlé UK and Ireland. “The farmers have detailed and valuable knowledge of the local land and ecosystems. And it’s this insight that can help environments thrive over the long term.”

The LENs program is currently engaging farmers across Hungary, Italy, Poland and the United Kingdom.
To support complex ecosystems, a resilient food system and a just future for communities, we aim to protect and restore landscapes where we source.

During 2023, we:
- Worked towards 100% deforestation-free primary supply chains for meat, palm oil, pulp and paper, soy and sugar by 2022 and we achieved 99.1% for these raw materials by this date. We remain committed to working toward 100% for meat, palm oil, pulp and paper, soy and sugar, as well as toward achieving 100% deforestation-free supply chains for cocoa and coffee by 2025.
- Supported regenerative landscape initiatives in Brazil, Chile, Côte d’Ivoire, Indonesia, Malaysia, Mexico, Peru and the United Kingdom which aim to restore 60,000 hectares of land and support 60,000 local people.
- Secured plans to plant and grow 14.7 million trees via our Global Reforestation Program.

### Deforestation-free in our primary supply chains

<table>
<thead>
<tr>
<th>Primary Supply Chain</th>
<th>Deforestation-free</th>
<th>2022</th>
<th>2023</th>
<th>2030 Aim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat</td>
<td>100%</td>
<td>93.4%</td>
<td>92.8%</td>
<td>94.5%</td>
</tr>
<tr>
<td>Palm oil</td>
<td>100%</td>
<td>96.0%</td>
<td>92.8%</td>
<td>95.5%</td>
</tr>
<tr>
<td>Coffee</td>
<td>100%</td>
<td>97.9%</td>
<td>94.2%</td>
<td>96.5%</td>
</tr>
<tr>
<td>Soy</td>
<td>100%</td>
<td>98.2%</td>
<td>96.0%</td>
<td>98.5%</td>
</tr>
<tr>
<td>Sugar</td>
<td>100%</td>
<td>97.9%</td>
<td>94.2%</td>
<td>96.5%</td>
</tr>
<tr>
<td>Soy</td>
<td>100%</td>
<td>98.2%</td>
<td>96.0%</td>
<td>98.5%</td>
</tr>
</tbody>
</table>

### SDG contributions

<table>
<thead>
<tr>
<th>SDG 13</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.3 m</td>
<td>20.4 m</td>
<td>200 m</td>
<td>200 m</td>
</tr>
</tbody>
</table>

Looking at the whole landscape

To track our progress, we put in place the following KPIs:

- **Aim to grow 200 million trees by 2030** in our supply chain and sourcing landscapes
- **Cumulative number of trees secured for planting**
- **Trees secured for planting within the year**

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found [here](#).
Approach

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. In 2010, Nestlé committed to achieving and maintaining deforestation-free primary supply chains, through the implementation of the Nestlé Responsible Sourcing Standard (see more in Responsible sourcing).

We work with our palm oil suppliers, such as Musim Mas, to help smallholders continuously improve their practices. In palm oil, smallholders account for 40% of the global supply and we believe this work is important to help support a just transition.

Forest Positive

Forest Positive is our strategy to help deliver a positive impact in our critical sourcing landscapes. It supports our aim to achieve and maintain a deforestation-free supply chain of key ingredients. We do this using three approaches:

- Aiming for deforestation-free supply chains, using tools such as farm assessments, certification and satellite monitoring.
- Working on long-term forest conservation and restoration in our supply chains, while respecting the rights of Indigenous peoples and local communities.
- Fostering regenerative landscapes, engaging at scale to help transform the key landscapes we source from.

To complement our Forest Positive strategy, we use the Nestlé Responsible Sourcing Standard to prevent supply from areas converted from or in existing:
- High Carbon Stock forests.
- Natural ecosystems including wetlands and savannas.
- Peatlands of any depth, except where farming practices protect peat.
- International Union for Conservation of Nature protected areas, categories I-IV.
- UNESCO World Heritage Sites and wetlands on the Ramsar List.

Since 2020, we have been working with experts from the NGO Earthworm Foundation to assess our forest footprint and risks for ecosystems and local communities. Together, we are now focused on identifying specific value and use cases for our forest footprints. We are also improving our methodologies to include new geographies and commodities that we can target for conservation.

Context

The climate is changing. In 2023, global temperatures reached an average of 0.41°C above pre-industrial levels. To have an ecosystem impact that can mitigate climate change, going beyond farm boundaries and working at a landscape level is required.

The Food and Agriculture Organization of the United Nations (FAO) has suggested that halting deforestation and maintaining forests could avoid emissions of around 3.6 gigatonnes of carbon dioxide equivalent gases per year between 2020 and 2050. This would provide around 14% of the mitigation required to keep planetary warming below 1.5°C by 2030. According to the World Wide Fund for Nature (WWF), this effort would help safeguard more than half the Earth’s species. It would also protect the livelihoods and rights of Indigenous peoples and the many local communities that those forests support.

Factors such as complex supply chains and the visibility of upstream supplier tiers may contribute to the risk of unsustainable land use in our value chain. Any incidents or concerns linked to land use, including deforestation, may potentially lead to supply disruptions, regulatory action and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

Global Reforestation Program

Forests are home to 80% of land-based animals, plants and insects. Our Global Reforestation Program seeks to conserve and restore land and natural ecosystems in our supply chain and sourcing landscapes. We aim to do this while respecting the rights of Indigenous peoples and local communities and by promoting sustainable livelihoods.

We aim to plant and grow 200 million trees in our supply chains and sourcing landscapes by 2030.
Looking at the whole landscape

Performance
Deforestation-free
By the end of 2023, 93.4% of our primary supply chains for coffee, cocoa, meat, palm oil, pulp and paper, soy and sugar were assessed as deforestation-free, according to Nestlé standards. The decrease from 99.1% in 2022 is driven by two factors: increasing the number of commodities in this indicator and increasing the types of ingredients covered within our original commodities. In 2023, we included coffee and cocoa for which we have been assessing deforestation risks for less time. We have also included, for the first time, some ingredient derivatives such as lecithin derived from soy.

We remain committed to working toward achieving and maintaining 100% assessed deforestation-free in our primary supply chains for meat, palm oil, pulp and paper, soy and sugar, and for cocoa and coffee by 2025.

A decade of testing, investigating and finding solutions has taught us that no single tool will solve deforestation on its own. Our reported deforestation risks for less time. We have also included, for the first time, some ingredient derivatives such as lecithin derived from soy.

We remain committed to working toward achieving and maintaining 100% assessed deforestation-free in our primary supply chains for meat, palm oil, pulp and paper, soy and sugar, and for cocoa and coffee by 2025. Our risk mitigation tools include: working with suppliers to identify and mitigate risks; landscape projects; building capacity and resilience among smallholders to provide sustainable livelihoods and conserve forests; industry collaboration – collective action; and consensus building.

Regenerative landscapes
During 2023, we supported 15 regenerative landscape initiatives in Brazil, Chile, Côte d’Ivoire, Indonesia, Malaysia, Mexico, Peru and the United Kingdom. These collective landscape initiatives are targeting the conservation of over 2.5 million hectares of key natural ecosystems and the restoration of almost 60,000 hectares, helping over 60,000 people in these landscapes secure their livelihoods, tenure or wider social benefits.

Activities in the palm oil supply chain
Many of Indonesia’s crucial ecosystems are carbon sinks and home to unique flora and fauna. Despite an overall national decrease, deforestation persists in protected areas, including Tesso Nilo National Park. Preventing deforestation improves smallholders’ livelihoods, increases yields and provides alternative income sources. We partner with stakeholders in Indonesia to help achieve this.

We are partnering with Forest Carbon and our supplier Golden Agri-Resources for large-scale wetland forest conservation and restoration in the South Sumatra Merang biodiversity zone. The project covers more than 22,000 hectares of tropical wetland forest, home to Sumatran tigers and 20 other rare, threatened or endangered species. The project aims to prevent fires and remove carbon from the atmosphere through vegetation regrowth.

Regenerative agriculture and tree planting in coffee farms
Highlights in 2023 include the work done in coffee for Nescafé Plan 2030. Our teams reached 277,000 farmers in 27 origins. The coffee growers took part in training on the principles of regenerative agriculture and more than 21 million coffee plantlets were distributed to support renovation of their coffee farms. They also planted three million forest and fruit trees to help increase local biodiversity and build the natural resilience of their farms.

Our Nespresso AAA Sustainable Quality™ Program has supported farmers to use nature-based practices such as intercropping. This helps increase soil and water resource health, biodiversity and the productivity of farming landscapes. Our actions on regenerative agriculture are guided by our longstanding partners which include the Rainforest Alliance, PUR and the International Union for the Conservation of Nature (IUCN).

Global Reforestation Program
The program continues to identify new large-scale reforestation projects in our supply chain and sourcing landscapes, supporting Nestlé’s Net Zero Roadmap. During 2023, we confirmed new projects in Brazil, Colombia, Côte d’Ivoire, Mexico and Vietnam. A total of 146,975,000 trees were secured for planting.
Rimba Collective in action in Gohong under the guidance of Project Operator KpSHK.

Outlook

There is an increasing understanding and urgency to protect and restore forests by governments and stakeholders. Collaborating with our peers can help to protect and restore landscapes through the sharing of knowledge and resources. We will seek more opportunities to achieve impacts through partnership and scale in ways that support a just transition, protecting the rights of Indigenous peoples and local communities.

The Rimba Collective: Restoring forest resources together

Protecting natural capital for present and future generations.

A partnership of leading multinationals has come together to protect and restore precious forests across Indonesia and the surrounding region. Natural capital asset management company Lestari Capital developed the program, securing the collaboration of founding partners including Nestlé and a number of other leading global organizations. The initiative, called ‘Rimba Collective’, complements the palm oil industry’s efforts to end deforestation by funding conservation and restoration projects across the supply chain.

The project aims in 30 years to protect and restore 500,000 hectares of forest and support 32,000 people in forest communities of Southeast Asia. In its first phase, the objective is to protect 93,000 hectares and restore 23,200 hectares of forest landscapes locally by the end of 2025.

In the first year of full operations, the Rimba Collective initiated 73,000 hectares of forest conservation projects. As of September 2023, Nestlé had contributed to protecting 29,028 of these hectares, restoring 4,185 hectares and supporting 8,450 people to achieve livelihood, tenure or wider social benefits.

The Rimba Collective’s programs include the Tropenbos Project, in which Nestlé has a leading role, covering 14,406 hectares within four villages in the Ketapang District, Indonesia. The team aims to better understand biodiversity impacts and dependencies. They will then use these insights as the basis for planning and demonstrating good performance according to the Species Threat Abatement and Restoration (STAR) metric.

The assessment revealed that these four village forests hold immense global biodiversity value, providing a habitat for 97 endangered and near-threatened bird and mammal species. Risks in the landscape include mining and logging, together with fires and land clearance for agriculture.

To help address these challenges, the team has developed a conservation plan and shared biodiversity and wildlife conservation management knowledge with the community living in the area.
More regenerative practices on farms

Regenerative agriculture can play a critical role in improving soil health, sequestering carbon and supporting food security. It can restore water resources, enable biodiversity and improve the resilience of farming communities.

By the end of 2023, we:
– Sourced 15.2% of fresh milk, dairy derivatives, cocoa, green coffee, cereals, soy and vegetables from selected suppliers and farmers adopting regenerative agricultural practices*.
– Reached more than 148,000 coffee farmers in 16 countries via the Nescafé Plan 2030 with trainings on regenerative agricultural practices.

Context
During the COP28 climate conference, more than 130 world leaders vowed to put sustainable agriculture and resilient food systems at the heart of their climate plans. They did this in the context of a human population that could reach 10 billion by 2050, with agriculture already producing around a third of GHG emissions.

The global food and farming system has a unique opportunity to transform – to secure and increase natural resources, reduce emissions, feed our growing communities and play a vital and lasting role in a more predictable and sustainable future.

Increasingly, farmers and food producers are looking to regenerative agricultural practices to achieve this. In 2023, Nestlé and leading FMCGs committed to a new global framework to address the multiple frameworks and definitions of regenerative agriculture. This establishes a harmonized and outcomes-based approach to regenerative agriculture.

Convened by the Sustainable Agriculture Initiative (SAI) Platform, Regenerating Together encompasses a holistic approach to farming, inspired by agroecological principles. It supports the three key agricultural resources – soil, water and biodiversity – and aims to benefit farming communities.

Regenerative agricultural practices can help farmers to avoid risks associated with the degradation of ecosystem services. It also enhances biodiversity and improves local communities’ economic growth and resilience. Regenerative farming can help reduce GHG emissions and contributes to CO2 removals. For more information, see the Nestlé Agriculture Framework and more on business risks can be found in this year’s Nestlé Annual Review.

SDG contributions
To track our progress, we put in place the following KPI:

<table>
<thead>
<tr>
<th>Progress toward 20% of key ingredients sourced from farmers adopting regenerative agricultural practices by 2025 and 50% by 2030*</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.2% in 2023</td>
</tr>
<tr>
<td>6.8% in 2022</td>
</tr>
</tbody>
</table>

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here. * In 2023, the following ingredients are included in the numerator: dairy (fresh milk and dairy derivatives), coffee (excluding blended green coffee and blue bottle), cocoa, cereals and grains, soy, and vegetables. The denominator includes all raw materials in scope: coffee, cocoa, dairy, sugar, cereals and grains, meat, poultry and eggs, palm oil, soy, vegetables, fish and seafood.
More regenerative practices on farms

Farmers are looking to adopt regenerative agricultural practices to help them achieve a more sustainable future.

Approach

By 2025, we aim for 20% of our key ingredients to be sourced from farmers adopting regenerative agricultural practices, and 50% by 2030. We are taking action based on our five pillars: diverse cropping systems and livestock integration; biodiversity; collective and landscape actions; soil health; and water security and quality.

Our approach, set out in the Nestlé Agriculture Framework, encourages the development of locally relevant solutions, adapted to the wide range of ingredients used in our products. The framework includes key concepts from conservation agriculture, agroecology and precision farming.

We work with suppliers to support farmers themselves, who have the knowledge and responsibility for the environments in which they work. We have developed training programs and materials for the ingredients we source, including cereals, cocoa, coffee, dairy, vegetables and sugar.

We pilot new practices, including on reference farms, and use technologies to track performance against bespoke key performance indicators. These include the Cool Farm Tool, originally developed by experts from the Cool Farm Alliance, which has more than 150 members in farming, food and beverage companies, NGOs, academic institutions, farmer groups and agronomy. This allows the calculation of individual farms’ emission factors, identifies hotspots and makes it easier for farmers to test and manage emissions interventions.

We understand that introducing regenerative agricultural practices is beyond one company’s control. We also appreciate there are certain risks or costs for farmers. We are committed to providing technical, collaborative or financial assistance to support the just transition. Examples include weather insurance for coffee farmers in Indonesia who have adopted the techniques as part of the Nescafé Plan 2030. In Brazil, we are paying premiums to dairy farmers for achieving the regenerative agriculture standards.

External viewpoint

Restoring balance

How the Nescafé Plan 2030 has helped growers in Vietnam to accelerate the adoption of regenerative coffee farming practices.

Across Vietnam’s Central Highlands, there are thousands of smallholding plots that have supported families for many decades, but now are facing the challenges of climate change, including increased temperatures and irregular rainfall. To preserve that legacy of coffee growing, we knew that business as usual was not going to be an option.

To face these challenges, the Nescafé Plan 2030 is using regenerative agricultural practices to increase farmers’ resilience. Techniques such as intercropping, soil cover and optimizing inputs are how we can help Vietnam’s coffee growing legacy for the next generation.

The Nescafé Plan 2030 supports coffee growers to flourish in the urgent transition to regenerative agriculture. With an investment of CHF 1 billion to enable that by 2030, 50% of the coffee they source comes from farms adopting regenerative practices that can restore the soil, water and biodiversity in their local area.

To achieve their commitments, the Nescafé team intensified its engagement with the growers in their supply chains. The Rainforest Alliance has been Nescafé’s impact assessment partner for over 10 years. The organization has monitored our engagement with over 17,000 Vietnamese farmer households so far within the 32,000 hectares of land supported by Nescafé agronomists, demonstrating positive change, in both regeneration and income.

One of the most effective pathways for farmers in Vietnam is the establishment of mixed production systems (e.g., intercropping with pepper, fruit trees and green borders, instead of monocropping). Planting trees provides shade, improves water management, soil health and biodiversity. Crucially, intercropping also offers another income stream. The journey does not end here at Rainforest Alliance. We are constantly working with our partners and challenging each other to stay on a path of continuous improvement. The urgency of the climate and biodiversity crisis, and the imperative of poverty alleviation, demands putting producer benefit at the center of this transition; that’s the only fair way to scale up our shared regenerative agriculture continuous improvement strategy.

In Vietnam, more than 90% of the growers the Rainforest Alliance has monitored have adopted some form of intercropping and 53% of coffee growing areas in Nescafé Plan 2030 farms now have integrated shade trees. The average farm revenue per hectare has risen by nearly double from 2019 to 2023, thanks to income diversification, optimized costs, higher yields and better coffee prices.

Ensuring that the value chain is regenerative is one of the greatest challenges and opportunities for Nescafé. Winning the trust of their suppliers will help them to make it happen.
In 2023, Nestlé US is investing to help bring regenerative agricultural practices to wheat farms within its DiGiorno pizza supply chain. Through a combination of financial and technical resources, the project is helping wheat farmers adopt regenerative agricultural practices such as planting cover crops, eliminating or reducing tillage and reducing the use of pesticides in their fields. In 2023, the initiative covered over 40,000 hectares of farmland, nearly double the hectarage used to grow the wheat used in DiGiorno products.

The Landscape Enterprise Networks (LENs) initiatives in Hungary, Italy, Poland and the United Kingdom bring together farmers, experts and businesses. The collaborative projects highlight the economic value to farmers of wheat and other crops, of ecosystem services, and also help establish measures to protect and enhance them. In the United Kingdom, results for 2023 included seven kilometers of hedgerows planted and 16,000 hectares of land worked on using regenerative agricultural practices to deliver soil, water health and biodiversity improvements. Nestlé France remains committed to the SolS Vivant (Living Soils) initiative. The initiative promotes the widespread uptake of farming approaches and economic models aligned to regenerative agricultural practices, which support soil health. Working with industry partners, the project expanded in 2023 to reach 340 farmers, 15 suppliers and produce 115,000 tonnes of raw materials – mainly wheat, but also corn, sugar beet and vegetables.

Nestlé France has been using gaming to begin engaging and educating consumers on this topic. The team has created Farmtopia, an innovative Minecraft server to reach younger generations in a playful way, via learning quests and mini-games. Challenges help players acquire knowledge and earn points which then convert into real-life actions. By January 2023, the players’ in-game points had led directly to the planting of 22 km of hedgerows in France.

As a result, we expect to meet our aim of 20% of our key ingredients to be sourced from farmers adopting regenerative agricultural practices by 2025, and 50% by 2030. For the year 15.2% of our fresh milk, dairy derivatives, cocoa, green coffee, cereals, soy and vegetables came from farmers adopting regenerative agricultural practices, up from 6.8% in 2022, the first year of reporting. We have committed to spend CHF 1.2 billion to enhance regenerative agriculture across our supply chain by 2025. In assessing volumes of key ingredients sourced from farmers adopting regenerative agricultural practices, we also included selected raw material categories sourced from industrial suppliers through the Nestlé Procurement Division.
Outlook
The Regenerating Together initiative, hosted on the Sustainable Agriculture Initiative (SAI) Platform, means we now have an internationally aligned approach to regenerative agriculture for our sector. As the techniques are adopted by more growers and producers of food, SAI will continue to improve its framework and tools. These will support the monitoring of farm practices and aid the global transition toward regenerative agriculture.

Technologies are being developed to ease the measurement of soil organic matter and various soil health parameters. These include automated soil sampling, digital sensors, or combinations of remote sensing with local ground assessments. Technology will also increasingly help farmers in other ways. Satellites can enhance the data collection of farming practices such as the use of cover crops, zero tillage, crop rotation and riparian buffers.

We will continue to collaborate with multi-stakeholder initiatives including the SAI and One Planet Business for Biodiversity, now under the auspices of the World Business Council for Sustainable Development (WBCSD) and REGEN10. This collaborative approach aligns with the conclusions of the Food and Land Use Coalition’s 2023 report ‘Aligning regenerative agricultural practices with outcomes to deliver for people, nature and climate.’ We look forward to more partnership on this vital topic.

Ultimately, the broad recognition of a harmonized and comprehensive outcomes-based framework for regenerative agriculture will help with measuring progress against the COP28 Action Agenda on Regenerative Landscapes, launched in December 2023 at COP28.

Polish farmers using regenerative agricultural practices
Farmland dominates the Polish landscape with more than 60% of the country given over to agricultural land, creating a huge opportunity for sustainable farming.

The agricultural sector is vital to the Polish economy and is growing fast. The value of Polish agri-food product exports was estimated at USD 47.6 billion in 2022, a year-on-year growth of around 26%, according to the Polish Investment and Trade Agency.

As a young and passionate group, farmers in Poland care about the future of their farms and the planet – especially ways to improve Poland’s agricultural soil quality.

Nestlé has partnered with Krakow University of Agriculture, the Growers Association, Agrosimex and Syngenta. Together, we have been supporting Polish farmers to help them restore soil health and quantify the carbon capture potential of their farms under the new EU Green Deal – a pioneering plan to make Europe climate neutral by 2050.

In our drive toward regenerative agriculture, we have been working with apple and carrot farmers in Poland to build understanding around the benefits of cover crops and humic acids. The use of these regenerative agricultural practices can foster carbon sequestration in the soil and increases the capacity of soils to hold water – all while reducing the use of synthetic agrochemical inputs.

We sponsored the planting of cover crops in 220 hectares of farmland and the use of humic acids in a further 180 hectares. Soil health was monitored alongside three weather and pest monitoring stations which helped to optimize decisions and further reduce inputs at 28 farms.
Water stewardship

In 2023, in the context of record temperatures, the stewardship of water was more critical than ever before. It is essential to our business operations and supply chains, for the communities in our value chain and ecosystems.

During 2023 we worked to:
- Reduce water use in Nestlé factories, having delivered an absolute water use reduction of three million m³ of water, exceeding our target of six million m³ between 2021 and 2023.
- Protect the right to water and sanitation by launching our new Human Rights Salient Issue Action Plan on the human right to water and sanitation.
- Steward water resources across our Nestlé Waters sites: 23 Nestlé Waters sites (52.3%) were certified to the Alliance for Water Stewardship standard, versus 21 sites in 2022.

Context
Agriculture accounts for 70% of all water withdrawals worldwide. In some regions, water consumption to produce food is increasing pressure on the water cycle. Agricultural inputs can also affect the quality of water resources. Our efforts go beyond the direct impacts of our factories, to focus on watershed health and resilience for future generations.

Good management and restoration of water resources has a positive impact on ecosystem services, as well as on soil health and biodiversity. Local communities also benefit, with more fertile growing environments and improved access to sanitation and drinking water.

All our factories, without exception, need water to operate properly and water stress may impact their production capacity through potential restrictions. A more limited access to water may also disrupt the production of crops or food from our suppliers and business partners and the availability and affordability of key ingredients. The above factors may potentially lead to supply disruptions, regulatory action and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

To track our progress, we put in place the following KPIs:

<table>
<thead>
<tr>
<th>Total water withdrawn</th>
<th>Total water consumed</th>
<th>Total water discharged</th>
<th>Total water use reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.0</td>
<td>9.0</td>
<td>20.0</td>
<td>12.0</td>
</tr>
<tr>
<td>19.0</td>
<td>5.0</td>
<td>14.0</td>
<td>4.0</td>
</tr>
<tr>
<td>17.1</td>
<td>4.0</td>
<td>13.1</td>
<td>3.0</td>
</tr>
</tbody>
</table>

* This corresponds to the sum of water use reductions obtained from improvement projects realized in factories during the year.

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here.
Approach

Strategy and oversight

To address the challenges, we adopted five streams for our water strategy. We think beyond our own operational water performance to protect watershed health, meaning the quality of water resources and their ability to support the natural environment, communities and the economy. We also recognize the importance of watershed resilience, seeing water resources as part of a wider and interdependent system, and our actions confirm this.

Agricultural supply chain

Recognizing that agriculture accounts for 70% of all water withdrawals globally, Nestlé promotes water use efficiency within its agricultural supply chain. We assess the water footprint of key agricultural commodities, such as coffee, cocoa and dairy, and identify opportunities to improve water management practices, for example through our regenerative agriculture programs.

Water in communities

Safe water, sanitation and hygiene (WASH) contribute to health, well-being and community resilience. Our new Human Rights Salient Issue Action Plan on the right to water and sanitation addresses this area in depth (see Performance section). We will be deploying this action plan further in the next year.

Water partnerships and advocacy

Furthering our impact, we focus our advocacy on creating stronger collaborations within this space, to address coordinated positive actions to help conserve water. Nestlé participates in the World Bank’s 2030 Water Resources Group. We are a member of the UN Global Compact’s CEO Water Mandate and a signatory to its WASH4Work initiative. We are a financing member of the Alliance for Water Stewardship (AWS) and participate in its Technical Committee and its Agriculture Working Group.

Nestlé Waters

In order to help contribute to the conservation of water resources around our Nestlé Waters sites, with leading bottled water brands including Perrier, San Pellegrino, Vittel and Buxton, we aim to lead the regeneration of the water cycle and to help create a positive water impact everywhere our bottled water business operates by 2025.

Further, we are also committed to certifying all Nestlé Waters sites to the AWS Standard by 2025.

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Solís: Every last drop

Nestlé Solís recognized for improving water stewardship factory standards and across the supply chain.

In 2023, the Alliance for Water Stewardship (AWS) awarded the Solís tomato plant in Miajadas in Spain ‘Platinum’ certification, for taking ‘performance in water management to higher levels.’

Our Spanish Solís tomato brand was seeking to find ways of reducing water use at the factory in Miajadas, and across the tomato value chain, starting with the farms which supply us. Solís sources all the tomatoes they need within 50 km of the plant, meaning the team could work with local farmers to implement more water-efficient practices, such as drip irrigation.

The sustainability journey began in 2013 with ‘Solís Responsible.’ Since then, the project has generated a reduction in total water use of 1.4 million m³, the equivalent of 2600 people’s daily water consumption over more than 10 years.

At the same time, there has been an 8% drop in pesticide usage and a 6% drop in fertilizer usage, helping to ensure the quality of water in the local area for the future.

Adrian Sym, Chief Executive Officer, AWS: “At the Alliance for Water Stewardship, we bring together stakeholders who are serious about preserving the world’s most precious resource. AWS is a global collaboration between public, private and non-profit sectors. Our members define the AWS Standard which represents best practice in water stewardship. Sites achieving certification to the AWS Standard can be considered at the leading edge of water stewardship practice.”

“Having used the AWS Standard in their bottled water business, we welcome Nestlé’s decision to extend their stewardship work to other product lines with the Solís brand of tomato sauces, produced solely at the AWS-certified Nestlé Miajadas factory in Spain. We welcome Nestlé’s commitment, not just to use less water but also to improve water quality in the areas that supply tomatoes for Solís sauces. This commitment aligns with our Mission to ignite and nurture leadership in credible water stewardship.”

Ignacio Rosés
Business Executive Officer, Food, Nestlé Spain

Water is an essential resource for supporting the natural environment, communities and the economy.

Creating Shared Value and Sustainability Report 2023
Water in communities

In Q1 2023, we launched our new Human Rights Salient Issue Action Plan on the human right to water and sanitation. The action plan aims to focus attention on preventing and mitigating WASH risks in our operations, tier-one suppliers and agricultural supply chain. It forms part of a suite of action plans covering all our salient human rights issues. We use our Community Relations Process tool to engage with our local stakeholders and discuss challenges and opportunities, including WASH, which helps to tailor our intervention. In 2023, we used it to identify opportunities for remediation in several of our factory locations.

Water partnerships and advocacy

In 2023, Nestlé participated in a global working group to design the latest standardized approach and indicators to quantify how sound water stewardship can generate social, economic and environmental benefits. Convened by the World Resources Institute, the consortium updated the Volumetric Water Benefit Accounting methodology. Known as VWBA 2.0, this method enables users to assess the volumetric benefits that water-related projects bring.

During 2023, Nestlé was one of the 17 companies selected to pilot-test the new Science Based Targets Network (SBTN). Freshwater target-setting methodology. This pilot allows us to perform a detailed assessment of water-related impacts, including risks and opportunities within our value chain, following a strict science-based approach. We expect our contribution to the pilot will help refine and improve the method before the official public launch.

We also co-published a report with Human Right 2 Water, prepared in collaboration with the Inter-American Development Bank and the Water Research Commission. The report examined how countries can legislatively safeguard essential elements of the human right to water in worsening climate conditions, and what this means for service providers and businesses.

Nestlé Waters

Nestlé Waters follows the AWS International Water Stewardship Standard at all its sites. The AWS is a global membership collaboration that promotes the adoption of a universal framework for sustainable water use – the AWS Standard. We participate in the work of the AWS Technical Committee and Agriculture Working Group, and have supported the AWS Board and its International Standard Development Committee.

Since 2021, Nestlé Waters has been identifying and implementing projects designed to help regenerate local water cycles in areas where we operate. We are designing projects that enable watersheds to capture more water than is used in bottling operations. More than 40 water regeneration projects at our Nestlé Waters sites are underway, each one tailored to local challenges. These are a mix of nature-based and technical solutions to improve water quality or quantity and help create a positive water impact.

During 2023, 23 Nestlé Waters sites were certified to the AWS standard (versus 21 sites in 2022), representing 52.3% of our sites that are required to be certified.

Nestlé Waters in action

Nestlé Waters regeneration projects:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Mitigation and benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Tunuyan River basin, Argentina</td>
<td>Run-off from free-flowing wells was being lost before it could be used by the local community. Working with the Irrigation Department of Mendoza, we installed manually closing butterfly valves to minimize water loss.</td>
</tr>
<tr>
<td>Naleczowianka, Poland</td>
<td>Degraded water was affecting the quality of the Vystra River, downstream of the municipal wastewater treatment plant. We installed a new UV lamp that now improves the water quality before it leaves the municipal plant, supporting the river and its ecosystems.</td>
</tr>
<tr>
<td>Herrera del Duque, Spain</td>
<td>Local authorities and stakeholders identified pressures on biodiversity linked to climate change impacts on the local river stream. The local team planted trees on the banks to reduce evaporation and protect the habitat of an endangered fish species, enhancing biodiversity. Water effluents from our factory provide irrigation.</td>
</tr>
<tr>
<td>Ayutthaya, Thailand</td>
<td>Household waste and neglected hyacinth growth was polluting the Kanom Jeen Canal in Sena District, affecting local livelihoods and biodiversity. We worked with the Youth Water Guardian initiative to improve water conservation and quality via cleanup programs along 21 km of the canal, helping restore biodiversity and benefiting the community.</td>
</tr>
<tr>
<td>Darbyshire, United Kingdom</td>
<td>The Ecclesbourne River had been diverted into a weir, preventing local fish from circulating along the river channel and impacting overall biodiversity. We supported the river’s restoration back to its original channel. It now bypasses the weir, enabling 28 km of the river and its tributaries to support many fish and other aquatic species.</td>
</tr>
</tbody>
</table>
Working with farmers in Pakistan to adopt high-efficiency irrigation systems.

Over 90% of Pakistan’s water is used in agriculture and making the sector more water-use efficient is essential. In 2017, Nestlé Pakistan launched the Caring for Water initiative. It has three pillars – factories, communities and agriculture – based on a collective action approach with diverse stakeholders.

So far, the biggest reductions in water usage have come from the agriculture sector. Together with farmers, we have been able to innovate growing methods that reduce water use by millions of liters of this essential resource. Most water in farming is used to irrigate crops, but conventional flood irrigation methods often result in 50% water loss. To change this, we partnered with farmers and researchers to implement two key water-reducing measures: drip irrigation and affordable smart soil moisture sensors.

In drip irrigation, water is applied onto the soil at very low rates from a system of small-diameter pipes, resulting in targeted irrigation. By 2022, we had supported farmers to install drip irrigation covering over 55 hectares of farmland in Punjab, and an additional 30 hectares in Sindh. Mustapha Yousaf, one of the farmers working with Nestlé, commented that this is resulting in 30–40% less water use while increasing yields and reducing the need for fertilizers.

For local farmers, implementing technological solutions to ensure efficient irrigation can be expensive. We collaborated with researchers at Lahore University of Management Sciences to locally develop cost-effective, smart soil-moisture sensors. Sensors tell farmers when their crops need irrigation and how much. In addition, software has been developed that allows farmers and researchers to remotely monitor the soil moisture level and make timely interventions.

So far, sensors have been installed on more than 220 hectares. By making farms more efficient, we can help ensure that agriculture contributes to preserving Pakistan’s precious water resources for the generations that follow.

Outlook
During 2024, we will continue to work toward improved water stewardship, including watershed health and resilience for the long term.

We will continue supporting the World Resources Institute to build the Volumetric Water Benefit Accounting 2.0, a standardized method for implementing and valuing water stewardship activities.

We are also beginning an in-depth study to quantify the water co-benefits delivered by the existing regenerative agriculture, and nature-based solution projects within our Nestlé Net Zero Roadmap, and further promote their implementation.
Responsible sourcing

We aim to source ingredients that are traceable and which have been produced using methods that foster practices detailed in our Responsible Sourcing Standard.

By the end of 2023:
- 36.2% of our key ingredients were Responsibly Sourced (see Context, KPI renamed in 2023).
- We sourced 15.2% of our key ingredients from farmers adopting regenerative agricultural practices, in line with our target of 20% by 2025 and 50% by 2030.
- We completed the test-at-scale phase within the timeline, comprising 10,000 cocoa-farming families in our Nestlé Cocoa Plan income accelerator program which aims to improve the livelihoods of cocoa-farming families.

To track our progress, we put in place the following KPIs:

- **100% certified sustainable palm oil sourced by 2023**
  - 70.5% in 2022
  - 70.1% in 2021

- **100% cocoa sourced through the Nestlé Cocoa Plan by 2025**
  - 85.5% in 2023
  - 82.8% in 2021

- **100% coffee sourced through Nescafé Plan 2030 or Nespresso AAA Sustainable Quality™ Program by 2025**
  - 92.8% in 2023

- **100% cage-free eggs sourced globally by 2025**
  - 72.9% in 2023
  - 72.7% in 2022
  - 76.3% in 2021

- **100% key ingredient volumes to be Responsibly Sourced* by 2030**
  - 36.2% in 2023
  - 22.0% in 2022
  - 16.3% in 2021

- **100% certified sustainable palm oil**
  - 100.0% in 2023

- **100% cocoa sourced through the Nestlé Cocoa Plan**
  - 85.5% in 2023
  - 68.3% in 2022
  - 50.6% in 2021

- **100% certified sustainable palm oil sourced by 2023**
  - 88.0% in 2022
  - 82.8% in 2021

- **100% of key ingredient volumes to be Responsibly Sourced* by 2030**
  - 36.2% in 2023
  - 22.0% in 2022
  - 16.3% in 2021

- **100% of key ingredient volumes to be Responsibly Sourced* by 2030**
  - 36.2% in 2023
  - 22.0% in 2022
  - 16.3% in 2021

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here.

* Renamed “Ingredients Responsibly Sourced”. All methodologies, metrics and targets remain the same as 2022. The definition applies except for low-risk countries where traceability is not required.
Context
The pressures on global food systems are intensifying. From biodiversity impacts to water stress, resource scarcity and soil degradation, large food and beverage companies have vulnerable supply chains. We also have huge opportunities to make a positive and lasting impact on the ecosystems we source from and the communities that grow and harvest the raw materials we procure.

In 2023, we have renamed our Sustainably Produced KPI to Responsibly Sourced. All aspects remain the same as reported in previous years, including methodologies, metrics and targets. We have evolved the name to more transparently reflect the breadth of this KPI which measures the performance of our volumes at origin level against the Responsible Sourcing Standard and the progressive delivery of positive impacts on people, nature and climate. For more information on the definition of the KPI, please refer to our Reporting Scope and Methodology for ESG Key Performance Indicators.

Approach
Nestlé’s suppliers are central to achieving our ambition to advance regenerative food systems at scale. The foundation of this work with suppliers is the Nestlé Responsible Sourcing Standard, which sets out non-negotiable requirements and ways of working with our direct suppliers, and which we require them to cascade down to the next tiers of the supply chain.

We verify alignment to and compliance with this Standard through different methods at different tiers of the supply chain. These include self-declaration, desk-based assessments and second- or third-party site audits or assessments, and sustainability certification (including mass balance). The tools used to assess compliance depend on the supply chain tier and the level of risk.

We have also identified priority materials and ingredients that present a higher risk of environmental and/or social issues. For these, we work closely with our direct suppliers and other partners to conduct supply chain mapping and carry out assessments in the upstream supply chain.

This starts with knowing the origin of raw materials, improving the performance against our Responsible Sourcing requirements and working toward positive outcomes for people, planet and climate. All methodologies and metrics remain the same as for the ‘Ingredients Produced Sustainably’ KPI, previously published.

Our work on Responsible Sourcing is designed to work toward compliance with our Human Rights and Environmental Due Diligence (HREDD) and the delivery of positive impacts on people, nature and climate in Nestlé’s sourcing origins.

Once fully implemented, Responsible Sourcing will ensure that for our 14 key ingredients:
– The material is either traced to a low-risk country or is traceable back to its origin on a farm or group of farms.
– Human Rights and Environmental Due Diligence (HREDD) systems are in place at the direct supplier level.
– The volumes Nestlé buys through its direct suppliers are compliant with the Nestlé Responsible Sourcing Standard requirements at production level.

Our Responsible Sourcing at a glance
To be classified as Responsibly Sourced, materials must meet our strict criteria, including traceability

Regenerative Agriculture
Implementing regenerative agriculture practices at the origins of our ingredients

Responsible Sourcing Requirements
Fostering the implementation of our Responsible Sourcing Standard at the origins of our ingredients

Traceability*
Identifying the traceability of materials purchased by Nestlé back to their origins

* Management systems exist in order to recall all farmer names and locations linked with raw material delivery to Nestlé.
Performance

In 2023, we achieved 36.2% of our key ingredients Responsibly Sourced, aligned with our traceability, environmental and social requirements, or originating from countries deemed to be low risk*.

Disclosures on commodities

Coffee

Over a decade ago, we launched a global coffee sustainability initiative called the Nescafé Plan. We have now defined our sustainability ambition for the rest of the decade. Through the Nescafé Plan 2030, we are accelerating our action to support a more inclusive and sustainable future for the coffee sector, using our heritage, scale and reach to help uplift lives and livelihoods from farm to cup. In 2023, we sourced 92.5% of our Nescafé coffee through the Nescafé Plan. More than 21 million improved coffee plantlets were distributed to farmers during the year. A total of 2000 farms in key locations such as Colombia, Mexico and Vietnam were independently assessed on their adoption of Nescafé Plan 2030 for the rest of the decade. Through the Nescafé Plan, we have now defined our sustainability ambition for the coffee sector, using our heritage, scale and reach to help uplift lives and livelihoods from farm to cup. In 2023, we sourced 92.5% of our Nescafé coffee through the Nescafé Plan.

Nestlé ranked first for coffee sustainability by Coffee Brew Index

Nestlé ranked first for coffee sustainability in the 2023 Coffee Brew Index Coffee Barometer Report. The publication recognized that Nestlé has a cohesive and comprehensive coffee sustainability strategy and that its policies, objectives and actions incorporated social, environmental and economic dimensions of coffee production.

Cocoa

The Nestlé Cocoa Plan is our plan for building a more sustainable supply chain for cocoa. We are working with farmers, communities and local and international organizations to develop and implement solutions to the numerous challenges facing cocoa-farming communities. The Nestlé Cocoa Plan now reaches more than 179,000 farmers. The initiative is helping to improve the livelihoods of growing communities and we are on track to reach our target of 100% cocoa sourced through the Nestlé Cocoa Plan by 2025. We made significant progress in Brazil, where our program was less developed. In Côte d’Ivoire, our income accelerator program has empowered more than 10,000 farmers with skills and knowledge on good agricultural practices and environmental protection, and has enabled more children to register in school, to reduce child labor risks.

Palm oil

During 2023, 100% of our crude palm oil volume was from Roundtable on Sustainable Palm Oil (RSPO) certified sources. Market shortages meant that we were only able to purchase 55% of our kernel oil volume from RSPO sources. To help prevent future supply issues, we decided to send a strong market signal. It takes an average of 10 tonnes of crude palm oil to produce a tonne of kernel oil. We purchased certificates for RSPO-certified crude palm oil equivalent to 20 times (1,339,751 tonnes) the missing volume of certified kernel oil (66,988 tonnes). We supported the certification journey of 53,700 smallholders by purchasing their RSPO credits.

Vegetables

We source vegetables for our brands such as Maggi and Winiary from a diverse range of locations within countries including Belgium, France, Germany, India, Italy, Poland, Serbia, Spain, the United Kingdom and the United States. We support both large farms and smallholders with practices bespoke to their context, including the introduction and expansion of agroforestry to help them increase biodiversity and yields and reduce farming costs. Through regular crop rotation, soil cover crops and the application of supplementary organic matter, soils can retain nutrients and absorb and retain more GHG emissions. With fewer inputs to the soil, this also helps to conserve the quality of local watersheds.

Animal welfare

All Nestlé suppliers must follow the Nestlé Responsible Sourcing Standard, which lays out our sourcing requirements for meat, poultry, egg products and dairy.

We are working to meet our commitment to source 100% cage-free eggs globally, achieving 72.9% at the end of 2023. We continue to work with our suppliers to develop in-country resources and source cage-free eggs when available, and remain focused on meeting our target by the end of 2025.

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External viewpoint

Growing impacts and knowledge, together

I have been at Fundación Global Nature (FGN), since the start, 30 years ago. I’ve always had a passion for wetland ecology and biodiversity. Working in a small farmer membership association, as it was then, meant that I could make some kind of living while learning about how to contribute positively to our ecosystems.

The collaboration with Nestlé began seven years ago and has grown. The huge diversity of their value chain and their alignment with what we are trying to achieve in sourcing means we can try things, fail sometimes, succeed in others and bring the farmers and suppliers with us.

The secret to this lasting relationship has been transparency and trust. Our goal is to develop sustainable farming systems, whose biodiversity and traditional varieties and breeds are better preserved. We want an agri-food industry with less environmental impact that works concertedly and shares the responsibility along the food chain.

We have the potential to reach 500 000 farmers to embed Responsible Sourcing methods.

In 2024, we will continue to seek deeper supplier and farmer engagement to improve the traceability of our ingredients. We will also work to improve production practices for the long-term viability of agricultural supply chains and communities.

We have the potential to reach 500,000 farmers with whom we can share, develop and embed Responsible Sourcing methods. We can support with technical assistance and, where appropriate, financial aid to embed practices over the long term. By continuing to work closely and proactively with suppliers and farmers, we expect to increase the availability of ingredients for the long term.

Eduardo de Miguel
Director, Fundación Global Nature

FGN monitors biodiversity and ecology of wetlands in Nestlé’s supply chain.

Projects in development include working to improve our suppliers’ HREDD systems. This includes the development of a tool to assess the maturity of our suppliers’ HREDD management systems, with the objective of helping them remediate any issues identified.
Advancing human rights

By respecting and advancing human rights in our value chain, we are contributing to a resilient future for the planet and its people.

During 2023, we:
- Further strengthened our governance structure to oversee the implementation of our Human Rights Framework and Roadmap and associated action plans.
- Continued to implement programs and initiatives on the ground to assess and address risks and report on progress and challenges.

Context
People and respect for human rights are at the core of Nestlé’s culture and values, and one of our key Corporate Business Principles. Our commitment to respecting and promoting human rights is critical to our business strategy and a key part of our ambition to enable a just transition to a regenerative food system at scale.

Our vision of a regenerative food system has people at the center. Along with sustainable, nutritious and affordable food for the global population, a regenerative food system needs to provide resilient, fair livelihoods and dignified work for people across the world to support themselves and their families.

A growing body of legislation and the changing expectations of stakeholders mean there is more interest in Nestlé’s actions on respecting and promoting human rights across its value chain. Acting in an ethical manner is crucial to scale positive impacts across diverse geographies and protect Nestlé’s business and reputation. Any incidents or concerns linked to human rights violations may potentially lead to impacts on individuals, regulatory action and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

SDG contributions
Volume of cocoa sourced from all countries covered by the CLMRS* or other dedicated due diligence systems, with mass balance** included***

70.6% in 2023

* The Child Labor Monitoring and Remediation System (CLMRS).
** Mass balance is a sourcing method that allows for certified and non-certified ingredients to become mixed during the shipping and manufacturing processes. The Rainforest Alliance traceability systems ensure that the volumes of certified ingredients bought for products with their seal were grown on certified farms, see here for more information.
*** This KPI tracks our progress on our salient human rights issue: child labor and access to education. For more details see our section on child labor risks.

To track our progress, we put in place the following KPI:

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here.
Our Human Rights Framework

The Nestlé Human Rights Framework and Roadmap places due diligence at the heart of our approach and identifies five key enablers for our work in this area:

- **Governance and incentives** help us integrate human rights at all levels of our governance structure.
- **Policies and control systems** ensure human rights are embedded throughout the organization. Links to the material policies relating to human rights are provided in this section.
- **Engagement and advocacy** help us engage with key stakeholders and advocate for smart due diligence legislation and collective action on the ground.
- **Strategic partnerships** help us partner with thought-leading and local organizations.
- **Transparency and reporting** help us provide a high level of transparency on the progress we make and the challenges we face.

Our Human Rights Policy expresses our overall strategy on human rights, from principles to operational approach and governance. The Board is responsible for Nestlé’s strategy, organization and oversight. The Executive Board is responsible for the execution of our approach. It has set out clear roles and responsibilities within Nestlé to ensure the implementation of our Human Rights Framework and Roadmap, and new Nestlé Salient Human Rights Action Plans throughout our business categories and geographies. Our Human Rights Steering Committee, which is chaired by our EVP Group General Counsel, oversees the implementation of our salient issue action plans and monitors our progress.

As part of our framework and roadmap, we have identified the 10 most salient human rights issues for Nestlé. These build on our long experience carrying out human rights due diligence across our business activities and geographies, and reflect the inputs we have collected from local and global stakeholders along the way.

External support for the implementation of our Salient Human Rights Issue Action Plans is provided by a range of expert organizations, including Verité, Sustainable Food Lab, Proforest, Landesa, Business for Social Responsibility (BSR) and others. We also work with multi-stakeholder organizations, such as the International Cocoa Initiative (ICI), the Fair Labor Association (FLA) and the ILO-led Child Labor Platform and participate in industry stakeholder groups, such as the World Business Council for Sustainable Development (WBCSD), AIM-Progress and the Consumer Goods Forum (CGF), to help move this agenda forward within the food and beverages sector.

Identifying and mitigating risks

We have programs and tools that help us identify and mitigate human rights risks. We take preventive measures in our own operations, as well as in our direct and upstream supply chains.

Our global CARE audit program is our bespoke compliance audit process. It aims to verify that all our employees and sites operated by Nestlé comply with local legislation, our Corporate Business Principles and our Code of Business Conduct. External auditors assess compliance with our Corporate Business Principles against seven pillars, including human rights.

We verify alignment to and compliance of our direct suppliers with the Nestlé Responsible Sourcing Standard through different methods at different tiers of the supply chain. These include self-declaration, desk-based assessments and second- or third-party site audits or assessments. The tools used to assess compliance depend on the supply chain tier and the level of risk. We are also working to improve our suppliers’ HREDD systems. This includes integrating HREDD in supplier contracts and developing a tool to assess suppliers’ HREDD maturity, with the objective of helping them improve.

To ensure the successful implementation of our Salient Human Rights Issue Action Plans, we are developing skills and capacities at all levels of the Company.
The prevention and mitigation of actual or potential human rights risks and adverse impacts in our upstream supply chain starts with understanding the nature and scale of risks. Because our approach to human rights due diligence is risk-based, the measures we take to help address these risks need to be prioritized and should be commensurate with the severity of the impacts on people.

Our risk assessment approach comprises four interrelated lenses, each currently at varying levels of maturity:

- **Countries in a global context**: The Nestlé responsible sourcing team uses global data sets such as Verisk Maplecroft and insights from stakeholders on specific raw materials. Insights are used to select which countries to assess, which suppliers and raw materials to engage on and how to support local teams.

  - **Country or specific locations**: We use data sets, desk-based risk assessments, grievance reports, information from rights holders and insights from our Responsible Sourcing Program. These data are used to guide actions at national, regional, landscape or site levels.

- **Raw materials or business activities**: We use data sets, desk-based risk assessments, grievance reports, information from rights holders and insights from our Responsible Sourcing Program. We use this to prioritize countries and to decide on engagements at a sectoral level, and whether engagements should be global, national or regional.

  - **Individual suppliers**: We combine information about the maturity level of our suppliers’ HRED management systems, and site assessment and grievance information. This enables us to prioritize suppliers for engagement or support.

We use this approach to consider both future and current human rights risks and impacts. We seek to both prevent and mitigate risks, and help remediate impacts that may already be occurring.

Based on country risk data and on the analysis of the number and volumes of priority raw materials sourced under our Responsible Sourcing Program, we have identified priority countries for most of our salient issue action plans. This means that some actions will be focusing on these priority countries, while others are concerned by business or raw material.

The Nestlé Sourcing Program. We use this to prioritize countries and to decide on engagements at a sectoral level, and whether engagements should be global, national or regional.

- **Individual suppliers**: We combine information about the maturity level of our suppliers’ HRED management systems, and site assessment and grievance information. This enables us to prioritize suppliers for engagement or support.

The goal is ambitious: train 5,500 Honduran coffee farmers on the best social practices to create fairer working conditions, close the knowledge gap and develop the coffee leaders of tomorrow. The program focuses on inclusivity, preparing them for the needs of the future market and building more resilient farms. The aim is to have at least 35% youth and 30% women participants enrolling and graduating from the program.

The initiative has already benefited thousands of young people, including many young women. The CoFunducafé Foundation, which also supports the program, has held training sessions on female leadership, knowledge acquisition, business planning and assessing and mitigating the risks of child labor.

The educational program creates a compounding effect, too. In January 2024, the group of young coffee growers – Jóvenes Caficultores – will attend their first annual meeting to share knowledge and ideas on learning, as well as implementing social practices at their farms.

Through the training initiative, Nestlé and Swisscontact are growing a culture of equality in Honduras. We anticipate a brighter, fairer future where youth and women play leading roles in creating a sustainable, resilient coffee industry.
Performance
In February 2023, we launched the Nestlé Salient Human Rights Issue Action Plans. At the core of our Human Rights Framework and Roadmap, these set out how we assess, address and report on the 10 most significant human rights risks across our value chain. They also address how human rights are considered within our wider environmental and social plans. Guided by the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, these plans help us comply and stay ahead of emerging human rights legislation globally and have a positive impact on people locally.

Internally, we have created a new Human Rights Steering Committee, which now meets quarterly. It oversees and guides the strategic direction and implementation of the Salient Issues Action Plans, ensuring alignment with organizational goals and effective resource allocation.

Multi-functional teams have been set up to ensure the successful implementation of the Salient Issue Action Plans across our value chain. We have appointed local dedicated human rights coordinators in priority markets. These human rights coordinators work in close collaboration with the owners of the action plans and report to a local operational governance body.

Our salient issues
Our salient issues are human rights at most risk of severe negative impacts through our activities or business relationships. They are informed by the results of human rights impact and risk assessments, as well as our strengthened audit, monitoring and grievance processes.

Our 10 salient issues are:
- Child labor and access to education.
- Forced labor and responsible recruitment.
- Living income and living wage.
- Gender equity, non-discrimination and non-harassment.
- Safety and health at work.
- Freedom of association and collective bargaining.
- Right to water and sanitation.
- Indigenous peoples’ and local communities’ land rights.
- Data protection and privacy.
- Right to food and access to nutritious, affordable and adequate diets.

The Nestlé Salient Human Rights Issue Action Plans help us address each of these issues, aimed at further strengthening our due diligence approach. So far, our efforts have focused initially on spreading awareness, training employees and staff, and developing or improving processes. This includes improving our understanding of human rights risks across our own operations and supply chains, developing tools to assess our suppliers’ due diligence systems and reviewing how different certification and verification schemes can provide assurance that human rights risks have been mitigated. The plans bring together all of our existing programs in a holistic way across industries, categories and ingredients, human rights and our value chain.

Action plans are now being embedded within our wider programs. These include the Nestlé Cocoa Plan, through which we are also addressing child labor risks by helping to improve the living incomes of cocoa-farming families. The Nescafé Plan 2030 is tackling child labor and forced labor risks, and the Nespresso AAA Sustainable Quality™ Program is working toward the empowerment of coffee communities, while ensuring children are protected.

Grievance mechanisms
Providing rights holders with access to effective grievance mechanisms is a crucial way of monitoring human rights risks on an ongoing basis and assessing the effectiveness of our actions. The mechanisms provide insights into our due diligence processes and enable us to assist workers and other rights holders.

Our grievance channel, called Speak Up (see Performance on page 67), is well established and open to all stakeholders. In 2023, we have piloted different tools with various suppliers in industry-wide bodies in different countries and supply chains. We intend to reach as many rights holders as possible and embed these mechanisms throughout our value chain. We are also in the process of implementing a grievance mechanism as a mandatory clause in supplier contracts.

Examples of the tools available in our supply chains include Issara Institute’s worker voice mechanisms in the seafood supply chain in Thailand. We have also supported our palm oil supplier Sime Darby Plantations to extend the Suara Kami toll-free helpline to all their workers in Indonesia and Malaysia. A digital grievance app called WISE is also being evaluated by Nespresso, with a first pilot to be implemented in Guatemala.

We also participate in the development of industry-wide grievance mechanisms. These include MY VOICE, an initiative by the Social Accountability Initiative (SAI) which could enable workers to have more influence on the implementation of a social compliance system in the palm oil sector in Malaysia. We are also in the process of implementing a grievance mechanism as a mandatory clause in supplier contracts.

Focus on child labor risks
Based on our global risk assessment, potential risks of child labor may occur in the supply chain of some of the raw materials we purchase. Nestlé is committed to helping address child labor risks alongside efforts to enhance access to education.

In addition to permanently monitoring this risk, as described in the Approach section above, the following specific policies and measures support the approach:
- Our Corporate Business Principles state that we take action against any violations of human rights in our operations and value chain, with zero tolerance of child labor, forced labor and modern slavery.
- Our Human Rights Policy states that we pay particular attention to individuals or groups who may be at greater risk due to their vulnerability or marginalization, such as migrant workers, children, women and girls, sexual and gender minorities, ethnic and racial groups, and Indigenous peoples.
- The Nestlé Responsible Sourcing Standard, which is embedded in all our supplier agreements, includes requirements related to combating child labor, including clauses on the minimum age for employment as well as specific conditions to be met for family farm work. We verify compliance with our Responsible Sourcing Standard by our direct suppliers via independent audits that follow the Sedex Members Ethical Trade Audit (SMETA) Best Practice Guidance. These audits include requirements related to child labor. We also map our upstream agricultural supply chains and carry out farm assessments with partner organizations.
The priority countries are: Brazil, Cameroon, Chile, Colombia, Côte d’Ivoire, Ecuador, Ghana, Guatemala, Honduras, India, Indonesia, Mexico, Nigeria, Pakistan, Peru, the Philippines, Thailand, Türkiye, Uganda and Vietnam.

The following steps informed our prioritization of countries:

1. Identification of countries categorized as ‘priority’ for the combined results of the Verisk Maplecroft’s Child Labor Index, as well as the US DoL’s list of goods produced by child labor or forced labor.

2. Analysis of the number of relevant raw materials under our Responsible Sourcing Program and recycled materials that were at high or very high risk for child labor and for which we source medium or high volumes from these countries. This provides us with the scale of the footprint Nestlé has in the countries categorized as ‘priority’.

3. Addition of countries considered ‘priority’ in relation to our scope of the raw or recycled materials we source, for which we had information available.

Together with our partners, we also focus on helping address the complex factors that contribute to the risk of child labor. These include widespread rural poverty, increasing climate risks and a lack of access to financial services and basic infrastructure such as water, healthcare and education.

Our identification and assessment of risks indicated that the risk of child labor is particularly prevalent in the cocoa sector. Therefore, we prioritized efforts to mitigate these risks in our Nestlé Cocoa Plan supply chain. The following measures were taken:

- Implementing a Child Labor Monitoring and Remediation System (CLMRS) in our cocoa supply chain in Côte d’Ivoire and Ghana, in collaboration with the International Cocoa Initiative (see data points below).

- Ensuring that all the cocoa that comes from Côte d’Ivoire and Ghana is Rainforest Alliance certified. This means that these volumes are covered under a due diligence system to assess and address child labor risks. Traceability types include mass balance, segregation and mixed identity preserved.

- For non-certified cocoa coming from Brazil, Ecuador, Mexico and Venezuela, assessing and addressing child labor risks in cocoa fields through our own programs under the Nestlé Cocoa Plan or supplier programs, consisting of verifications by legitimate third parties.

- Helping cocoa farmers to reach a living income through our income accelerator program.

This aims to help reduce child labor risks and increase incomes for cocoa-farming families and farmers (for more information on the income accelerator program see page 40).

Beyond cocoa, we have taken action to assess and address child labor risks in our supply chain by:

- Working with our direct hazelnut suppliers in Türkiye to run summer schools that provide a safe space for the children of seasonal migrant workers during the harvest season.

- Providing training to coffee farmers and mills on child labor risks, and conducting independent monitoring of coffee farms during harvesting season in Brazil, Honduras, Mexico and Vietnam. We have also extended the CLMRS to our coffee supply chain in Côte d’Ivoire.

- Taking action in our raw materials and recycled packaging supply chains to assess and address child labor risks.

- Using leverage and collaboration to collectively help address widespread, systemic child labor issues and promote access to education.

Based on our due diligence approach, we have established a new performance indicator expressed in % volume of cocoa sourced from all countries covered by the CLMRS or other dedicated due diligence systems, with mass balance included. This new indicator will better capture our performance across our relevant raw materials as we deploy our Child Labor and Access to Education Action Plan, starting with cocoa in 2023. We may develop further indicators over time based on learnings from the implementation of our plan.

70.6% Volume of cocoa sourced from all countries covered by the CLMRS or other dedicated due diligence systems, with mass balance included.
Our income accelerator program aims to help reduce child labor risks and increase incomes for cocoa-farming families. It supports four areas: school enrollment, good agricultural practices, agroforestry activities and diversified incomes.

During 2023, the income accelerator program continued to make progress toward reaching an estimated 160,000 cocoa-farming families in Côte d’Ivoire, the world’s largest producer of cocoa beans. Started in 2020, the program has to date focused on the regions of Abengourou, Divo and Gagnoa and in 2024, it will be expanded to Ghana.

With cocoa-producing families historically struggling to maintain adequate income levels, the success of pruning to increase yields has been welcomed by the farmers. More than 19,000 hectares of cocoa farms have been pruned to a high standard by over 300 professionally trained local groups.

The Royal Tropical Institute (KIT) published a 2023 report on the scheme’s progress, citing “the extent of the changes varied among the interviewees, with some reporting a rise of 160 kg/ha and others experiencing a substantial boost of 470 kg/ha.”

Alongside improving cocoa harvests, the income accelerator program empowers women to take a more active role in household income generation and decision-making. Village Savings and Loan Associations (VSLAs) provide much-needed funds for women to start or continue with a new business venture. In 2023, over 9,000 households were enrolled in VSLAs, the majority women.

The program helps families send their children to school. The pilot report showed the program does make a difference, with 2,782 children registered as attending school – an 8% improvement compared to a control group of families not in the income accelerator program.

Incentives to help close the living income gap for families are at the heart of the income accelerator program. In total, families can earn up to EUR 500 during each of their first two years of enrollment and many have used the payments for schooling and healthcare costs. To date, cocoa-farming families in the program have received over EUR 2 million in incentives since January 2022.

There have been some challenges. To ensure traceability, the payments are made via mobile money. Registering all farmers and their spouses on mobile money has initially caused some delays in payments and in the next cycle, a new partner has been found to make this process more efficient.

Outlook
Advancing human rights throughout our value chain is an evolutionary journey. The publication of our Human Rights Framework and Roadmap was an important step. The successful implementation of our Salient Issue Action Plans will be critical to embedding our approach and helping stimulate systems-wide change for the food and farming sectors.

Collaboration across different supply chains, markets and stakeholders will be essential. System-wide change will mean developing holistic strategies and sharing information to address both human rights and environmental concerns.

“We are very pleased with progress, especially in starting to transform the way cocoa is farmed, with professional groups now pruning to a high standard. Gender empowerment is key to the program, and it’s great to learn about the impact of women’s decision-making in many households.”

Darrell High
Head of the Nestlé Cocoa Plan
Packaging and circularity

At Nestlé, we are working toward a future where none of our packaging ends up in landfill or as litter in the environment.

By the end of 2023:
- 83.5% of our plastic packaging was designed for recycling*.
- 41.5% of our packaging was made from recycled and/or renewable materials.
- Virgin plastic in our packaging had reduced by 14.9% since 2018.

To track our progress, we put in place the following KPIs:

We aim to reduce our use of virgin plastics by one third by 2025 (versus 2018 baseline)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI</td>
<td>-4.5%</td>
<td>-8.1%</td>
<td>-10.5%</td>
<td>-14.9%</td>
<td>-14.9%</td>
<td>-33%</td>
</tr>
</tbody>
</table>

We aim for >95% of our plastic packaging to be designed for recycling by 2025*

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI</td>
<td>74.9%</td>
<td>81.0%</td>
<td>83.5%</td>
<td>95%</td>
</tr>
</tbody>
</table>

Packaging that is reusable, recyclable or compostable*

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI</td>
<td>86.6% in 2023</td>
<td>85.8% in 2022</td>
<td>85.4% in 2021</td>
</tr>
</tbody>
</table>

Packaging pieces placed on the market**

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI</td>
<td>344</td>
<td>320</td>
<td>320</td>
</tr>
</tbody>
</table>

SDG contributions

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here.

* As per EMF “New Plastics Economy Commitment – Commitments, Vision and Definitions” (Feb. 2020).
** Packaging Pieces Placed on the Market are computed on 1% of total packaging weight.
Packaging protects foods and beverages, ensures their quality and helps prevent food waste. It also provides important information, such as the origins of ingredients and nutritional content. The amount of packaging waste inappropriately managed at end-of-life is a serious global problem, affecting water and soil quality, biodiversity and communities. Reducing waste, managing recovered packaging materials and increasing recyclability and circularity are crucial.

The infrastructure to collect, sort and reuse or recycle packaging varies by country and, often, municipality. As of 2023, we saw Extended Producer Responsibility (EPR) related laws enacted in 87 jurisdictions and 47 in draft. The European Union’s Packaging and Packaging Waste Directive is expected to become a regulation during 2024. We welcome such regulations that drive economies of scale in packaging sustainability and accelerate the development of infrastructure in collection, sorting and recycling.

Reducing the amount of packaging, particularly virgin plastic, and finding suitable alternatives is of utmost importance for Nestlé. Uncertainties surrounding the availability and cost of replacement materials, waste management infrastructure and future regulations could all impact the Company’s business performance. These factors may potentially lead to supply disruptions, regulatory action and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

### Approach

Our vision is ambitious: a world in which none of Nestlé’s packaging, including plastics, ends up in landfill or as litter. In our efforts to stop leakage to natural environments and landfills, we committed to reduce our use of virgin plastic and make our packaging more suitable for recycling systems. The absence of packaging waste management infrastructure is a major concern for all of us and we collaborate to develop more effective systems wherever we operate.

We are part of the Ellen MacArthur Foundation’s New Plastics Economy initiative, which, in 2017, mobilized the first voluntary industry action on plastic packaging use. We have pledged to work as an industry to create a circular economy for plastic. The first steps are the elimination of unnecessary plastic in our packaging, as well as innovations to ensure any plastic we do need is designed for recycling or reusability.

We aim to implement the design principles described in various design-for-recycling guidelines from, for example, the Association of Plastics Recyclers (APR), Plastic Recyclers Europe, European PET Bottle Platform, Consumer Goods Forum Golden Design Rules and others. We have also identified several plastic types and additives that limit recycling acceptance in many locations and are phasing these out.

### OUR PILLARS

We have five pillars of activity:

- **Pillar 1: Less packaging – Reduce**
  Reducing our use of virgin plastics packaging material, removing unnecessary plastics and increasing recycled content.

- **Pillar 2: Less packaging – Reuse and refill**
  Scaling reusable packaging and bulk dispensing systems to eliminate the need for disposable packaging.

- **Pillar 3: Better packaging – Redesign**
  Pioneering alternative materials, novel technologies and innovative packaging solutions to facilitate reuse and recycling.

- **Pillar 4: Better system – Recycle**
  Supporting collection, sorting, reuse and recycling infrastructure to shape a waste-free future.

- **Pillar 5: Better system – Rethinking behaviors**
  Rethinking mindsets and behaviors at Nestlé, as well as with retail partners and consumers.

### Packaging innovation

Innovation is key to delivering Nestlé’s vision for sustainable packaging. We strive for a balance between performance, cost and reduced environmental impacts, while maintaining the quality and safety of the foods our packaging protects.

At the Nestlé Institute of Packaging Sciences, we are exploring innovations for new packaging materials. Around 50 scientists conduct research and assess the safety, technical and environmental performance of new materials.

The Institute works closely with our global R&D network and collaborates with suppliers, start-ups and universities. Their work includes developing new high-performing paper barriers, integrating more recycled content and redesigning packaging from multi-material to mono-material. We are also testing alternative delivery systems for reuse and refill.

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**Image**: Nestlé Australia have been experimenting with new packaging formats, which have included paper for KitKat wrappers.
Performance

We aim for a packaging system where no waste ends up in landfills or natural environments. To help deliver this, we are continuing to transform our packaging systems by reducing unnecessary materials and designing more efficient systems. We are also trialing fairer collection methods and supporting better regulation.

By the end of 2023, 83.5% of our plastic packaging was designed for recycling.

In 2023, we used 814 kilotonnes of virgin plastic, which is a 14.9% reduction compared to the 2018 adjusted baseline of 956 kilotonnes.

Several factors have affected the percentage of plastic types used in our packaging by weight (see table), including acquisitions and divestments, packaging reduction initiatives, a shift toward paper packaging, product mix changes and data quality improvements, reflecting the end of 2023 portfolio.

In Indonesia: testing a new dispensing system with Milo and Koko Krunch.

In Germany, we launched a pilot with a local retail partner and the start-up Circle. Working in more than 60 grocery stores, our packaging experts developed new standardized reusable stainless steel packaging for Nesquik, compatible with existing deposit return and cleaning infrastructure.

In Indonesia, we are working with several start-ups and retail partners to pilot different types of refill and reusable systems. For example, we trialled refillable vending machines, as well as single-serve reusable packaging for Koko Krunch brands.

For transport packaging, we innovated through reuse and refill to make further material reductions. In China, we deployed reusable bands to replace plastic shrink wrap on pallets. Logistics innovator Cainiao provided new reusable shipping boxes for logistics, resulting in 100 tonnes of plastics saved per year.

To help address the challenges of taking reuse and refill to scale, we joined working groups led by the Consumer Goods Forum and the Ellen MacArthur Foundation. The groups include several dozen other retail and consumer goods manufacturers, and we will report on progress.

**Pillar 1: Less packaging – Reduce**

During 2023, we reduced virgin plastic through several packaging redesigns in Latin America. Malher Bouillon unveiled redesigned jars to save 156 tonnes per year of plastic in India. The redesign is also compatible with common municipal collection systems for PET plastic, helping to make recycling more likely.

During 2023, our Nestlé Waters brands continued to increase the incorporation of recycled PET globally into their bottles. In France, the brand Vittel implemented 100% rPET in its water bottles across its entire portfolio in 2023, excluding bottle caps and labels.

Nescafé launched several packaging innovations in 2023. In Latin America, we redesigned our single-serve stick packs for coffee, improving the coffee weight-to-packaging surface area ratio. This change has reduced the plastic used in this packaging format by 44 tonnes. In China, Nescafé lightened the bottles for our ready-to-drink coffee, saving 1733 tonnes of plastics annually.

**Pillar 2: Less packaging – Reuse and refill**

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**Pillar 3: Better packaging – Redesign**

In Colombia, we transferred our retail display bins for Maggi Chicken Bouillon cubes from transparent plastic tubs to cardboard boxes. This change saves 84 tonnes of plastic in one year.

We continue to phase out all packaging items that are not widely recycled or make recycling difficult. In Peru, at high altitudes, we shifted our five liter bulk tubs from polystyrene to widely recyclable PET and phased out 155 tonnes of hard-to-recycle materials. Operating from 500 meters to more than 3500 meters above sea level, the new packaging must withstand significant air pressure changes, requiring complex design.

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Packaging and circularity

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Reused pallet belts in China replaced plastic shrink wrap, using our single-use plastic wrap.
Pillar 4: Better system – Recycle
In the United States, Nestlé, along with six other leading FMCG, food and technology companies, announced a joint investment in Circular Services. The Company aims to scale recycling infrastructure and services in the United States and owns facilities across the country.

In India, Nestlé’s social impact project Hilldaari focuses on streamlining waste management systems and helping to professionalize and recognize waste workers. Our support has enabled over 550 waste workers across several cities to receive government-recognized ID cards, granting access to government health schemes and pension and maternity benefits.

In Belgium, since January 1, 2023, all beverage capsules and pods, whether aluminum or plastic, can be collected in the new Blue Bag for recycling. This new recycling solution is the result of a partnership between Nespresso, Nestlé (for the Starbucks by Nespresso, Nescafé Farmers Origins and Nescafé Dolce Gusto brands), JDE Peet’s (for the L’Or and Douwe Egberts brands) and FostPlus, initiated by Nespresso via AREME (a Belgian initiative bringing together players from the entire aluminum value chain). This initiative is currently entirely financed by the above-mentioned brands.

The Colombian Institute of Technical Standards and Certification recognized work conducted in 2022 with Cempre, Veolia and Latitude R, supported by Nestlé, to process 12 139 tonnes, representing 100% of the plastic, paper and metal packaging we place on the market. We are driving similar initiatives in Argentina, Costa Rica, Ecuador, Mexico and the Philippines.

Pillar 5: Better system – Rethinking behaviors
In 2023, we launched compostable coffee capsules and pods for our Nespresso and Nescafé Dolce Gusto brands in Brazil, France and Switzerland. An extensive campaign was launched to educate consumers on composting and raise awareness of effective composting methods. Across the world, Nestlé is taking a proactive role in advocating for well-designed and harmonized legislation addressing Extended Producer Responsibility (EPR), deposit return systems and reuse and refill. We are also supporting recycled content targets and the UN Treaty on Plastics Pollution. We work to integrate just transition principles into policy advocacy, speaking up for the human rights of workers in our extended supply chain.

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Our work is becoming ever more relevant. In 2022, 175 UN member states started to negotiate a legally binding global treaty to end plastic pollution. Each country must assess its unique situation and what actions it can take today. Once the treaty is enacted, nations will then need to translate requirements into tangible results on the ground.

Taking effective decisions and actions is a vast, system-wide challenge that individual stakeholders will not be able to resolve on their own. Governments will need to work hand-in-hand with businesses and civil society to break down barriers. Together, they will have to provide support for solutions that enable prevention, reduction, reuse and recycling at scale. Crucially, this transformation to a circular economy for plastics will also need to be a just transition.

Business has a key role to play. Nestlé is a Strategic Partner of the World Economic Forum and a leading corporate champion of GPAP. It actively engages across our network of country partnerships to exchange expertise and insights with a diverse community from business, government and civil society.

GPAP has been supporting individual countries since 2019, evaluating their plastic pollution profiles. The work identifies ambitious and realistic systems-change scenarios, and develops national action roadmaps for inclusive and evidence-based decision-making. This growing network of National Plastic Action Partnerships (NPAPs) – currently present in 12 countries – represents a community of practice that is leading by example and sharing its learnings and insights regionally and globally.
Waste pickers play an important role in the circularity of packaging waste and we support them based on the UN Guiding Principles on Business and Human Rights.

We believe this group merits the same human rights protections as anyone else in our value chain and so we apply the 10 Fair Circularity Principles. We developed the Principles in collaboration with the Fair Circularity Initiative (FCI), which includes development charity Tearfund, the Coca-Cola Company, PepsiCo and Unilever.

In line with our Human Rights Salient Issue Action Plans (see Advancing human rights chapter), the issues that we identified as the most salient for our waste management projects are: Safety and Health at Work, Child Labor and access to Education, and Forced Labor and Responsible Recruitment.

In selected priority countries where waste management is a cause of concern, we are conducting assessments to ensure that the rights of workers are respected. We interview key stakeholders to ensure an inclusive and adequate assessment process where concerns are captured. For any issues encountered, we develop action plans with our partners. We support this work by conducting and publishing studies. In 2023, they included ‘Resident Attitudes toward Open Burning of Waste’, and ‘Methodologies and Assessments for Living Incomes for Informal Sector Waste Workers’, developed with the FCI.

We have set up dozens of plastic collection projects across Asia, Africa and South America where waste is often mismanaged. We work with partners and associations to increase collection, sorting and recovery of equivalent amounts of the plastic waste we sell in those markets. We advocate for increasing recycling rates and the implementation of EPR.

The FCI is now developing implementation guidance and a reporting framework to support the wider industry. The increased adoption of the 10 Fair Circularity Principles will help to reduce the impacts of plastics for communities and the environment, as well as help make life for the waste workers themselves more equitable and safe.

Supporting the rights of waste workers

Waste pickers in informal and cooperative settings play a pivotal role in collecting, sorting and recycling plastics and packaging waste in many countries around the globe. From waste bins, streets and unregulated landfills, roughly 20 million waste pickers are responsible for diverting almost 60% of the plastic that is recycled worldwide.

We have made progress in areas where we have direct influence, such as designing for recycling systems and supporting infrastructure development. However, the development of infrastructure does not yet match the potential demand. To enable a path forward until effective legislation can be implemented, industry-led targets and voluntary standards are necessary. We know there is more work ahead in the shift from voluntary action to mandatory legislation, which we believe will spearhead more robust solutions and create a level playing field.

The UN Treaty on Plastics Pollution has the potential to transform global plastics waste management after 2025. EU Commission decisions on logos, labeling and design for recycling, together with consumer communications, could also reshape supply chains.

Partnership with Brazilian non-profit Recicleiros to implement integrated collection models with waste-picker cooperatives.

Outlook

Creating Shared Value and Sustainability Report 2023

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Packaging and circularity
Supporting balanced and sustainable diets

Our ambition is to bring tasty and sustainable diets within reach for billions of people, providing a wide range of foods, beverages and services for all life stages.

During 2023, we:
- Published Good for You, our new Nutrition Strategy.
- Set an ambitious 2030 target to increase the sales of more nutritious products.
- Reported transparently on the nutritional value of our global portfolio.
- Strengthened our responsible marketing practices.
- Continued to improve the nutrition and taste of our products.

Context
Across all life stages, food and good nutrition are fundamental to everyone’s health, well-being and quality of life. Food is also a source of enjoyment, playing an important part in our social lives and culture. All foods can be part of a balanced diet if consumed in an adequate amount and as part of an active lifestyle.

However, in many parts of the world diet recommendations are not met, leading to all forms of malnutrition. Many people around the world lack access to nutritionally adequate and affordable diets. In parallel, there is an urgent need to shift to more sustainable food systems that will ensure the future supply of nutritious food products within planetary limits.

With our global presence and extensive portfolio, Nestlé is well placed to help address these challenges.

Nestlé’s success is dependent on our product portfolio consistently providing value and relevance to consumers. Innovation and speed-to-market are crucial factors, as failing to meet consumer expectations could lead to missed growth opportunities.

Breast milk substitutes manufacturers including Nestlé face risks if they fail to market products in compliance with the World Health Organization (WHO) Code.

The above factors may potentially lead to shifts in demand, regulatory action, loss of trust and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

To track our progress, we put in place the following KPIs*:

**Nutritional value**

In 2023, we transparently reported the nutritional value of our global portfolio using the Health Star Rating (HSR) system as the basis.

<table>
<thead>
<tr>
<th>Product with Health Star Rating*</th>
<th>% Net sales**</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSR of 3.5 or above</td>
<td>38%</td>
</tr>
<tr>
<td>HSR of 1 to less than 3.5</td>
<td>20%</td>
</tr>
<tr>
<td>HSR of less than 1.5</td>
<td>21%</td>
</tr>
</tbody>
</table>

Net sales from products where HSR is not applied
Specialized nutrition*** 27%

* Health Star Rating is an independent nutrient profiling system. Calculations are based on the recipe for each product and are not necessarily included on the product label. Excludes 5% of net sales from non-food items.

** 76% of net sales covered, excludes PetCare and non-food items.

*** Specialized nutrition includes products sold by our Nutrition and Nestlé Health Science (NHS), which provide nutrition benefits and for which the HSR system generally does not apply.

**Total and affordable servings of micronutrient* fortified foods and beverages (billions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of servings of CDPW** products with micronutrient fortification</th>
<th>Number of servings of total products with micronutrient fortification</th>
<th>Number of servings of affordable nutrition with micronutrient fortification</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>116.4</td>
<td>210.1</td>
<td>128.4</td>
</tr>
<tr>
<td>2022</td>
<td>119.5</td>
<td>214.2</td>
<td>127.6</td>
</tr>
<tr>
<td>2023</td>
<td>122.7</td>
<td>218.7</td>
<td>127.6</td>
</tr>
</tbody>
</table>

* The ‘big four’ micronutrients are iron, vitamin A, iodine and zinc.

** Cereal Partners Worldwide.

**SDG contributions**

Our Reporting Scope and Methodology for Nutritional Value Transparency Key Performance Indicators document provides details and definitions and can be found [here](#).
Approach
All our products can play a role in a balanced diet. Our Nutrition Strategy, Good for You, is built on two strategic pillars: ‘Portfolio and products’ and ‘Communications and services’.

Portfolio and products
In 2023, we set an ambitious target to grow the sales of our more nutritious products by CHF 20–25 billion by 2030, representing about 50% growth over 2022 sales. To deliver on our target, we continue our efforts to improve the nutritional value of our products, adding beneficial ingredients such as whole grains, dietary fibers and micronutrients. In parallel, we continue to reduce sugars, salt and saturated fats, including by exploring new proprietary technologies. We also leverage our expertise to expand our affordable, plant-based and nutrition offerings and set a specific focus on products for children and healthy aging.

Nutrition is inextricably linked to our health and development, from birth until our most senior years. We offer products that cater to the specific needs of mothers, infants, children, teens, adults and seniors. In addition to our foods and beverages, we also offer consumer care and medical nutrition products.

Communication and services
People want to enjoy a balanced diet, but for many this is not easy. They face many challenges, including affordability, getting used to different tastes, and lack of time or nutrition knowledge. To guide people toward balanced consumption, we provide information and services, ranging from transparent nutrition labeling to nutrition education programs and nutritious recipes, in compliance with local regulations. These initiatives, such as Nestlé for Healthier Kids and Nutriplato, promote healthy lifestyles in an engaging format.

Portion sizing
In 2023, where local regulations allowed, we set two new portion size commitments for our confectionery and ice cream products:

- All children’s portions will be 110 kcal or less.
- All multi-serve products will have clear front-of-pack portion guidance.

At Nestlé, we want to be part of the solution and make balanced diets the easy choice for people across the world. This is what has led us to refine our approach to nutrition and launch our Good for You strategy.

Good for You has two strategic pillars: ‘Portfolio and products’ and ‘Communication and services’. Our goal is to bring tasty and balanced diets within reach for billions of people, today and for generations to come.

To make this happen we will invest to innovate and offer more nutritious products for people of all walks of life, living in all circumstances. This also means inspiring people to prepare tasty and balanced meals for the whole family, using AI-powered tools to provide personalized tips, menu planning and recipes.

It’s in our hands and up to all of us to make it happen. And it is critical we act now so that more families around the world can sit down to enjoy a meal together, confident that what they are eating is good for them and better for the planet.
Supporting balanced and sustainable diets

Nutritional needs across all life stages for people and pets

Nutritional needs vary throughout life stages, from pre-conception to healthy aging. Women’s dietary choices during pregnancy impact their own health and their baby’s long-term well-being. Breast milk is the ideal nutrition for babies. For babies who cannot be optimally breast-fed, infant formula helps them thrive. Good nutrition is crucial for children’s development and we support parents’ vital role in fostering healthy eating habits.

For older adults, the right balance of energy, protein and other nutrients helps in maintaining strength and cognitive abilities, allowing them to live a fulfilling and active life.

Affordable nutrition

With our affordable nutrition offerings, we are helping to close nutrient gaps through fortification, using essential micronutrients such as iron, iodine, zinc and vitamin A. In 2023, we provided 127.6 billion servings of affordable nutrition with micronutrient fortification. With our fortified products, we also fortified Maggi Masala-ae-Magic seasoning with iron and folate in India.

In total, during 2023 we provided 205.8 billion servings of micronutrient-fortified products from iconic brands, including Maggi and Nido.

Performance

Portfolio and products

In 2023, we continued to invest significantly to improve existing products and to innovate to offer new, more nutritious products. By the end of 2023, our efforts improved the Health Star Rating of 588 of our foods and beverages. We have also continued to address nutrients of public health concern. This included:

– Introducing a new versatile and cost-effective sugar reduction technology for ingredients such as milk and malt with an impact of 15%–30%, see Milo case study.
– Reducing the fat in milk via a new technology by up to 60%, while retaining the creaminess and sensory attributes of untreated milk. NINHO in Brazil became the first product to use the technology.
– Launching “No Added Sugar” cereals in Europe, made with over 75% whole grains from wheat, oat and quinoa. These Fitness brand varieties from our joint venture Cereal Partners Worldwide (CPW) are also high in fiber.
– Introducing the Garden Gourmet Veggie Burger Deluxe range in Belgium and the Netherlands. These burgers contain more than 60 grams of vegetables, pulses and whole grains per serving and have a Nutri-Score A*
– Addressing locally relevant micronutrient gaps with our fortified products. We also fortified Maggi Masala-ae-Magic seasoning with iron and folate in India.

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Creating Shared Value and Sustainability Report 2023

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We have also developed new foods and beverages that make plant-based proteins more accessible.

– In Nigeria, we launched a new affordable fortified dairy and plant blend, Nido Milk and Soya. This combines milk and locally sourced soy, for a blend of essential nutrients such as protein, fiber, and is a source of iron and calcium.
– Maggi Soya Chunks is a new, affordable plant-based alternative to replace meat in rice, stews and pasta for consumers in Central and West Africa. Each pack provides enough protein for up to eight people, with less saturated fats and cholesterol and at a lower cost when compared to animal protein. They are also fortified with iron and zinc.

Plant-based products

We continue to innovate for consumers seeking plant-based alternatives to their favorite foods.

– In Europe, our Garden Gourmet brand launched fish-style crispy fillets and nuggets. Made with wheat and pea protein, the products are high in protein, low in saturated fat and have a Nutri-Score A*.
– In Asia, Nestlé offers crispy fish-free fingers under the Harvest Gourmet brand in Malaysia and Singapore. Made from soy and wheat, they are a source of protein and fiber.
– In the United States, our Natural Bliss brand launched a milk alternative that combines a unique blend of oat and fava bean protein, providing high-quality protein.
– In Chile, we launched a range of Maggi Veg vegan shelf-stable plant-based cooking solutions. This includes a soy ground meat replacement for popular dishes like tacos and is a reliable source of high-quality protein and fiber.
Supporting balanced and sustainable diets

Engaging the culinary profession
Nestlé Professional supports youth training initiatives across Canada, the United States, Latin America, and Central and Eastern Europe through various events with high schools and universities. This provides practical exposure to food service as well as sharing information on nutrition, health and well-being with young people.

Leveraging the theme, Growing Great Chefs, Nestlé Professional and Worldchefs welcomed enthusiastic young chefs to the wonderful world of delicious cooking and positive eating habits. Events around the world led by 3600 chefs engaged with more than 140,000 children.

Services for health professionals
Good nutrition before and after surgery plays a crucial role in the healing process. In the United States, Nestlé Health Science is collaborating with specialist health tech provider Amwell. The first initiative combines automated virtual patient consultations and we are developing an Impact Advanced Recovery drink to help recovery after major elective surgery.

Since 2016, we have run medical education programs with leading international universities. During 2023, more than 11,000 healthcare professionals engaged with our digital courses, with a completion rate of more than 90% and 95% positive feedback.

Guiding consumers toward balanced diets
We continue to provide information and services to help people make informed food choices for balanced consumption:
– Across Latin America, our Recetas Nestlé websites inspire people to create tasty and balanced meals, with over 21,000 recipes developed by our chefs and nutritionists. Recetas Nestlé has over 215 million visits yearly, reaching one in ten local households.
– In France, we have teamed up with 750g.com, a leading recipe website. We have also piloted the inclusion of the MyMenu IQ™ nutritional scoring tool, which has enhanced user interactions.

Nestlé for Healthier Kids
The Nestlé for Healthier Kids program promotes balanced diets and healthy lifestyle habits for children aged three to 12 years and supports parents and caregivers:
– In Brazil, the Nestlé for Healthier Kids Award recognizes top schools that transform school environments to encourage healthier habits. It has benefited more than 44,000 children in five years. In São Paulo, an interactive exhibition, ‘Nutrition, Movement and Fun’, has welcomed more than 70,000 visitors since opening in May 2022.
– In Chile, the 12-year-old program was relaunched in 2023 with 36 new digital educational resources. The content now reaches an additional 15,000 children and has generated over 38,000 views on the ‘Nutrition, Movement and Fun’ YouTube channel.

In addition, our new policy:
– Bans all product marketing communication targeting children aged zero to six.
– Rules out collecting personal data from minors for use in marketing communication.
– Restricts partnerships to adult influencers only.

Compliance with our responsible marketing policies
Nestlé Policy on Implementing the WHO Code**
- Number of countries with audits on the Nestlé Policy on WHO Code: 76

Nestlé Marketing Communication to Children Policy (channels)
- TV: 98.4% 98.4%
- Websites: 100% 100%
- Social media: 100% 100%
- Influencers**: 37.5% 88.3%
- Average total: 94.0% 96.8%

Ensuring quality nutrition for our pets
At Nestlé, we leverage nutritional science to promote the health and well-being of pets. Purina Pro Plan is our most advanced PetCare nutrition brand and a trusted choice of many veterinarians around the world. Pro Plan offers over 140 targeted formulas to help pets thrive throughout every stage of life:
– The latest innovation is Pro Plan Vital Systems 4-in-1 cat food, which proactively supports the cognitive, digestive, urinary and immune systems.

For 2023, EU pledge monitoring results for TV, influencers, websites and social media are used as a proxy for compliance with the Nestlé Marketing Communication to Children Policy. Compliance was assessed against our policy criteria applicable during H1 2023. Compliance against our updated policy– implemented as of July 1, 2023 – will be reported in the following year.

In addition to the above, in 2023, we also included the following metrics to provide a more comprehensive picture of our performance:

- Pro Plan Vital Systems 4-in-1 cat food:
  - TV: 98.4%
  - Websites: 100%
  - Social media: 100%
  - Influencers**: 88.3%
  - Average total: 96.8%

For 2022, EU pledge monitoring results for TV, influencers, websites and social media are used as a proxy for compliance with the Nestlé Marketing Communication to Children Policy.

For 2023, the values presented were for 2021, due to the reporting period.

* For 2023, EU pledge monitoring results for TV, influencers, websites and social media are used as a proxy for compliance with the Nestlé Marketing Communication to Children Policy. Compliance was assessed against our policy criteria applicable during H1 2023. Compliance against our updated policy—implemented as of July 1, 2023—will be reported in the following year.

** Data disclosed in this report relates to 2022 consolidated data, which is one year behind our other KPIs.

*** Data disclosed in our 2022 Creating Shared Value and Sustainability Report stated values were for 2022, when in fact values were for 2021. The values presented were for 2021, due to the reporting period.

**** 100% of the audited influencers’ posts were assessed as not appealing to children below 13 years. Following a change in methodology, brands for posts not targeted to children are also included.

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Outlook
To help people adopt tasty and balanced diets, we will continue to invest significantly in R&D to drive innovation and to renovate existing products. We will put particular focus on affordable nutrition and plant-based ranges. We will also develop our products and solutions for mothers, babies and children, and for healthy aging, together with our offerings for populations with specific needs.

Further, we will accelerate the global roll-out of our AI-powered digital service platforms. These will provide transparent nutritional information, recipes and menu planning, as well as personalized tips for more balanced food choices.

Reducing sugar in Milo
Cocoa-based malt drink Milo was named after a sixth century Greek wrestler who possessed legendary strength. It is a much-loved brand, providing nutritious energy for kids as well as inspiring them to grow through sports.

Sports can be a fantastic teacher for children. The link between Milo and active lifestyles is something we have always invested in. Since the 1960s, Milo’s grassroots program has held thousands of sports clinics and events every year. In 2023, 26 million children took part in such events worldwide.

Thanks to long-standing institutional partnerships with governments and sports councils, for example, millions of children have been encouraged to participate in sports activities that help them to exercise, develop their physical skills, make friends, learn teamwork and have fun.

In Malaysia, for example, Milo is partnering with the Ministry of Youth and Sport to provide free swimming classes to children from lower income families.

In Sri Lanka, the Milo Schools Netball Championship is the biggest girls-only sports event in the country, providing a platform for over 15,000 aspiring netball players.

To support balanced lifestyles, we have introduced new patented sugar reduction technology. The technology reduces intrinsic sugar in ingredients such as malt or milk by up to 30%, with a minimal impact on taste and texture.

Our Milo brand has long supported sports and balanced lifestyles and is now making use of innovative technology to reduce its intrinsic sugar content.
Food safety and quality

Safe, high-quality products are at the heart of our purpose to unlock the power of food to enhance quality of life for everyone.

During 2023, we:

- Revamped the Hazard Analysis and Critical Control Points (HACCP) process to reduce the risks of incidents.
- Performed more than 41 million analytical tests at Nestlé Quality Assurance Centers for quality and food safety risk assessment and management.
- Launched a global communications campaign on foreign body prevention.

Context

High standards of food safety and quality are non-negotiable at Nestlé. Quality is integral to our business and embedded in our purpose and values (read The foundations of ethical business chapter). Please refer also to the Nestlé Corporate Business Principles.

Any incident or food safety concern that may lead to potential contamination, adulteration, mislabeling or other quality issues is critical for the Group. This is particularly the case where such concerns may put consumers’ health at risk. The above factors may potentially lead to impacts on consumer health, regulatory action, loss of trust and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

Approach

Our end-to-end approach to food safety and quality applies to design, delivery and how food is consumed. We apply international standards in food safety and quality management and help raise the bar in our industry using rigorous processes and leading scientific techniques.

With regular training and information, we empower our people to ensure our products are safe and compliant, enjoyable and nutritious, and in tune with consumer expectations. Our internal safety and quality processes help us anticipate and respond to challenges.

Our food safety and quality systems are designed to anticipate and address changes in regulations, changes to suppliers or ingredients due to factors such as extreme weather events and geopolitical developments. These factors also include the introduction of regenerative agriculture practices and new packaging materials or systems, and portfolio innovations such as plant-based products.

We follow international guidelines in relation to risk management, carefully checking incoming materials, processes and products in our factories. With more than 830 experts dedicated to specialized analytical testing in 20 industry-leading laboratories worldwide, we perform more than 4.1 million tests a year.

We work to embed a strong food safety culture throughout our business and encourage everyone in our value chains to observe the same standards. Nestlé experts participate in leading industry forums, including the Steering Committee and the Stakeholder Advisory Forum of the Global Food Safety Initiative (GFSI) and the Advisory Committee of the Foundation FSSC.

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| Food safety and quality |

SDG contributions

To track our progress, we put in place the following KPIs:

92.9%

Ingredients sourced from Tier 1 supplier facilities certified to a GFSI-recognized food safety certification program (2022: 91.9%)

GFSI audits in our facilities

| Major and minor non-conformance rate |
| 2022 | 2023 |
| 2.77 | 2.70 |
|
| Major non-conformance corrective action rate |
| 2022 | 2023 |
| 2.14 | 2.05 |
|
| Minor non-conformance corrective action rate |
| 2022 | 2023 |
| 1.52 | 1.55 |

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here. 

Creating Shared Value and Sustainability Report 2023 51
Food safety and quality

During 2023, we improved our Hazard Analysis and Critical Control Points (HACCP) process. Our intention was to create a more robust approach to risk prevention, ensuring compliance both in the design phase and later stages of manufacturing. In support of this approach, we implemented and integrated risk identification solutions and hygiene intelligence tools to enable us to define potential product vulnerabilities for all categories and predict risk more accurately.

Developing foresight with authorities and NGOs

We are working with partners to better model and anticipate potential food safety challenges resulting from unusual weather patterns and geopolitical events. Internally, we are enhancing our analytical capability by using cutting-edge technologies at our Quality Assurance Centers. These technologies enable us to identify and assess the risks posed by chemical contaminants, packaging migrants and microbiological hazards.

Upstream agriculture and packaging

We manage food safety and quality risks in our upstream supply chains, including agriculture and packaging. We focus on fluctuations and scarcity in sourcing, managing changes in suppliers and food fraud risk.

Factories and co-manufacturers

We ensure our factories and co-manufacturers have the adequate resourcing, competencies, infrastructure and maintenance to deliver the highest standards. In our own factories, we leverage an operator-centric approach, prioritizing risk assessments and continuously addressing and challenging our own ways of working.

In 2023, across our operations, 134 Factory Quality Managers or their equivalents passed through our Quality Leadership College. We request that our co-manufacturers are certified according to a GFSI-recognized Food Safety scheme and we have adapted our Integrated Risk Identification Solution (IRIS) to assess those co-manufacturers most at risk and help identify practical measures for improvement.

Delivered quality

We aim to drive quality in design, delivery and consumption through a rigorous food safety and quality culture across the Company. During 2023, our Quality Assurance Centers performed more than 4.1 million analytical tests as part of ongoing food safety risk assessment and management.

Quality communication

What we say matters, so we make sure we are clear, direct and transparent in our communications. In 2023, we launched a global internal campaign on foreign body prevention. We also supported the WHO World Food Safety Day, using it as a landmark date to be reminded of the importance of key quality behaviors across the Company.

Trust and verify

We understand and adhere to the roles and responsibilities that are required of us as the world’s largest food and beverage company. We are constantly looking for ways to strengthen competencies and leverage lessons learned. Our multi-layered food safety and compliance model consists of internal and external independent assessments.

Nestle’s risk mitigation strategy is for all our manufacturing plants to become compliant with the strict requirements of the Food Safety Systems Certification (FSSC 22000). This is an internationally recognized certification scheme that builds on the ISO 22000 standard in setting a benchmark for quality, safety and processes for the food industry. FSSC 22000 is recognized by the Global Food Safety Initiative (GFSI) to deliver the highest safety standards and is consistently monitored and certified by third-party institutions. The certification is renewed every three years following a strict audit by a third-party certification body. In 2023, 98.4% of our manufacturing and R&D sites were certified to FSSC 22000. Of Tier 1 supplier facilities, 92.9% were certified to a similar program.

Additionally, we further verify product compliance through analytical testing in ISO-certified Nestle Quality Assurance laboratories. In 2023, we strengthened our verification governance model by introducing unmanned food safety assessments – alongside coaching and systematic sharing of best practices.

Food safety issues

To prevent occurrence of food safety issues, cross-functional teams and food safety experts investigate each incident and root cause to improve actions and share learnings. As a precautionary measure, in 2023, we initiated 13 voluntary product recalls. Ongoing mitigation efforts are focused on upstream supply chain and Nestlé manufacturing operations.

Digital

We leverage the power of digital to increase safety and quality throughout our business. Artificial intelligence (AI), predictive analytics, monitoring and trending are all used to improve efficiency and results.

In 2023, we heightened our organizational preparedness using real-time data-driven insights while embedding competency building blocks, such as the Audit Readiness Toolkit. More than 66 000 Nestlé employees completed digital quality courses. In particular, more than 16 000 employees completed the digital HACCP level A course and more than 14 000 employees completed the digital course on Pest Management Fundamentals.

Outlook

We will continue to reinforce our food safety and quality culture across the organization. We remain alert to the latest research findings in critical risk areas and adapt our protocols as appropriate. We will make the best use of data to predict and detect potential incidents.

Climate change impacts will increasingly affect agricultural practices and we will need to adapt and refine our processes to ensure a continued supply of quality and safe materials and products for our customers. We also aim to address potential risks emerging from the use of recycled and novel packaging materials and new ingredients in the supply chain.
Our diverse and inclusive culture

Nurturing inclusivity enhances our employees’ well-being and helps us better reflect the society we serve. Leveraging our diversity supports our ambition to advance regenerative food systems at scale while enabling a just and equitable transition.

By the end of 2023:
- All markets had completed diversity, equity and inclusion (DE&I) self-assessments and set action plans to continue making progress.
- Women held 46.4% of all management positions.
- Women held 25% of our Executive Board positions.
- Local employees represented 85.7% of senior executive leaders at the management committee level in our markets.

Context
Diversity, equity and inclusion (DE&I) values are vital to the Nestlé business. We seek a culture of success that respects diversity, pursues equity, enables inclusion and ensures our people reflect the consumers and communities we serve. When our colleagues feel they can be themselves at work, they are often happier, more engaged and productive, enhancing their ambition of being a force for good.

Embracing differences and celebrating different viewpoints helps our workforce reach their full potential. Diverse teams generate a sense of belonging and can inspire the ideas that create shared value. We advocate for inclusion throughout our business and encourage all employees to be open-minded.

Our ability to attract, develop and retain a diverse range of skilled people is critical to being competitive and fostering growth. A skilled, agile and engaged workforce plays a pivotal role in the sustained success of the Company, while the loss of key personnel or skills can have disruptive impacts. The above factors may potentially lead to talent and/or skills deficits, and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

To track our progress, we put in place the following KPI:

Management positions held by women (%)

- 46.4% in 2023
- 45.3% in 2022*
- 43.8% in 2021*

* KPI reported as per ‘Middle and senior managers that are female’.

SDG contributions

To track our progress, we put in place the following KPI:
Our diverse and inclusive culture

From D&I to DE&I
We want all our people to have the same access to opportunities and to enjoy a level playing field that considers all of their characteristics, unique needs and experiences. To make this explicit, in 2023 we introduced the word ‘equity’ into our approach to diversity and inclusion.

Gender balance
We are building a gender-balanced workforce at all levels, including management. We have a mandatory training targeting all employees on unconscious bias and sexual harassment prevention. We continue to publish global policies, guidelines and resources that will strengthen our work in building an equitable workplace, and are guided by a gender equity action plan. As part of Nestlé’s Human Rights Framework and Roadmap, our recently launched Gender Equity, Non-Discrimination and Non-Harassment Action Plan, seeks to raise awareness and capacity on gender equity, non-discrimination and non-harassment with our employers and suppliers. Actions include commencing voluntary self-disclosure in some countries and equal pay analysis, as well as encouraging our direct suppliers to deliver complementary actions.

Nestlé was a founding signatory of the Women’s Empowerment Principles which offer guidance on how to advance gender equality and women’s empowerment in the workplace, marketplace and community. We continue to implement leadership, fairness, accountability and community advocacy on gender equity in the way we do business. Our progress is externally recognized in the Bloomberg Gender-Equality Index.

We also engage direct suppliers on these topics as part of our Gender Equity, Non-Discrimination and Non-Harassment Action Plan. In some markets, we are building supplier diversity programs to support, among others, businesses that are majority-owned by people who are part of traditionally underrepresented or underserved groups in society.

People with disabilities
We aim to support the needs of all people with disabilities, whether their disability is visible or not. We want to ensure our facilities, workplaces and communications are inclusive and accessible. We are members of the ILO Global Business and Disability Network (GBDN) Charter that aims to promote the employment of persons with disabilities. These global disability business networks give us access to best practice from disability specialists and our business peers and thereby enable us to accelerate disability inclusion in our workforce. The ILO GBDN also supports national level business initiatives on disability inclusion, particularly in developing countries. We have committed to elevating disability inclusion to our leadership agenda through the Generation Valuable program, which offers the opportunity for rising leaders with a disability to benefit from specialist training and mentoring to become a C-Suite leader of tomorrow, while also raising awareness among today’s senior executives.

LGBTQI+ community
At a global level, Nestlé publicly supports the United Nations Standards of Conduct to support the business community in tackling discrimination against lesbian, gay, bi, trans and intersex (LGBTI) people and is a member of the Partnership for Global LGBTI Equality. Most of our markets provide resources on coming out in the workplace, allyship and trans and nonbinary support. We continue to implement policies, guidelines and reporting systems to reinforce our culture of respect. We provide gender-neutral benefits and support for diverse family structures. Local LGBTQI+ employee networks and employee resource groups are complemented by collaborations with external organizations advocating for workplace protections in line with local laws.

Race and ethnic inclusion
We strive to advance racial and ethnic inclusion and are working to eliminate unconscious bias. We seek fair representation in management positions of the communities and countries we serve. We track progress to eliminate discrimination through self-assessment. Nestlé is a founding member of the World Economic Forum’s Partnering for Racial Justice in Business initiative, a coalition of global organizations and their senior executives. We are part of the working group to build the Global Racial and Ethnic Equity Framework, looking at how to confront systemic racism in our organizations and within the communities where we operate.

Generations and Nestlé needs YOUth
We have five different generations in our global workforce and actively encourage mentoring opportunities. For more on this subject, see the Opportunities for young people chapter.

Approach
The Group Human Resources team leads DE&I, offering policies, guidelines, tools and resources for all of the markets where we operate. These enable progress and articulate a common understanding of our DE&I strategy across our organization.

Everyone has the right to work free from discrimination, violence and harassment, including gender-based violence and harassment. The objective is to create a workplace where all are respected for who they are regardless of gender or other characteristics or backgrounds. To assess, address and report on potential risks and opportunities on this topic at the global level, we have created a specific action plan with key priorities and actions.

We also empower our markets and businesses with the flexibility to localize their action plans. As a minimum, we comply with all local legal and regulatory requirements. This includes supporting our direct suppliers to assess and address risks.

Our DE&I work is focused on four pillars, connected and underpinned by the Generations topic. This means that within each focus area, we recognize the needs and challenges of the five generations working at Nestlé, from youngest generations right up to older cohorts of employees. Our efforts on each pillar also recognize that our DE&I pillars can intersect, such as for employees who identify as LGBTQI+ and who may also experience unique needs and challenges related to race or ethnicity.

We want all our people to have the same access to opportunities and to enjoy a level playing field that considers all of their characteristics, unique needs and experiences. To make this explicit, in 2023 we introduced the word ‘equity’ into our approach to diversity and inclusion.
Our diverse and inclusive culture

Working together to grow futures for women in coffee

Since 2016, Nestlé has been working with the Kahawatu Foundation to help empower female coffee growers in our value chain. We spoke to Gender Lead, Robinah Najjingo, about the work she is involved in.

Kahawatu actually means ‘people’s coffee’ in Swahili. Since 2013, and with the support of partners like Nestlé, the cooperative has set up a village savings and loan association (VSLA). It provides credit to members who can strengthen their revenues by, for example, renting spaces in sugarcane plantations and buying more coffee trees.

We want to enable women to access what we call ‘tuvemubukene’, meaning to ‘get out of poverty’ in the local Kinyarwanda language. For the Ituze women’s group, a similar VSLA has helped 17 members diversify their income sources, moving into catering, selling sorghum and making soap. As women living with HIV, the group first met to support each other and fight the stigma. A gift of 1900 coffee trees from Kahawatu, along with training to set up the VSLA, was vital in keeping them together.

With money put aside from their new earnings and training from Kahawatu, the cooperative has set up a village savings and loan association (VSLA). It provides credit to members who can strengthen their revenues by, for example, renting spaces in sugarcane plantations and buying more coffee trees.

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With our partners like Nestlé, we’ve now reached over 5600 women in Rwanda. Boosting women’s earnings and financial literacy is one of the best ways to promote gender equity. We’re committed to uplifting women by supporting them to find a sustainable future in coffee growing. And I’m proud to be involved.

A great example is the Tuwenubukene women’s cooperative. For them, the wait between growing seasons used to mean hard times. Starting in 2019, Kahawatu helped them train members in tailoring and traditional basket weaving techniques, to make products to sell between harvests.

Since 2016, Nestlé has been working with the Kahawatu Foundation to help empower female coffee growers in our value chain. We spoke to Gender Lead, Robinah Najjingo, about the work she is involved in.
People with disabilities

Notable achievements in 2023 include supporting 13,964 young people with disabilities as part of our Nestlé needs YOUth program. Nestlé Brazil’s Garoto factory now employs around 100 staff with hearing impairments. In France, Nespresso has teamed up with the Café Joyeux chain to market a coffee whose profits support the employment of people with disabilities.

External recognition in 2023

Nestlé US and Nestlé Purina PetCare received the highest possible score of 100% in the 2023 Disability Equality Index of the Best Places to Work, an initiative from the American Association of People with Disabilities and nonprofit group Disability:IN.

LGBTQ+ community

We are creating a more inclusive workplace so that everyone can bring their full self to work, feel safe to share their ideas and make meaningful contributions.

We also strengthened inclusion on transgender issues by driving sexual orientation, gender identity and gender expression awareness sessions and support programs. Local examples include work by Nestlé Philippines, with active participation in the Philippine Financial and Inter-Industry Pride, which helps LGBTQ+ groups with coaching, mentoring and youth development. This is supported by training for employees on inclusive hiring.

In 2023, we also launched new employee resource groups in various markets – including the Latin American region and Switzerland. These are designed as empowering, safe spaces for conversations and dialogue around LGBTQ+ topics. Nestlé Brazil has adapted its communications to be inclusive to transgender people.

External recognition in 2023

Nestlé Mexico obtained The Best Places to Work LGBTQ+ 2023 certification from HRC Equidad MX, a human rights campaign foundation.

Race and ethnicity

We are proud that 85.7% of the senior executive leaders (management committee positions) in our markets are held by local employees. During 2023, Nestlé Brazil launched the Ônix Program to accelerate the professional growth, skills and competencies of black people toward leadership positions. The market also became a founding member of the MOVER coalition to address racial inequity.

Nestlé Australia launched its Reconciliation Plan. This expresses our commitment to strengthen relationships with Aboriginal and Torres Strait Islander peoples and communities.

Generations

In 2023, our Nestlé needs YOUth program celebrated its 10th anniversary. The program supports young people by focusing on three pillars: Employment and Employability, Entrepreneurship and Agripreneurship. For more on our progress, read the Opportunities for young people chapter and the program’s 10th anniversary impact report.

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Opportunities for young people

Providing jobs for a diverse generation of young people, equipping them with skills and nurturing entrepreneurial talent are vital in the shift to more regenerative food systems.

During 2023, we:

- Enabled 2.1 million people with new skills and work opportunities.
- Grew our network of agripreneurs, providing support and training for young farmers.
- Sustained progress in helping 10 million young people around the world have access to economic opportunities by 2030.
- Grew the Nestlé YOUth Entrepreneurship Platform to 9766 users in its first year and celebrated the 10th anniversary of Nestlé needs YOUth.
- Piloted Because Youth Matter with UNESCO, awarding 20 community innovation grants.

Context

Young people are a crucial part of any company’s long-term talent pipeline. Yet globally, according to the International Labour Organization, one in five young people are not in education, employment or training, or they have a job that keeps them in poverty.

Investing in youth employment brings numerous benefits to society. Nurturing young people’s ideas and giving them the skills, knowledge and opportunities to succeed helps improve personal economic circumstances. It also contributes to social development in their communities and supports respect for human rights, specifically the right to work, with ‘just and favorable conditions of work and protection against unemployment’, as set out by the UN.

Young people are at the heart of regeneration. As the UN Population Fund has highlighted, young people are increasingly moving to cities and the average age of farmers in many parts of the world is 50 years old or over.

Encouraging young farmers to be agripreneurs, to adopt regenerative practices and to run viable, resilient businesses will help feed the world’s growing population. It will also help us to achieve our net zero ambitions and safeguard our shared future.

Failure to provide appealing opportunities for younger generations could have a detrimental effect on both the quality and quantity of the talent pipeline within the Company. If we do not effectively engage and motivate young people to become farmers and agripreneurs, it may hinder our ability to accomplish our environmental ambitions. The above factors may potentially lead to talent and/or skills deficits, and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

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| Opportunities for young people |

To track our progress, we put in place the following KPIs:

Progress toward helping 10 million young people around the world have access to economic opportunities by 2030 (millions)

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2018 2019 2020 2021 2022 2023 2030

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SDG contributions

- **2.1** Young farmers trained through the Nestlé Agripreneurship Program (5127 in 2022)
- **3652** People reached through the YOUth Entrepreneurship Platform (YEP) with some basic but tangible benefit from Nestlé, a new metric for 2023
- **10807** Apprenticeship and traineeship opportunities (11495 in 2022)
- **1393147** Young people impacted through digital events (e.g. career fairs, educational webinars, e-learning programs) that focus on upskilling young people and making them more employable (1415687 in 2022)

* KPI methodology was updated in 2023 to account for YEP data; definitions can be found in the reporting methodology document.

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here.

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Opportunities for young people

Creating Shared Value and Sustainability Report 2023

7.7 million young people around the world with access to economic opportunities since 2017

Performance

As we marked our 10th anniversary year for Nestlé needs YOUth, we remained on track to exceed our target of helping 10 million young people gain access to economic opportunities by 2030. In 2023, 10,807 apprenticeships and traineeships opportunities were offered; 139,137 young people attended digital upskilling events; 23,804 job opportunities were created; and 7,630 young entrepreneurs received some basic but tangible benefit from Nestlé.

In total, we succeeded in creating 2.1 million opportunities through the Nestlé needs YOUth initiative in 2023, taking the cumulative total since announcing our commitment in 2017 to 7.7 million.

Employment and employability

In Sub-Saharan Africa, we established a series of scientific seminars in collaboration with partner universities. Conducted as part of our Academic Alliances Initiative, we engaged with universities’ and research institutes’ knowledge and expertise, while supporting local students in their studies. The seminars complement students’ university studies with the goal of closing the gap between academic work and the application of science in real-life conditions, while considering the complex innovation environment.

In Brazil, Nestlé collaborates with the University of Viçosa through a Dairy Farming Development program. More than 2,600 young people have successfully completed the course over the last four years. They have acquired practical experience in the technical and economic management of 40 surrounding farms and left with a 95% employability rate.

Agripreneurship

We want more entrepreneurial farmers, who we call ‘agripreneurs’, in our value chains and in those of our peers. Through our long-standing Nestlé Agripreneurship Programme, we have engaged 8,464 agripreneurs, including 8,000 under 30, who are training to become future-fit farmers.

Our agripreneurship support included a webinar series hosted by our brand Golden Morn, in collaboration with the Pan Atlantic University in Nigeria. We also supported young coffee agripreneurs via the long-running Fazedores de Café (Masters of Coffee) program in Brazil and worked with young dairy farmers in Pakistan via the Nestlé Farmer Connect initiative.

The UN Global Compact organized the SDG Youth Innovation Accelerator, a competition to inspire young innovators in sustainability. We participated with three teams from Nestlé in Switzerland, demonstrating responses to specific business and sustainability challenges.

Approach

Through our Nestlé needs YOUth initiative we aim to create opportunities for young people of all genders, races, beliefs and experiences. In 2023, we celebrated the initiative’s 10th anniversary. Its three pillars – Employment and Employability, Agripreneurship, and Entrepreneurship – empower young people by providing access to apprenticeships, traineeships, upskilling and job opportunities.

We are embracing young people’s diverse perspectives and helping them turn their ideas into viable businesses that work in harmony with the planet. This will help create more sustainable jobs, in line with our 2050 Net Zero Roadmap.

Individual markets and geographic zones direct bespoke workstreams and are coordinated globally with the participation of five Executive Board members. We use our brand equity to generate creative and useful experiences for young people at the start of their journeys in our industry.

Expanding online communities

We are increasing efforts to engage young people digitally, including through the Nestlé YOUth Entrepreneurship Platform (YEP). This is a dedicated website that showcases Nestlé’s innovation programs globally. It is designed to inspire young people to co-create new ideas that can shape the future of food and build a community of like-minded people.

We are also cultivating an online community of young farmers with the Nestlé Agrinest initiative, created to encourage regenerative approaches and share our expertise through free learning modules.

Nestlé actively advocates for young people in collaboration with the International Labour Organization, the Global Apprenticeship Network and the Global Alliance for YOUth. The Global Alliance for YOUth, co-founded by Nestlé, is a business-driven movement of organizations working together to help young people thrive in the world of work. Its new initiative, Because Youth Matter, conceived and launched with UNESCO, was piloted in Latin America, awarding its first grants in October 2023.

Through all our efforts, we are committed to help 10 million young people gain access to economic opportunities by 2030.

We are embracing young people’s diverse perspectives and use our brand equity to generate creative experiences.
Entrepreneurship
Since launching in 2022, we have cultivated an international community of more than 9766 ‘YEPers’ who have registered on the platform. More than 3689 users have benefited from one of the training modules on the Nestlé YEP Academy. Over the past 12 months, we have reached over 17.7 million young people through targeted social media campaigns.

In March 2023, we announced a new partnership with UNESCO, Because Youth Matter. Focusing initially on Latin America, in October it awarded 20 grants of USD 10,000, along with training and mentoring, to help young people achieve positive social impacts through innovative projects in their communities. The pilot project attracted over 900 proposals from 17 countries covering equality and social inclusion, climate action and mental health and well-being.

In the United States, we teamed up with the non-profit Girls With Impact (GWI) to help upskill the next generation of female entrepreneurs. Nestlé provided scholarships for more than 100 women to participate in GWI’s ‘mini-MBA’ program that teaches future innovators key entrepreneurship and leadership skills. The winning student received a cash prize and Agripreneurship may yield great rewards, as young people’s ideas offer exciting potential to improve the way we cultivate, produce, package and distribute food.

We will enhance the Youth Entrepreneurship Platform and make it simple for ‘YEPers’ to submit ideas. We will expand our community management to engage untapped markets and collaborate more widely. We will also grow our Agrinest initiative, with 25 online dairy courses to be launched in 2024. This will, we hope, increase regenerative practices around the world, with the potential to make a difference to the lives of many.

Our efforts to address youth employment and employability will also continue, with the aim to engage the imaginations of young people on specific business and sustainability goals.

Outlook
We believe that promoting Entrepreneurship and Agripreneurship can help young people seize opportunities and help to advance regenerative food systems.

According to the United Nations, growing numbers of young people around the world are choosing not to enter farming. Could sustainability be the factor that keeps them interested?

Anthony Agueda’s family had been supplying milk to our brand Carnation for over 50 years, but he had no real contact with the people in the business his family ran. As a senior in high school, Anthony was trying to plan his future, unsure whether dairy farming was going to be his long-term path.

While refining his career skills, he took a chance and reached out to some of the people who his father worked with: “I asked the team on the farm if they would help me practice interviewing,” said Anthony. “Not only did they help with that, but they went over my resumé and taught me a lot about sustainability in dairy.”

During this period, Anthony had applied to compete in the 2022 Future Farmers of America (FFA) annual convention in Indiana. Empowered with his new and growing knowledge of dairy sustainability, Anthony approached his local Nestlé contact to support him on his campaign. It was obvious that our Nestlé needs YOU team in the U.S. – part of the global Nestlé needs YOUth initiative – would be a great fit.

Yann Wyss, Nestlé Global Head of Social Impact and Human Rights: “Our program identifies and enables up-and-coming talent and supports them with practical advice, soft skills and connections. It helps ambitious, talented people like Anthony build networks of like-minded, ambitious individuals, passionate about making a genuine difference. We were super excited to be able to support him.”

The Nestlé needs YOU team in the United States sponsored Anthony and accompanied him to the competition, where they also hosted a meet-and-greet with students interested in agricultural advocacy.

“By investing in me and giving me insight into why they are investing in sustainability projects at our dairy farm, Nestlé has helped cement the fact that I want to continue working on my family dairy farm after college. I’m 100% going to be a voice for the dairy industry.”

Two years later, Anthony is primed for a career as a young farmer, embracing sustainability, and has represented his industry and generation in the media and at events. Nestlé needs YOU has also deepened their engagement with FFA, bringing an interactive experience to the 2023 convention and connecting with more than 17,000 next-generation agripreneurs online.

As Anthony’s generation tackles the realities of resource scarcity and a changing climate, we need more knowledgeable and passionate young farmers like him to enter the industry. With their help, advancing regenerative food systems at scale is within reach.
An employer of choice

Our people are at the heart of our ambition of being a ‘force for good’. Supporting their mental, physical and social well-being will help sustain an organization where individuals can thrive.

Context

For many, 2023 was defined by extreme weather events, a persistent cost of living crisis and the impacts of conflicts. In this challenging geopolitical context, there is a growing interest in pursuing careers with meaning.

Our experience shows that employee sentiment increasingly places importance on working for a company that has a purpose. Candidates seek work built around shared values, that address topics such as the environment and social equity.

During the recruitment process there is a greater personalization in meeting the needs of potential employees and in how roles are defined. Employees everywhere are looking increasingly for change and growth in their careers.

Our ability to attract, develop and retain a diverse range of skilled people is critical to being competitive and fostering growth. A skilled, agile and engaged workforce plays a pivotal role in the sustained success of the Company, while the loss of key personnel or skills can have disruptive impacts.

Our commitment to maintaining a safe and healthy work environment is reflected in our policies, procedures and training programs. Failure to comply with local health and safety regulations and/or nurture safe, healthy workplaces may lead to injuries or fatalities, regulatory action and impacts on our reputation.

For more on business risks, please refer to the 2023 Nestlé Annual Review.

By the end of 2023:
- More than 260,000 of our people were covered by our Employee Assistance Program.
- Employees had completed on average 15.1 hours of training.
- 118,401 employees had participated in the My Health Numbers program since its 2018 introduction.

To track our progress, we put in place the following KPIs:

0.66 Recordable illness rate per million hours worked

1.17 Recordable injury rate per million hours worked

SDG contributions

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here.
**Employee mental health**

**Our focus on employee health and well-being is fundamental to our success.**

Having a resilient, agile and overall healthy workforce is essential to the quality of our work and future success of our business. That is why for Nestlé, when we talk about caring about employee health, this includes a strong focus on physical and mental health and well-being.

The Nestlé Roadmap for Employee Health provides the global framework for our approach and helps to ensure that our efforts are coordinated, transparent, and aligned with our Corporate Business Principles and business objectives. It also helps us to measure progress in this area, identify any gaps and to advance workplace well-being across our organization.

Our Roadmap for Employee Health also ensures we build in the necessary flexibility that markets need in embedding our approach. This enables markets to tailor their efforts according to the local context in line with local priorities to deliver the most impact. For instance, markets may offer training on mental health and well-being.

**Employee health and well-being**

A healthy workforce supports innovation and organizational success. Employee health is good for business performance, shareholder value and the well-being of our people. It is a key priority as we build our workforce for the future in an organization that supports all professional and personal aspirations.

When individuals feel physically and mentally well, they bring their best selves to work, leading to increased creativity, engagement and resilience. Prioritizing health and well-being for our people supports a productive workforce and reduces absenteeism. It also fosters a culture of care and support, ultimately enhancing employee satisfaction and loyalty.

**Approach**

**Talent management**

Our talent acquisition, development and retention approach is outlined in our People Strategy 2025: building a future-ready, diverse, and inspiring workforce that has the ambition of being a force for good. Our winning culture and values bring together talented, passionate and curious people who unlock the power of food to enhance the quality of life for everyone, today and for generations to come.

We encourage our people to explore and grow by empowering them to identify opportunities within the Company. This means encouraging talent mobility where it makes sense and working closely with our employees to fulfill their requirements for flexibility, training, growth and recognition. To equip our workforce for the future, we have launched a ‘Lifelong Learning’ campaign, highlighting the essential skills needed to thrive in an ever-evolving landscape.

Internally, our SuccessFactors online system enables managers and employees to find guidance and track progress. While externally, existing digital channels continue to play an important role in attracting talent. Nestlé’s online careers section received approximately 27 million page views in 2023, generating over 1.5 million applications.

**Our people by type of employment**

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<thead>
<tr>
<th>Permanent</th>
<th>Temporary</th>
</tr>
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<tr>
<td>Total number of employees by employment contract (by gender)*</td>
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</tr>
<tr>
<td>Male</td>
<td>189,004</td>
</tr>
<tr>
<td>Female</td>
<td>7,897</td>
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<table>
<thead>
<tr>
<th>An employer of choice</th>
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Internal viewpoint

Bilyana Georgieva-Voeva
Group Employee Relations and Employee Health Manager

We measure and review the progress of our employee health and well-being initiatives using an Employee Health Dashboard that allows us to track progress in this area, providing real-time data and metrics. This equips us to make data-driven decisions about which initiatives are most impactful.

In addition, as part of placing more leadership support behind this key focus area, we provide an annual Employee Health and Safety Report for the Executive Board and share our approach with interested stakeholders. Examples of this support include the bi-annual update to the Board Sustainability Committee and the Employee Health and Well-being Council. These updates serve to disclose progress, share gaps and action plans, as well as align on future priorities.

Our people are at the heart of our business and success. We believe that by strengthening our focus on workplace physical and mental health and well-being, we can actively create a positive and supportive work environment where all our employees can thrive.
To assess, address and report on the risks and opportunities of this topic at a global level, we have issued the **Safety and Health at Work Action Plan**, with key priorities and actions.

The Nestlé Roadmap for Employee Health sets out the expectations and priorities for the Human Resources Function and provides guidance for the markets’ health strategies. The Roadmap has four pillars, with key milestones and deliverables:

**Foundations:** Getting the essentials right on health assistance, reporting, crisis management and ergonomics.

**Governance and capabilities:** Strengthening our health community with measurement tools and the expertise of our Employee Health and Well-being Council.

**Health promotion:** Driving education and awareness around healthier lifestyles using an evidence-based approach.

**Communication and networking:** How we share information about health with each other and how we manage stakeholders.

### Safety

We focus on the highest risks and strive to ensure the most exacting safety standards apply at all our sites, operations and projects. To prevent fatal and serious injuries, we demand throughout the Company that the eight Nestlé Life-Saving Rules (LSRs) are applied. These target the activities that carry the greatest safety risks to employees and contractors and apply to anyone working on behalf of Nestlé, employees, and contractors, on or off premises. We expect everyone’s caring leadership, personal commitment and actions to comply with the LSRs and Nestlé safety standards.

We empower employees to prioritize safety using our grievance mechanisms such as **Speak Up**, if they recognize a situation as being unsafe. See The foundations of ethical business chapter for more information.

**Employee relations and engagement**

We recognize the importance of collaborating with our employees and their representatives and organizations, as well as external labor stakeholders. Across our global workforce, we are committed to further strengthening our culture of respect by:

- Upholding our employees’ freedom of association and the right to collective bargaining.
- Ensuring direct and frequent communication in the workplace.
- Making all necessary efforts to develop fair and constructive dialogue, reach sustainable agreements and implement them.
- Engaging with external stakeholders, continuously seeking areas of dialogue and mutual understanding.

This vision is supported by our new Nestlé Employee Relations Roadmap 2025, which aims to guide our global and local Employee Relations teams in their mission to nurture employee engagement and a work environment where human rights are upheld.

### Consultations with unions related to employee health

At a global level, we engage with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations (IUF), through biannual meetings and working groups focusing on specific topics such as health and safety. At the regional and market level, we engage with work councils, labor federations, external experts and business organizations to find opportunities for continuously improving our labor practices. Since 2020, monthly meetings are organized with the Nestlé European Works Council, including topics such as health and safety. At a local level, Nestlé is also encouraging joint initiatives with trade unions on corresponding topics. For example, in the United Kingdom, Nestlé has implemented a Guidance for Menopause at Work, which was proposed by the trade unions.

### Involvement with trade unions on social matters

We ensure that direct and frequent communication is established at the workplace between management and our employees, both union members and non-union members. Informing and consulting sessions with workers and their representatives at Nestlé take place at local, regional and global levels. At a local level, consultation platforms are established according to national legislative requirements. At a regional level, we have established a European Works Council covering Nestlé Group companies present in countries of the European Union, plus Iceland, Norway, Switzerland and the United Kingdom. The Council meets regularly in the presence of Company and employee representatives for those countries. At a global level, since 2013 Nestlé has undertaken regular dialogue with the IUF. This enables discussions on social issues, which in 2023 included joint working groups on social sustainability and gender equity.

### Compensation and benefits

We ensure that our employees are rewarded and recognized for their contributions with competitive pay and benefits. Our Nestlé Total Rewards Policy provides a framework where our teams can create programs that attract, motivate and retain talent.

### Organizational design and change management

We manage our purpose and values at a global level, providing our markets with the support they need to ensure a consistent culture throughout the Company. We always take local legislation and cultural and religious practices into account.

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**Proactive employee relations**

- **Social dialogue**
  - By building an Employee Relations strategy at global, zone and local levels to support the respective Business Strategy and People Strategy.
  - By engaging with our employees and their representatives, and by including them as the Company evolves.
  - By providing our employees with good working conditions, a safe and healthy work environment, and flexible and contemporary employment opportunities.
  - By developing people leaders and Human Resources leaders who engage with employees and live by the values of respect and inclusivity.

**Social performance**

- By supporting our employees through life’s experiences, while inspiring them to be their best selves at work.
Performance

As set out in the earlier Advancing human rights chapter of this report, in 2023 we launched the Nestlé Human Rights Salient Issue Action Plans. These comprehensive plans articulate our strategy for embedding, assessing, addressing and reporting on each salient issue to the business and the communities we serve. Full details of all of the plans can be accessed via our website here.

We track and monitor the performance and effectiveness of our measures (see page 64). Our safety KPIs include:

- Recordable injury rate per million hours worked.
- Total recordable fatalities from injuries.
- Total irreversible injuries.

Talent management

In 2023, our Talent Marketplace platform, designed to create opportunities for employee self-development and growth, continued to expand. We now have 20 000 users, across 20 markets, six categories and two global functions registered on the platform.

For external recruitment we have launched a series of new technology platforms to complement our people-centered approach to hiring. These bespoke, often AI-based platforms, streamline parts of the hiring process, enhancing the candidate experience. They include a virtual pre-boarding portal, automated interview scheduling, gamification-based assessments and a careers site chatbot.

We have embedded skills as a foundational element of our People Strategy 2025 – and as a key pillar of our future-ready workforce initiative. During 2023, we launched the Digital Skills Initiative to provide Nestlé employees with a Digital Skills Baseline, Data Literacy, Intelligent Automation and Digital Well-being.

Employee health and well-being

2023 marked the final year of the first Nestlé Roadmap for Employee Health. Launched in 2021, its vision was to inspire and empower our people to choose a healthier future for themselves, their families and our business.

By the end of 2023, the Roadmap was embedded in all our markets, with 100% of the deliverables for the corporate Employee Health and Well-being function achieved. We also launched the new 2024–2026 Roadmap for Employee Health and Well-being.

In accordance with the ISO accreditation process (ISO 45001 for Occupational Health and Safety), we provide an annual strategy report to our Executive Board, summarizing current performance, the main risks, what is working well and areas for improvement. In 2023, under the leadership of an Executive Board member, the new Employee Health and Well-being Council was created. This serves as a sounding board for new initiatives and as a platform to generate commitment and alignment from the senior organization’s leadership across different functions.

In 2023, the KPIs for illness among employees were as follows:

- Total recordable fatalities from illnesses: zero.
- Total irreversible illnesses: 16.

Global programs and initiatives

Educational programs, such as #HealthyLives training, with modules on nutrition, sleep, physical activity and mental health, continue to play a key role in building the foundations for informed decisions on healthier lifestyle choices. By the end of 2023, 55113 employees had watched the videos, generating 701 704 views, up from the 2022 cumulative total of 509 974.

The My Health Numbers program monitors our employees’ overall health risks and enables us to develop precise mitigation risk strategies. By the end of 2023, 118 401 employees had participated in the program since its 2018 introduction. Mental ill-health, unhealthy eating, lack of physical activity and excess weight remain the most prominent health risks. A new version, with a more comprehensive panel of exams, was launched and trialled in Switzerland in 2023, with positive feedback.

Since 2021, we have held two global campaigns each year, engaging employees in mental and financial well-being topics.

Since 2021, we have held two global Healthy Life Days campaigns for employees each year, timed around World Day for Safety and Health at Work on April 28 and World Mental Health Day on October 10. The campaigns reached 227 000 views in 2023, engaging employees in a wide range of physical, mental and financial well-being topics. There were sessions on holistic health topics, such as mental health and building resilience, healthy eating, financial well-being, mindfulness, sleep, ergonomics, working with cancer and menopause. We also further developed our Pleaz global digital platform, generating 123 374 activations, encouraging employees to take active breaks during the day through short and engaging guided videos.

As part of our commitment to ensure the availability of healthy food at Nestlé, in 2023, 96.0% of our canteens offered healthy meals, with 38.0% of our markets already providing a nap room or equivalent space for rest.

Our Employee Assistance Program (EAP) is now available in 93% of our countries, covering more than 260 000 employees. An external service, it provides free, qualified and confidential employee counseling and support in local languages via dedicated helplines. Supporting employees and caregivers affected by cancer

In January, we signed the #workingwithcancer pledge (#WWC). The campaign, launched at the World Economic Forum in Davos, seeks to elevate the role of the workplace in supporting cancer. On February 4, World Cancer Day, we launched a global internal communications campaign, achieving 19 000 views. We will continue raising awareness to strengthen our culture of understanding, caring and support for employees and their families affected by the disease.

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Employee relations and initiatives
During 2023, we continued to update our Employee Relations strategy and implement policies, see metrics below:
- The Nestlé Parental Support Policy is currently fully implemented in 100% of our markets.
- The Nestlé Policy against Discrimination, Violence and Harassment was implemented in 100% of our markets.
- The Nestlé Global Guidance for Supporting Employee Victims of Domestic Violence was operating in 89% of our markets.
- 93% of markets were offering an EAP to support employees’ mental health and well-being.
- 93% of markets were providing supportive measures for employees working with cancer.
- 58,272 primary and secondary caregivers used paid parental leave.
- 92.7% retention of primary and secondary caregivers who used paid parental leave after one year.
- 52.7% of total employees covered by collective bargaining agreements.

Safety
In 2023, we continued the implementation of our digital safety roadmap, with additional technologies designed to eliminate serious incidents and support employees to comply with our eight Nestlé Life-Saving Rules (LSRs).

Nestlé continues to pioneer the use of virtual reality to build safety competencies. We have expanded our catalogue of virtual reality modules for our markets, focusing on LSRs, warehouse safety and offices.

Despite our continuous efforts to provide safe working conditions we deeply regret that one colleague lost their life while working for us in 2023 (six in 2022). The fatality occurred at one of our Distribution Centers. The fatal accident was carefully examined by an independent investigation team to establish the root causes. We have taken action to prevent a recurrence and shared the lessons learned across the Company.

In 2023, 645 of our sites had zero recordable injuries, a 5% reduction compared with 2022, and our Group recordable injury rate per million hours worked was 1.17. However, there were still 10 irreversible injuries in 2023 (22 in 2022). We believe that the occurrence of any incident is unacceptable.

We continue to strengthen our safety culture toward zero harm, with people at the center of everything we do, by executing our safety strategy. The strategy targets our highest risks – machinery safety, materials handling and road safety.

Capability building
In 2023, we prepared the launch of a new Learning Experience Platform that aggregates formal and informal learning assets using AI technology across a wide range of subjects. We also developed learning paths to build capabilities at scale for a range of transferable skills that reflect the fast-evolving technology context. Such skills include critical thinking, storytelling and influencing without authority. We will deploy the paths for our global audience in 2024.

Compensation and benefits
We continue to update our rewards and benefits packages to meet the needs of our multinational workforce. In 2023, we were able to introduce the Lifestyle Spending Account benefit for employees in North America, offering funds for flexible spending to support well-being.

In Central America, we offered a new, wider range of services and benefits to reflect the diversity of our workforce in the region. In Asia and Europe, we augmented an electric car scheme, providing sales teams with low-carbon means of transport.

Over 135,000 employees now have access to a Total Rewards Statement that provides a summary of their main compensation and benefits offerings to further improve clarity, awareness and engagement. We continue to monitor the economies where we have facilities to ensure that our teams’ pay and benefits are commensurate with their efforts.

Outlook
We will continue to implement our Safety and Health at Work Action Plan across all markets. The Plan includes strengthening our safety culture in the context of our zero-harm ambition. Our new Employee Health and Well-being Council will play an increasingly significant role, considering all of our locations and functions.

We will publish the 2024–2026 Nestlé Roadmap for Employee Health and Well-being and assess the learnings from our pilot. We will also publish Psychological Health and Safety at Work guidelines and Nestlé will join the Executive Committee of the Global Road Safety Partnership. We will continue to guard against complacency, actively considering all hazards.
The foundations of ethical business

Context
The trust of internal and external stakeholders in our Company, products, services and brands is essential. It is maintained by consistently operating with high standards of integrity, as well as compliance with laws, regulations and our own commitments.

We operate with complex value chains. In this context, conducting business ethically and in compliance means closing any gaps between intentions and actions. All interactions with consumers, customers, employees, suppliers, investors and regulators must always align with the Nestlé Corporate Business Principles.

To equip and empower every one of our colleagues to do the right thing, Nestlé provides a risk-based ethics and compliance framework, based on our set of core values. Operating consistently in line with Nestlé's Corporate Business Principles is essential for protecting our reputation and brands. Any deviations from these standards have the potential to impact our reputation and relationships with stakeholders.

By the end of 2023:
- 194 CARE Audits were performed at our sites.
- 2,341 messages were closed and 691 were substantiated through the Speak Up channel and other means.
- 970,000 compliance training modules were completed.

Approach
Everyone at Nestlé is expected to conduct business in an ethical and principles-based manner, even in the absence of legal or regulatory frameworks. We take a coordinated, holistic and principles-based approach to compliance and risk management. We closely monitor our conduct against regulatory requirements, societal expectations and our internal standards. Our commitment to act with respect for ourselves, others, diversity and inclusion, and the future is enshrined in Nestlé’s Purpose and Values.

In line with our purpose and values, the Nestlé Corporate Business Principles guide the actions and behaviors of everyone in the Company. The Principles reflect our culture, which has evolved over the last 150 years, and are supported by the Nestlé Code of Business Conduct (the Code) and other policies.

In particular, the Code specifies certain non-negotiable minimum standards aligned with the UN Global Compact, Principle 10. It covers key areas of employee behavior, including integrity, compliance with laws, conflicts of interests, antitrust and fair dealing, bribery and corruption. The Code also sets out expectations on discrimination and harassment and accurate reporting and accounting. Where our own principles and policies differ from local legislation, the higher standard applies.

The Nestlé Responsible Sourcing Standard includes clear obligations for our suppliers in relation to business behaviors and ethics, which we monitor through formal due diligence procedures run by our global and local Procurement units.

For Nestlé to remain successful in the long term, we must continue to earn and retain the trust of our employees, consumers, customers, suppliers, shareholders and wider society. This depends on us acting ethically and with respect for our own values, principles and policies and in compliance with the laws and regulations where we operate.
Business ethics and compliance
To strengthen and sustain a business ethics and
compliance culture throughout the organization,
we implement a comprehensive Compliance
Management System. This comprises policies,
processes, controls and tools. At its heart lies
our Group Compliance Program, which sets
out appropriate governance, organization,
processes and activities for effective compliance.
The program also supports the continuous
development and implementation of the Nestlé
Corporate Business Principles.

Our four Compliance Program pillars
1. Compliance governance and culture
Our senior management is committed to
driving a strong culture of business ethics and
compliance throughout the Company. Our
policies, standards and procedures define the
desired behaviors and are supported by robust
governance and processes. These enable
us to proactively uphold our values, address
relevant risks and meet incremental regulatory
requirements. They also reinforce a Speak Up
culture, where any potential non-compliance
incident may be reported (see the Performance
section of this chapter).

2. Communication and training: dissemination
of processes and tools
Regular communication with our employees
helps promote a responsible mindset
and reinforces our ethics and compliance
requirements. To support and monitor this
process, we make use of training materials and
tools that are regularly updated.

3. Monitoring and reporting
Through our CARE audit program, we assess
compliance in all Nestlé operated sites. This
covers human rights, conditions of work and
employment, business integrity, safety and
health, environmental sustainability, security,
local communities and labor accommodation.
The program relies on an independent external
audit network.

4. Closing gaps
We carry out continuous risk assessments to
define the priorities and focus areas of our
Compliance Program. We ensure that ethical
discussions, consequence management and
action plans are duly executed.

Automated and universal systems
and processes
The continuous deployment and improvement
of digital tools provide effective and actionable
monitoring and reporting support for the
execution of our Compliance Program.

Managing data responsibly and ethically
Our commitment to protecting personal data
and privacy is reflected in our mandatory Global
Privacy Program, our Data Ethics Framework
and the Nestlé Corporate Business Principles.
We are transparent about how we process
people's data and provide meaningful controls
over how personal data are stored, collected and
used. Nestlé aims to meet not just legal data
requirements, but also to do what is right.
The foundations of ethical business

External viewpoint

The new frontier of ethics and data in digital advertising

Gabriela Robballe
Senior Digital Policy Manager, World Federation of Advertisers (WFA)

How digital advertising is responding to the growing demands of consumers for their data to be used responsibly.

According to our recent research, 90% of Chief Marketing Officers now view the ethics of how they use consumer data as a top priority. It makes what we do here at the World Federation of Advertisers (WFA) extremely interesting. We have a role to play in helping to ensure that the interests of consumers are protected, which is a big responsibility.

The WFA is a global organization representing the interests of more than 150 of the world’s largest brand advertisers, and over 60 national advertiser associations worldwide. We champion better marketing, helping brands to connect and communicate with consumers in fun, engaging and innovative ways.

Businesses today are expected to deliver, not only on financial performance but also demonstrate how they are making a positive contribution to society and this extends to how they conduct their marketing operations. We believe advertising must be conducted in a responsible, non-intrusive and ethical way and should reflect the evolving needs and expectations of people and society.

Data-driven marketing has become key, helping brands reach consumers with the right messages at the right time. It offers personalized experiences, with increased engagement and returns on investments. But consumers are increasingly concerned about how their data are used and shared for advertising purposes, claiming they feel ‘overwhelmed’ by the sense of being observed in the name of advertising. They are calling for more transparency and more control over their advertising experience as a result.

There are now data protection and privacy laws and regulations in over 120 jurisdictions across the world. Regulators are introducing new restrictions on what can be used for advertising, over concerns that the ad-funding business model undermines fundamental rights online.

Brands today are expected to make sure their marketing activities do not contribute to the unlawful exploitation of user data, perpetuate bias or fund harmful content or disinformation. And to deliver, they must promote ethical data practices and take responsibility for the technologies they use and the data-related choices their marketers and suppliers make. By doing so, they will retain the trust of consumers and propel a more responsible path forward for the digital advertising industry.

60% Digital advertising accounts for over 60% of global advertising spend today, up from 15% 10 years ago

Performance

Speak Up is an accessible grievance mechanism tool to capture complaints and feedback from employees and any external stakeholders. It helps enable a compliance culture and daily adherence to the values of our Corporate Business Principles.

Every allegation reported through Speak Up is professionally and confidentially handled. A continued increase in awareness of Speak Up led to an increase in the volume of messages received in 2023. The number of substantiated cases has also increased compared to 2022.

In 2023, we received 2,874 messages on non-compliance allegations and compliance-related questions. Of the cases investigated and closed, 691 messages were substantiated. As a consequence of substantiated cases, 122 employees had to leave the Company and 15 service providers’ contracts were terminated.

Our global KPIs on ‘total messages received, closed and substantiated through Speak Up system’ clearly show the effectiveness of the tool.

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CARE social audits

2023 was the last year of the latest CARE cycle which began in 2021, with 194 CARE audits performed in 2023, down from 264 in 2022. Our CARE program for the upcoming 2024–2026 CARE cycle has been reinforced and enhanced, particularly in assessing human rights in our sites.

The review content is based on well-established social auditing methodologies, the Fair Labor Association (FLA) Code of Conduct and enriched with requirements specific to Nestlé. The wide range of topics includes health and safety, environment and working conditions. These include accommodation for on-site workers, forced labor and responsible recruitment, and verifications of child and young worker labor.

All our operational sites receive a business integrity review through the CARE Program that assesses bribery and corruption prevention and training activities.

Communications

During 2023, to reinforce our culture and share training and learning opportunities we implemented a dynamic calendar of compliance communications. Topics included anti-bribery and corruption, anti-money-laundering and business ethics.

We published an annual compliance communication dedicated to Speak Up, which we rolled out across all our markets. To reinforce our commitment on preventing retaliation, we conducted activities on International Whistleblower Day.

We provide transparency on the number of messages we receive and the number of substantiated cases during the year. We also provide the number of disciplinary actions the Company has taken.

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Creating Shared Value and Sustainability Report 2023
Internal viewpoint

How CARE audits in France support vulnerable workers

Nestlé France has been helping to protect the human rights of these workers and others through its CARE program – a simple and engaging way to encourage and enable the raising of concerns by anyone directly, or indirectly, working at our facilities.

We have implemented the CARE Audit Program leveraging three pillars: assess, address and report. In the last three years, the program has been rolled out across our 18 production sites, head offices and our Nespresso boutiques in France.

Thanks to in-person audits conducted by external auditors, CARE brings a human face to our due diligence process. Driven by our senior leadership, communications feature their voices to reinforce how the CARE Program helps assess working conditions and human rights at our sites.

In 2023, members of the European Parliament voted in favor of new European rules on corporate sustainability due diligence. France is the first country in the world to mandate that large companies publicly disclose their vigilance plan on human rights and environmental due diligence, including that of subsidiaries, contractors and suppliers in contractual or non-contractual relationships.

Nestlé France has been helping to protect the human rights of these workers and others through its CARE program – a simple and engaging way to encourage and enable the raising of concerns by anyone directly, or indirectly, working at our facilities.

There are estimated to be more than half a million undocumented migrants living in France and they can be vulnerable to human rights abuses. They often find work as cleaners, delivery drivers, in construction or in hospitality – and may experience forced labor situations including having their wages and permits withheld.

In-person audits bring a human face to our due diligence process.

We are all concerned, all responsible, all committed to making Nestlé the exemplary company in terms of compliance, human rights and ethics.

CARE gives a voice to those who need it the most.

Outlook

Looking ahead, Business Ethics and Compliance will continue to serve as a key pillar for sustainable business growth and a non-negotiable requirement for everything we do. Each year we review and reinforce our Compliance Management System to ensure a risk-based approach. This reflects external factors such as society’s expectations and increasing regulatory requirements, as well as internal factors and insights provided by processes and tools.

During 2024, we will continue to build on our strong foundations and to rapidly respond to and address the constantly changing regulatory landscape and social environment. We foresee needing to strengthen our Third-Party Risk Management and ensure our mandatory training and communication campaigns remain relevant. We will also be responding to forthcoming regulations on ESG matters and non-financial reporting.

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Community giving

We put communities at the heart of our giving strategy. Nestlé engages with numerous partners at an international and local level.

Disaster relief
We help our communities when disasters strike and in the recovery phase, through dedicated front-line support and assistance via global or local partners.

We proactively support our global partners, the International Federation of the Red Cross and Red Crescent Societies (IFRC), and World Central Kitchen (WCK), facilitating help on the ground, often within hours of a disaster. Nestlé also organizes local and employee campaigns.

2023 examples:
– In response to the March 2023 earthquake that devastated communities in Syria and Türkiye, Nestlé provided 286 tonnes of food and 120 trucks of water, in addition to our support to global partners WCK and IFRC’s Disaster Response Emergency Fund (DREF). Nestlé also ran an employee fundraising campaign which raised CHF 181,765, which was matched 1:1 by Nestlé to total CHF 363,530.
– In Ukraine, during 2023, Nestlé donated more than 2,058 tonnes of food, equivalent to 52.2 million portions. We are also helping to fund two rehabilitation centers.
– In conflict-affected areas of the Middle East, we are working through local partners to provide assistance to those in need.

Food access
We tackle food insecurity by helping people in need gain access to food and we work to enhance their integration with local communities. For example, Maggi partners with its supply chain to create a special recipe base for distribution by Foodbank in Australia and New Zealand to help those in need create a tasty meal from ingredients in food hampers. In 2023, more than 1.7 million servings were distributed to vulnerable people in both countries.

Community life
As well as our international work, we have established a strong community program in the Swiss region where Nestlé was founded. By continuing to establish solid partnerships, we strengthen trust with the community in Vevey and the surrounding region. We work with local associations and institutions to create shared value via projects that contribute to a thriving community life via culture and sport and through food access for vulnerable communities.

2023 examples:
– Highlights for 2023 included sponsorship of the Montreux Jazz Artists Foundation, Dansomètre, Théâtre Le Reflet and youth soccer training programs.
About this report

The Creating Shared Value and Sustainability Report 2023 aims to provide a full and balanced picture of Nestlé’s material topics, related impacts and performance in the calendar year ending December 31, 2023. The report is aimed at a broad audience, including investors, non-governmental organizations, environmental, social and governance services, customers and suppliers.

We provide further information about our approach and programs for each material topic online at www.nestle.com/sustainability. For investors, we also provide an overview of activity related to our major material approach and programs for each material issue online at www.nestle.com/sustainability.

The Nestlé Annual Review provides an overview of our product categories, operating segments and markets where we operate, as well as any significant changes to our operations in 2023. ‘Market’ refers to business operations and/or activities at a national level, while ‘Zone’ refers to a geographic group of markets.

Reporting scope, boundaries and methodology

This report covers our global operations and contains data for wholly owned companies and subsidiaries that are consolidated in the Nestlé S.A. financial statements, excluding associates and joint ventures and suppliers unless otherwise stated. Our environmental data refers to factories and warehouses, except for acquisitions that occurred after 31 December, 2022. Our separate Reporting Scope and Methodology for ESG Key Performance Indicators document provides more detailed definitions and methodologies for selected strategic key performance indicators, with limited assurance. All monetary amounts are in Swiss francs (CHF), unless otherwise stated.

The Reporting scope, boundaries and methodology

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Reporting frameworks

This report has been produced with reference to the Global Reporting Initiative (GRI) Consolidated Set of Standards 2021. We also applied the Sustainability Accounting Standards Board (SASB) Standard for the Processed Foods sector and World Economic Forum Stakeholder Capitalism metrics. GRI and SASB references are indicated in the Nestlé 2023 sustainability key performance indicators index. Our full GRI Content Index and SASB Index can be downloaded here.

Independent assurance

We engaged two third-party organizations to provide independent assurance of the content of this report in 2023. Bureau Veritas has provided independent assurance of the accuracy, reliability and objectivity of the information relating to selected sustainability-related performance disclosures included in this report, and that the report covers our material issues. 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 full assurance statement including scope, methodology, limitations, exclusions and the Bureau Veritas independent opinion can be found at www.nestle.com/assurance-statement.

In addition, we engaged EY to provide independent assurance on the following selected key performance indicators (KPIs) of high strategic importance:

- Net reduction of greenhouse gas (GHG) emissions (CO2e) vs. 2018 baseline (%)
- Gross direct (Scope 1) GHG emissions (CO2e)
- Gross market-based indirect (Scope 2) GHG emissions (CO2e)
- Gross other indirect (Scope 3) GHG emissions (CO2e)
- Energy consumption of factories (GJ)
- Water use reduction in factories (million m3)
- Key ingredients Responsible Sourced (%)
- Primary supply chains for meat, palm oil, pulp and paper, soy, sugar, cocoa and coffee assessed as deforestation-free (%)
- Plastic packaging designed for recycling (%)
- Virgin plastic reduction vs. 2018 baseline (%)
- Total weight of packaging
- Number of servings of micronutrient- fortified foods and beverages.
- Young people around the world with access to economic opportunities since 2017
- Management positions held by women (%)
- Key ingredients sourced from farmers adopting regenerative agricultural practices (%)
- Total weight of waste generated in tonnes and a breakdown of this total by composition of the waste
- Recordable injury rate per million hours worked
- Total recordable fatalities
- Total irreversible injuries
- Total messages received through Speak Up system
- Total messages substantiated through Speak Up system
- Total messages closed through Speak Up system
- Total number of employees by employment type (full-time and part-time), by gender
- Total number of employees by employment contract (permanent and temporary), by region
- Volume of cocoa sourced from all countries covered by the CLMRS or other dedicated due diligence systems, with mass balance included (%)
- Sales with Health Star Rating – less than 1.5 (without PetCare) (%)
- Sales with Health Star Rating – between 1.5 and 3.5 (without PetCare) (%)
- Sales with Health Star Rating – 3.5 and above (without PetCare) (%)
- Sales with specialized nutrition (without PetCare) (%)
- Sales with Health Star Rating – less than 1.5 (with PetCare) (%)
- Sales with Health Star Rating – between 1.5 and 3.5 (with PetCare) (%)
- Sales with Health Star Rating – 3.5 and above (with PetCare) (%)
- Sales with specialized nutrition (with PetCare) (%)
- Gross NNS covered by the assessment (without PetCare) (%)
- Global NNS covered by the assessment (with PetCare) (%)
- Total direct output of Chemical Oxygen Demand to the environment
- Aggregated annual Chemical Oxygen Demand concentration
- Number of countries with audits on the Nestlé Policy on WHO Code
- Instances of detected non-compliances with the Nestlé Policy on WHO Code

This assurance engagement was performed in accordance with the International Standard on Assurance Engagements (ISAE 3000) to provide limited assurance. Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions of these selected KPIs and can be found at www.nestle.com/sustainability/files/2024-02/lp/reporting-scope-methodology- esg-kpis-2023-en.pdf.

As part of this engagement, EY reviewed 90 additional indicators that are related to the selected KPIs for consistency. Bureau Veritas has assured all other KPIs, except for Global mean (average) raw gender pay gap, which has not been assured by an independent third party.

We hope you find this report interesting and informative. Please share your feedback and suggestions with us: crs@nestle.com

Table of contents

We have undertaken the requisite efforts to ensure the accuracy and reliability of the information presented in this report. This report includes metrics that are subject to measurement uncertainties due to inherent limitations in the nature and methods for data collection and measurement. The precision of different collection and measurement techniques may also vary. This report includes data or information obtained from external sources or third parties. This report contains forward-looking statements regarding our sustainability commitments, targets, performance and timelines for the future. This report also includes information that may not be comprehensive or up-to-date. As part of this engagement, EY reviewed 90 additional indicators that are related to the selected KPIs for consistency. Bureau Veritas has assured all other KPIs, except for Global mean (average) raw gender pay gap, which has not been assured by an independent third party.
Statutory Non-Financial Matter Report
Index (article 964b CO)

The information contained in the sections referenced in the index on the right constitutes the non-financial matter report pursuant to article 964b of the Swiss Code of Obligations (CO). The shareholder vote on the non-financial matter report required by article 964c CO is on the information contained in these referenced sections.

<table>
<thead>
<tr>
<th>Information required pursuant to article 964b CO</th>
<th>Sections of the 2023 Nestlé Creating Shared Value and Sustainability Report / Nestlé 2023 Annual Review</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of the business model</td>
<td>Our business model and progress against commitments</td>
<td>page 3</td>
</tr>
<tr>
<td></td>
<td>2023 Annual Review</td>
<td>cover flap, page 9</td>
</tr>
<tr>
<td>Environmental matters (including CO2 goals)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator</td>
<td>Unit</td>
<td>2023</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Net reduction of GHG emissions vs. 2018 Baseline</td>
<td>%</td>
<td>13.58</td>
</tr>
<tr>
<td>Gross direct (Scope 1) GHG emissions (CO2e)</td>
<td>Million tonnes</td>
<td>3.16</td>
</tr>
<tr>
<td>Gross market-based indirect (Scope 2) GHG emissions (CO2e)</td>
<td>Million tonnes</td>
<td>0.31</td>
</tr>
<tr>
<td>Gross other indirect (Scope 3) GHG emissions (CO2e)</td>
<td>Million tonnes</td>
<td>84.08</td>
</tr>
<tr>
<td>Energy consumption in our factories</td>
<td>GJ</td>
<td>76824313</td>
</tr>
<tr>
<td>Total weight of waste generated</td>
<td>Tonnes</td>
<td>1564810</td>
</tr>
<tr>
<td>Hazardous waste generated – biomass</td>
<td>Tonnes</td>
<td>3157</td>
</tr>
<tr>
<td>Non-hazardous waste generated – biomass</td>
<td>Tonnes</td>
<td>1027439</td>
</tr>
<tr>
<td>Hazardous waste generated – other waste</td>
<td>Tonnes</td>
<td>9622</td>
</tr>
<tr>
<td>Non-hazardous waste generated – other waste</td>
<td>Tonnes</td>
<td>524592</td>
</tr>
<tr>
<td>Primary supply chains for meat, palm oil, pulp and paper, soy and sugar, coffee and cocoa assessed as deforestation-free</td>
<td>%</td>
<td>93.4</td>
</tr>
<tr>
<td>Key ingredients sourced from farmers adopting regenerative agricultural practices</td>
<td>%</td>
<td>15.2</td>
</tr>
</tbody>
</table>

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2. References are to the first page of the relevant section.
### Environmental matters (including CO2 goals) – (continued)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water use reduction in factories</td>
<td>Million cubic meters</td>
<td>3.00</td>
</tr>
<tr>
<td>Total direct output COD load discharged to the environment</td>
<td>Tonnes</td>
<td>1911</td>
</tr>
<tr>
<td>Aggregated annual chemical oxygen demand concentration</td>
<td>mgO₂/l</td>
<td>81</td>
</tr>
<tr>
<td>% of key ingredient volumes to be Responsibly Sourced</td>
<td>%</td>
<td>36.2</td>
</tr>
<tr>
<td>Plastic packaging designed for recycling</td>
<td>%</td>
<td>83.5</td>
</tr>
<tr>
<td>Total weight of packaging</td>
<td>Million tonnes</td>
<td>3.4</td>
</tr>
<tr>
<td>Virgin plastic reduction versus 2018 baseline</td>
<td>%</td>
<td>14.9</td>
</tr>
</tbody>
</table>

### Social matters

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of servings of total products with micronutrient fortification (MNF)</td>
<td>Billions</td>
<td>205.8</td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of 3.5 and above – excluding PetCare</td>
<td>%</td>
<td>38</td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of between 1.5 and 3.5 – excluding PetCare</td>
<td>%</td>
<td>20</td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of less than 1.5 – excluding PetCare</td>
<td>%</td>
<td>21</td>
</tr>
<tr>
<td>Net sales from specialized nutrition products – excluding PetCare</td>
<td>%</td>
<td>21</td>
</tr>
<tr>
<td>Global NNS covered by the assessment – excluding PetCare</td>
<td>%</td>
<td>76</td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of 3.5 and above – including PetCare</td>
<td>%</td>
<td>31</td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of between 1.5 and 3.5 – including PetCare</td>
<td>%</td>
<td>16</td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of less than 1.5 – including PetCare</td>
<td>%</td>
<td>17</td>
</tr>
<tr>
<td>Net sales from specialized nutrition products – including PetCare</td>
<td>%</td>
<td>36</td>
</tr>
<tr>
<td>Global NNS covered by the assessment – including PetCare</td>
<td>%</td>
<td>95</td>
</tr>
</tbody>
</table>

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2. References are to the first page of the relevant section.
### Social matters (continued)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of servings of affordable nutrition with micronutrient fortification (MNF)</td>
<td>Billions</td>
<td>127.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing and R&amp;D sites certified to FSSC22000 – a program recognized by the Global Food Safety Initiative (GFSI)</td>
<td>%</td>
<td>98.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of countries with audits on the Nestlé Policy on WHO Code</td>
<td>Number</td>
<td>32</td>
</tr>
<tr>
<td>Instances of detected non-compliances with the Nestlé Policy on WHO Code</td>
<td>Number</td>
<td>96</td>
</tr>
</tbody>
</table>

### Employee related matters

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of management positions held by women</td>
<td>%</td>
<td>46.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young people around the world with access to economic opportunities since 2017</td>
<td>Millions</td>
<td>7.7</td>
</tr>
<tr>
<td>Recordable injury rate per million hours worked</td>
<td>Number</td>
<td>1.17</td>
</tr>
<tr>
<td>Total recordable fatalities from injuries</td>
<td>Number</td>
<td>1</td>
</tr>
<tr>
<td>Total irreversible injuries</td>
<td>Number</td>
<td>10</td>
</tr>
<tr>
<td>Average hours of technical or vocational training provided to workers in the Company’s operations</td>
<td>Hours</td>
<td>15.1</td>
</tr>
<tr>
<td>Number of employees</td>
<td>Number</td>
<td>270,000</td>
</tr>
</tbody>
</table>

---

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2. References are to the first page of the relevant section.
### Respect for human rights

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2023</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of cocoa sourced from all countries covered by the CLMRS or other dedicated due diligence systems, with mass balance included</td>
<td>%</td>
<td>70.6</td>
<td>page 35</td>
</tr>
<tr>
<td>Packaging and circularity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The foundations of ethical business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023 Annual Review</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Combating corruption

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2023</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total messages received through Speak Up system</td>
<td>Number</td>
<td>2,874</td>
<td>page 4</td>
</tr>
<tr>
<td>Total cases substantiated through Speak Up system</td>
<td>Number</td>
<td>691</td>
<td>page 7</td>
</tr>
<tr>
<td>Total messages closed through Speak Up system</td>
<td>Number</td>
<td>2,341</td>
<td>page 65</td>
</tr>
<tr>
<td>Governance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On the road to net zero</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The foundations of ethical business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023 Annual Review</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Material risks

<table>
<thead>
<tr>
<th>2023 Annual Review, Principal risks and uncertainties</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>In addition, material risks relevant to a specific non-financial matter for which information is required to be disclosed pursuant to article 964b of the CO are included in the sections referenced in this index with respect to such specific non-financial matter.</td>
<td>page 50</td>
</tr>
</tbody>
</table>

### Main performance indicators

<table>
<thead>
<tr>
<th>Our business model and progress against commitments</th>
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</tr>
</thead>
<tbody>
<tr>
<td>In addition, performance indicators relevant to a specific non-financial matter for which information is required to be disclosed pursuant to article 964b of the CO are included in the sections referenced in this index with respect to such specific non-financial matter.</td>
<td>page 3</td>
</tr>
</tbody>
</table>

### Reference to national, European or international regulations

<table>
<thead>
<tr>
<th>About this report</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCFD Index</td>
<td>page 77</td>
</tr>
<tr>
<td>Global Reporting Initiative Index</td>
<td>GRI and SASB Indexes 2023</td>
</tr>
<tr>
<td>SASB Index</td>
<td>GRI and SASB Indexes 2023</td>
</tr>
<tr>
<td>in each case together with the references included in the above indices</td>
<td></td>
</tr>
</tbody>
</table>

### Coverage of subsidiaries

<table>
<thead>
<tr>
<th>About this report</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>page 71</td>
<td></td>
</tr>
</tbody>
</table>

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1. The sections referenced in the index with respect to a particular non-financial matter pursuant to article 964b CO primarily contain disclosures relating to such non-financial matter. We note, however, that the disclosures contained in such sections may also be relevant to other non-financial matters pursuant to article 964b CO. Disclosures on the business model, policies, effectiveness of measures, main risks, and performance indicators can be found in the relevant sections of each topic.

2. References are to the first page of the relevant section.
Nestlé's Report Pursuant to article 964k of the Swiss Code of Obligations and the Ordinance Promulgated Thereunder Regarding Child Labor

The above-mentioned provisions of Swiss law require Nestlé S.A. to prepare and publish an annual report on compliance with its statutory due diligence obligations with respect to child labor. Nestlé’s child labor report consists of the information contained in the following documents:

1. The information contained in the section "Advancing human rights" of our 2023 Nestlé Creating Shared Value and Sustainability Report, starting on page 35
2. Nestlé’s Human Rights Framework and Roadmap, which is available [here](#)
3. Nestlé’s Responsible Sourcing Standard, which is available [here](#)
4. Nestlé’s Corporate Business Principles, particularly section 6 thereof, which is available [here](#)
5. Nestlé’s Salient Issue Action Plan: Child labor and access to education, which is available [here](#)
6. Nestlé’s Human Rights Policy: which is available [here](#)

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1 Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO) of 3 December 2021.
2 In each case together with any of the policies, frameworks or other documents referenced in these documents.
Disclosure in CSV and Sustainability Report 2023

Summary of our alignment with the Task Force on Climate-related Financial Disclosures (TCFD)

Governance

Oversight of climate-related risks and opportunities is embedded at the highest level. The Board has oversight of climate-related matters and monitors progress toward related goals. The Board is responsible for the Company’s strategy and organization and provides oversight of its financial and non-financial performance and reporting. The Board approves the Company’s ESG/sustainability strategy and approves its CSV and Sustainability Report for submission to the Annual General Meeting.

Management’s role

The Executive Board is responsible for executing sustainability strategies, including our Net Zero Roadmap, through an ESG & Sustainability Council. At an operational level, an ESG Strategy and Deployment Unit drives implementation.

Strategy

Climate-related risks and opportunities

Climate change is considered a material risk for Nestlé. Within our Enterprise Risk Management framework, we conduct an annual assessment of climate change risks and review the strategy and plans to mitigate them. We assess related financial risks using a discounted cash flow methodology.

Our assessment establishes:

– Transition risks: we have assessed transition risks to 2030, based on exposure levels from low-, intermediate- and high-emission pathways. Modeling results show a degree of exposure, but our Net Zero Roadmap could reduce this by up to half.

– Physical risks: changing temperatures and weather extremes can affect the quality and availability of key raw materials through lower and variable yields, as well as shifts in the regions suitable for cultivation. For 12 key ingredients covering 90% of our spend, we estimated the yield change in 2040 versus today in a ‘steady-state’, intermediate climate scenario (+2 to 3 °C by 2100), discounting the unpredictable impacts of extreme events.

Nestlé is well positioned to implement nature-based solutions for less resource-intensive and more resilient food production, as its has direct access to more than 500,000 farmers. One significant example is Nescafé Plan 2030, which aims to help drive regenerative agriculture, reduce GHG emissions and improve farmers’ livelihoods.

Impacts of climate-related risks and opportunities

Resilience of the organization’s strategy

Risk management

Processes for identifying and assessing climate-related risks

Processes for managing climate-related risks

Integration into the organization’s overall risk management

Targets

We review our Net Zero Roadmap for achieving planned GHG emissions reductions for 2025 and 2030 annually to validate that our activities are keeping us on the path to net zero and are helping mitigate and adapt to climate risk throughout our value chain.

In 2023, we used the following indicator for the first time: Net reduction of GHG emissions vs. 2018 baseline (%). Previously absolute amount of reductions and removals vs. Business As Usual was used as an indicator. Therefore, data are not comparable between years.
<table>
<thead>
<tr>
<th>Unit</th>
<th>2020(^1)</th>
<th>2021(^1)</th>
<th>2022</th>
<th>2023</th>
<th>Related commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net reduction of GHG emission vs. 2018 baseline(^2)</td>
<td>%</td>
<td>n/a(^3)</td>
<td>n/a(^3)</td>
<td>n/a(^3)</td>
<td>13.58</td>
</tr>
<tr>
<td>Gross direct (Scope 1) GHG emissions (CO(_2)e) Million tonnes</td>
<td>3.31(^4)</td>
<td>3.38(^4)</td>
<td>3.27(^4)</td>
<td>3.16</td>
<td></td>
</tr>
<tr>
<td>Gross market-based indirect (Scope 2) GHG emissions (CO(_2)e) Million tonnes</td>
<td>1.62(^4)</td>
<td>1.44(^4)</td>
<td>0.74(^4)</td>
<td>0.31</td>
<td></td>
</tr>
<tr>
<td>Gross other indirect (Scope 3) GHG emissions (CO(_2)e)(^5) Million tonnes</td>
<td>99.43(^5)</td>
<td>98.75(^5)</td>
<td>93.79(^5)</td>
<td>84.08</td>
<td></td>
</tr>
<tr>
<td>Total (Scopes 1, 2 &amp; 3) GHG emissions (CO(_2)e)(^5) Million tonnes</td>
<td>104.35(^5)</td>
<td>103.58(^5)</td>
<td>97.89(^5)</td>
<td>87.54</td>
<td></td>
</tr>
<tr>
<td>Key ingredients Responsibly Sourced(^6) %</td>
<td></td>
<td>16.3</td>
<td>22.0</td>
<td>36.2</td>
<td></td>
</tr>
<tr>
<td>Primary supply chains for meat, palm oil, pulp and paper, soy and sugar assessed 100% deforestation-free by 2022 %</td>
<td>90.0</td>
<td>97.2</td>
<td>99.1</td>
<td>97.9</td>
<td></td>
</tr>
<tr>
<td>Primary supply chains for coffee and cocoa, meat, palm oil, pulp and paper, soy and sugar assessed 100% deforestation-free by 2025 %</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>93.4</td>
<td></td>
</tr>
<tr>
<td>Key ingredients sourced from farmers adopting regenerative agricultural practices(^7) %</td>
<td></td>
<td></td>
<td>6.8</td>
<td>15.2</td>
<td></td>
</tr>
<tr>
<td>Renewable electricity sourced in our manufacturing sites at year end %</td>
<td>50.5</td>
<td>63.7</td>
<td>78.4</td>
<td>91.9</td>
<td></td>
</tr>
<tr>
<td>Total energy consumed in our factories GJ</td>
<td>81385 968</td>
<td>82779 476</td>
<td>80131 120</td>
<td>76 824 313</td>
<td></td>
</tr>
<tr>
<td>Energy consumed in factories that is renewable energy %</td>
<td>23.1</td>
<td>25.3</td>
<td>30.6</td>
<td>35.3</td>
<td></td>
</tr>
<tr>
<td>Energy consumed in factories that was supplied from grid electricity(^8) %</td>
<td>12.2</td>
<td>10.2</td>
<td>6.0</td>
<td>28.0(^9)</td>
<td></td>
</tr>
<tr>
<td>Virgin plastic reduction versus 2018 baseline %</td>
<td>4.0</td>
<td>8.1</td>
<td>10.5</td>
<td>14.9</td>
<td></td>
</tr>
<tr>
<td>Water use reduction in our factories Million cubic meters</td>
<td>1.69</td>
<td>2.30</td>
<td>2.38</td>
<td>3.00</td>
<td></td>
</tr>
</tbody>
</table>

Our Net Zero Roadmap to reduce Nestlé’s in scope emissions:
- by 20% by 2025 compared to 2018 baseline
- by 50% by 2030 compared to 2018 baseline
- to be net zero by 2050

Part of our sustainable packaging strategy, we are committed to 33% virgin plastic reduction by 2025 compared to 2018.

We aim to reduce water use in our factories by 6 million m\(^3\) between 2021 and 2023 (million m\(^3\)). We have achieved cumulative 768 million m\(^3\) vs. 6 million m\(^3\) ambition cumulative between 2021 and 2024.

---

1. As previously reported.
2. Covers emissions related to our net zero commitment. Net reductions (%) include removals from both insect-infesting and landscape projects.
3. New indicator in 2023 and replaces previously reported metric.
4. Restated due to acquisitions, divestitures, emissions factor restatements and adjusted scope.
5. Includes emissions not in scope for Net Zero Roadmap.
6. Renamed ‘Ingredients Responsibly Sourced’ from ‘Ingredients Produced Sustainably’. All methodologies, metrics and targets remain the same as 2022. This KPI measures the performance of volumes at origin level against the requirements of the Nestlé Responsible Sourcing Standard and the progressive delivery of positive impacts on people, nature and climate in Nestlé’s sourcing origins. Priority raw materials refers to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume: cereals and grains, cocoa, coconut, coffee, dairy, fish and seafood, hazelnuts, meat, poultry and eggs, palm oil, pulp and paper, soy, spices, sugar, and vegetables.
7. In 2023, the following ingredients are included in the numerator: dairy (fresh milk and dairy derivatives), coffee (including blended green coffee and blue bottle), cocoa, cereals and grains, soy and vegetables. The denominator includes all raw materials in scope: coffee, cocoa, dairy, sugar, cereals and grains, meat, poultry and eggs, palm oil, soy, vegetables, fish and seafood.
8. Methodology calculation has changed in 2023 from previous years and the KPI is not directly comparable.
Nestlé's 2023 Creating Shared Value and Sustainability key performance indicators

Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and definitions and can be found here.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the road to net zero</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net reduction of GHG emissions vs. 2018 baseline</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>13.58</td>
<td>305-5/a</td>
<td>This indicator is used since 2023 only. Previously absolute amount of reductions and removals vs. Business As Usual was used as indicator. Therefore, data are not comparable.</td>
</tr>
<tr>
<td>Gross direct (Scope 1) GHG emissions (CO2e)</td>
<td>Million tonnes</td>
<td>3.311</td>
<td>3.381</td>
<td>3.271</td>
<td>3.16</td>
<td></td>
<td></td>
<td>2020, 2021 and 2022 restated due to acquisitions, divestitures, emissions factor restatements and adjusted scope.</td>
</tr>
<tr>
<td>Gross market-based indirect (Scope 2) GHG emissions (CO2e)</td>
<td>Million tonnes</td>
<td>1.621</td>
<td>1.441</td>
<td>0.741</td>
<td>0.31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross other indirect (Scope 3) GHG emissions (CO2e)</td>
<td>Million tonnes</td>
<td>99.431</td>
<td>98.751</td>
<td>93.791</td>
<td>84.08</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (Scope 1+2+3) GHG emissions (CO2e)</td>
<td>Million tonnes</td>
<td>104.351</td>
<td>103.581</td>
<td>97.801</td>
<td>87.54</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable electricity sourced in our manufacturing sites at year end</td>
<td>%</td>
<td>50.5</td>
<td>63.7</td>
<td>78.4</td>
<td>91.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global fleet of vehicles switched to lower emission options</td>
<td>%</td>
<td>17.6</td>
<td>27.2</td>
<td>41.0</td>
<td>49.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO2e removals delivered for the reporting year</td>
<td>Million tonnes</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td>0.76</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reductions of ingredients’ emissions by GHG</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon dioxide (CO2)</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.89</td>
<td>305-5/b</td>
<td></td>
</tr>
<tr>
<td>Methane (CH4)</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.32</td>
<td>305-5/b</td>
<td></td>
</tr>
<tr>
<td>Nitrous oxide (N2O)</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.36</td>
<td>305-5/b</td>
<td></td>
</tr>
<tr>
<td>Energy management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy consumption in factories</td>
<td>GJ</td>
<td>81,385,568</td>
<td>82,779,476</td>
<td>80,131,120</td>
<td>76,824,313</td>
<td>302-1/e</td>
<td>FB-PF-130A.1</td>
<td></td>
</tr>
<tr>
<td>Energy consumed that was supplied from grid electricity in factories</td>
<td>%</td>
<td>12.2</td>
<td>10.2</td>
<td>6.0</td>
<td>28.0</td>
<td></td>
<td>FB-PF-130A.1</td>
<td></td>
</tr>
<tr>
<td>Energy consumed that is renewable energy in factories</td>
<td>%</td>
<td>23.1</td>
<td>25.3</td>
<td>30.6</td>
<td>35.0</td>
<td></td>
<td>FB-PF-130A.1</td>
<td></td>
</tr>
</tbody>
</table>

1 Restated due to acquisitions, divestitures, emissions factor restatements and adjusted scope.
**On the road to net zero (continued)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight of waste generated</td>
<td>Tonnes</td>
<td>1811947</td>
<td>1564810</td>
<td>306-3/a</td>
<td>306-3/a</td>
<td>Changes in the classification of waste in 2022 mean that prior year data are not comparable.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total weight of waste generated</td>
<td>Tonnes</td>
<td>1414716</td>
<td>1027439</td>
<td>306-3/a</td>
<td>306-3/a</td>
<td>306-3/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-hazardous waste generated – biomass</td>
<td>Tonnes</td>
<td>839</td>
<td>3157</td>
<td>306-3/a</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hazardous waste generated – other waste</td>
<td>Tonnes</td>
<td>33061</td>
<td>9622</td>
<td>306-3/a</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-hazardous waste generated – other waste</td>
<td>Tonnes</td>
<td>363331</td>
<td>524592</td>
<td>306-3/a</td>
<td>306-3/a</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Looking at the whole landscape**

<table>
<thead>
<tr>
<th>Trees secured for planting</th>
<th>Millions</th>
<th>24.6</th>
<th>12.4</th>
<th>14.7</th>
<th>Commitment is cumulative, however, all numbers provided here are annual achievements.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee sourced through the Nescafé Plan 2030 or Nespresso AAA Sustainable Quality™ Program</td>
<td>%</td>
<td>75.0</td>
<td>82.8</td>
<td>88.0</td>
<td>92.8</td>
</tr>
<tr>
<td>Nespresso Coffee sourced through the Nespresso AAA Sustainable Quality™ Program</td>
<td>%</td>
<td>93.0</td>
<td>92.6</td>
<td>93.1</td>
<td>94.4</td>
</tr>
<tr>
<td>Number of forest and fruit trees distributed to cocoa farmers</td>
<td>Number</td>
<td>669305</td>
<td>1038954</td>
<td>1470614</td>
<td>1386240</td>
</tr>
</tbody>
</table>

**Primary supply chains assessed as deforestation-free**

| Primary supply chains for meat, palm oil, pulp and paper, soy and sugar assessed 100% deforestation-free by 2022 | % | 90.0 | 97.2 | 99.1 | 97.9 | Prior to 2023 coffee and cocoa were not included in this KPI, making the numbers incomparable. |
| Primary supply chains for coffee and cocoa, meat, palm oil, pulp and paper, soy and sugar assessed 100% deforestation-free by 2025 | % | 93.4 |
| Meat | % | 99.9 | 96.0 | 98.2 | 97.9 |
| Palm oil | % | 98.1 |
| Pulp and paper | % | 42.3 |
| Sugar | % | 92.8 |
## More regenerative practices on farms

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key ingredients sourced from farmers adopting regenerative agricultural methods</td>
<td>%</td>
<td>6.8</td>
<td>15.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>In 2023, the following ingredients are included in the numerator: dairy (fresh milk and dairy derivatives), coffee (excluding blended green coffee and blue bottle), cocoa, cereals and grains, soy and vegetables. The denominator includes all raw materials in scope: coffee, cocoa, dairy, sugar, cereals and grains, meat, poultry and eggs, palm oil, soy, vegetables, fish and seafood. Please refer to the Reporting Scope and Methodology for ESG KPIs document for full details.</td>
</tr>
</tbody>
</table>

## Water stewardship

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Number</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water related incidents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total water discharged</td>
<td>Million cubic meters</td>
<td>59.2</td>
<td>59.0</td>
<td>53.2</td>
<td>48.4</td>
<td>FB-PF-140A.2</td>
</tr>
<tr>
<td>Water use reduction in factories</td>
<td>Million cubic meters</td>
<td>1.69</td>
<td>2.30</td>
<td>2.38</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>Nestlé Waters sites certified to the AWS Standard</td>
<td>Number</td>
<td>34</td>
<td>19</td>
<td>21</td>
<td>23</td>
<td>This number reduced in 2021 due to the sale of Nestlé Waters North America.</td>
</tr>
<tr>
<td>Nestlé Waters volumetric water benefits delivered by implementing local water stewardship projects</td>
<td>Million cubic meters</td>
<td>2.3</td>
<td>4.4</td>
<td></td>
<td></td>
<td>Reported for the first time in 2022.</td>
</tr>
</tbody>
</table>

## Water management

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Number</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water withdrawn</td>
<td>Million cubic meters</td>
<td>115.4</td>
<td>98.0</td>
<td>971</td>
<td>95.6</td>
<td>303-3/a</td>
<td>FB-PF-140A.1</td>
</tr>
<tr>
<td>Total water consumed</td>
<td>Million cubic meters</td>
<td>56.2</td>
<td>39.0</td>
<td>43.9</td>
<td>47.2</td>
<td>FB-PF-140A.1</td>
<td></td>
</tr>
<tr>
<td>Water withdrawn in regions with High or Extremely High Baseline Water Stress</td>
<td>%</td>
<td>25.0</td>
<td>35.4</td>
<td>36.1</td>
<td>36.7</td>
<td>FB-PF-140A.1</td>
<td></td>
</tr>
<tr>
<td>Water consumed in regions with High or Extremely High Baseline Water Stress</td>
<td>%</td>
<td>30.0</td>
<td>49.1</td>
<td>51.5</td>
<td>48.6</td>
<td>FB-PF-140A.1</td>
<td></td>
</tr>
</tbody>
</table>

## Quality of effluents treated internally and discharged to the environment

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Tonnes</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct output of chemical oxygen demand load to the environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregated annual chemical oxygen demand concentration</td>
<td>mgO2/l</td>
<td>81</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effluent water treated internally</td>
<td>%</td>
<td>51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note:</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Responsible sourcing

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key ingredients Responsibly Sourced</td>
<td>%</td>
<td>16.3</td>
<td>22.0</td>
<td>36.2</td>
<td>FB-PF-430A.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key ingredients refers to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume: cereals and grains; cocoa; coconut; coffee; dairy and seafood; hazelnuts; meat, poultry and eggs; palm oil, pulp and paper; soy; spices; sugar; and vegetables. Data before 2022 are not comparable since definition changed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified palm oil sourcing (RSPO or equivalent)</td>
<td>%</td>
<td>58.1</td>
<td>71.1</td>
<td>71.0</td>
<td>100.0</td>
<td>FB-PF-430A.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022 data comprises Roundtable on Sustainable Palm Oil certifications and credits as follows: 20.0% segregated, 1.6% mass balance, 45.6% book and claims without including credits from independent smallholders, 3.7% book and claims from independent smallholders only.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cocoa sourced through the Nestlé Cocoa Plan</td>
<td>%</td>
<td>48.0</td>
<td>50.6</td>
<td>68.3</td>
<td>85.5</td>
<td>FB-PF-430A.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The % cocoa sourced through the Nestlé Cocoa Plan includes volumes of Rainforest Alliance certified mass balance cocoa that are not accounted for in the global Responsibly Sourced indicator above. We also include verified Nestlé Cocoa Plan volumes and farm data provided by suppliers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Advancing human rights

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nestlé’s 2023 CSV and Sustainability KPIs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>82</td>
<td></td>
</tr>
</tbody>
</table>
## Packaging and circularity (continued)

### Plastic packaging indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total weight of plastic packaging</td>
<td>Kt</td>
<td>927.0</td>
<td></td>
<td></td>
<td></td>
<td>896.6</td>
<td></td>
<td>Based on the Ellen MacArthur Foundation Global Commitment reporting rules.</td>
</tr>
<tr>
<td>Plastic packaging designed for recycling</td>
<td>%</td>
<td>74.8</td>
<td>74.9</td>
<td>81.9</td>
<td>83.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virgin plastic reduction versus 2018 baseline</td>
<td>%</td>
<td>4.0</td>
<td>8.1</td>
<td>10.5</td>
<td>14.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycled plastic in plastic packaging</td>
<td>%</td>
<td>1.7</td>
<td>4.3</td>
<td>7.7</td>
<td>9.3</td>
<td>301-2/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FB-PF-410A.1</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Packaging and circularity (continued)**

**Plastic packaging indicators**

Total weight of plastic packaging: Kt 927.0, 896.6.  
Plastic packaging designed for recycling: % 74.8, 74.9, 81.9, 83.5.  
Virgin plastic reduction versus 2018 baseline: % 4.0, 8.1, 10.5, 14.9.  
Recycled plastic in plastic packaging: % 1.7, 4.3, 7.7, 9.3.  

**Supporting balanced and sustainable diets**

Number of countries with audits on the Nestlé Policy on WHO Code: Number 31, 32.  
Instances of detected non-compliances with the Nestlé Policy on WHO Code: Number 116, 96.  
Sanctions (with a threshold of CHF 10 million) due to products’ labeling or marketing violations: Number 0, 0, 0.  
Total number of servings of micronutrient-fortified foods and beverages: Billions 205.3, 207.4, 211.4, 205.8.  
Number of servings of micronutrient-fortified affordable nutrition: Billions 120.2, 128.4, 129.2, 127.6.  

**Global plastic use by weight and type**

Global PET (polyester) use: % 32.1, 34.8, 34.2.  
Global PP (polypropylene) use: % 19.4, 21.6, 23.7.  
Global PO (polyolefin) use: % 5.4, 6.6, 6.5.  
Global laminates use: % 24.1, 17.2, 15.3.  
Global use, other plastics: % 0.8, 0.7, 1.2.  

**Number of audits on the Nestlé Policy on WHO Code**

Number of countries with audits on the Nestlé Policy on WHO Code: Number 31, 32.  
Instances of detected non-compliances with the Nestlé Policy on WHO Code: Number 116, 96.  
Sanctions (with a threshold of CHF 10 million) due to products’ labeling or marketing violations: Number 0, 0, 0.  
Total number of servings of micronutrient-fortified foods and beverages: Billions 205.3, 207.4, 211.4, 205.8.  
Number of servings of micronutrient-fortified affordable nutrition: Billions 120.2, 128.4, 129.2, 127.6.  

**Number of audits on the Nestlé Policy on WHO Code**

- Data disclosed in this report relates to 2022 consolidated data, which is one year behind our other KPIs. Data disclosed in our 2022 Creating Shared Value and Sustainability Report stated values were for 2022, when in fact were values for 2021.

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**Global plastic use by weight and type**

Global PET (polyester) use: % 32.1, 34.8, 34.2.  
Global PP (polypropylene) use: % 19.4, 21.6, 23.7.  
Global PO (polyolefin) use: % 5.4, 6.6, 6.5.  
Global laminates use: % 24.1, 17.2, 15.3.  
Global use, other plastics: % 0.8, 0.7, 1.2.  

- Data disclosed in this report relates to 2022 consolidated data, which is one year behind our other KPIs. Data disclosed in our 2022 Creating Shared Value and Sustainability Report stated values were for 2022, when in fact were values for 2021.

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**Total number of servings of micronutrient-fortified foods and beverages**

Billions 205.3, 207.4, 211.4, 205.8.  

- The ‘big four’ micronutrients are iron, vitamin A, iodine and zinc. 2021 data corrected to adjust for some products that were reclassified.
### Indicator: Supporting balanced and sustainable diets (continued)

**Health Star Rating (HSR): an independent nutrient profiling system. Calculations are based on the recipe for each product and are not necessarily included on the product label.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales from products with a Health Star Rating of 3.5 and above –</td>
<td>%</td>
<td>37</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Covers 76% of total net sales. Excludes products that are not foods or beverages for consumption and some recent acquisitions. Health Star Ratings are calculated based on the recipe for each product and are not necessarily included on the product label.</td>
</tr>
<tr>
<td>excluding PetCare</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of between 1.5 and 3.5 –</td>
<td>%</td>
<td>22</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>excluding PetCare</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of less than 1.5 –</td>
<td>%</td>
<td>21</td>
<td>21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>excluding PetCare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales from specialized nutrition products – excluding PetCare</td>
<td>%</td>
<td>20</td>
<td>21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global NNS covered by the assessment – excluding PetCare</td>
<td>%</td>
<td>79</td>
<td>76</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of 3.5 and above –</td>
<td>%</td>
<td>30</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Covers 97% of total net sales. Excludes products that are not foods or beverages for consumption and some recent acquisitions. Health Star Ratings are calculated based on the recipe for each product and are not necessarily included on the product label.</td>
</tr>
<tr>
<td>including PetCare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of between 1.5 and 3.5 –</td>
<td>%</td>
<td>18</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>including PetCare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales from products with a Health Star Rating of less than 1.5 –</td>
<td>%</td>
<td>17</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>including PetCare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales from specialized nutrition products – including PetCare</td>
<td>%</td>
<td>35</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global NNS covered by the assessment – including PetCare</td>
<td>%</td>
<td>97</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Compliance with Nestlé Marketing Communication to Children Policy

Compliance with Nestlé Marketing Communication to Children policy: TV

<table>
<thead>
<tr>
<th>Compliance with Nestlé Marketing Communication to Children policy: TV</th>
<th>%</th>
<th>98.7</th>
<th>98.4</th>
<th>98.4</th>
</tr>
</thead>
</table>

Compliance with Nestlé Marketing Communication to Children policy: Websites

<table>
<thead>
<tr>
<th>Compliance with Nestlé Marketing Communication to Children policy: Websites</th>
<th>%</th>
<th>100.0</th>
<th>100.0</th>
<th>100.0</th>
</tr>
</thead>
</table>

Compliance with Nestlé Marketing Communication to Children policy: Social media

<table>
<thead>
<tr>
<th>Compliance with Nestlé Marketing Communication to Children policy: Social media</th>
<th>%</th>
<th>83.4</th>
<th>100.0</th>
<th>100.0</th>
</tr>
</thead>
</table>

Compliance with Nestlé Marketing Communication to Children policy: Influencers

<table>
<thead>
<tr>
<th>Compliance with Nestlé Marketing Communication to Children policy: Influencers</th>
<th>%</th>
<th>100.0</th>
<th>37.5</th>
<th>88.9</th>
</tr>
</thead>
</table>

100% of the audited influencers’ posts were assessed as not appealing to children below 13 years. Following a change in methodology, breaches for posts not targeted to children are also included.

### Food safety and quality

Percentage of FSSC Certified Manufacturing and R&D units that produce food and pet food for human and pets (cats and dogs) consumption

<table>
<thead>
<tr>
<th>Percentage of FSSC Certified Manufacturing and R&amp;D units that produce food and pet food for human and pets (cats and dogs) consumption</th>
<th>%</th>
<th>97</th>
<th>98</th>
<th>98.4</th>
</tr>
</thead>
</table>

Ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program

<table>
<thead>
<tr>
<th>Ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program</th>
<th>% by cost</th>
<th>88.0</th>
<th>91.9</th>
<th>92.9</th>
</tr>
</thead>
</table>

Number of food safety recalls issued

<table>
<thead>
<tr>
<th>Number of food safety recalls issued</th>
<th>Number</th>
<th>10</th>
<th>9</th>
<th>10</th>
<th>13</th>
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<table>
<thead>
<tr>
<th>FB-PF-250A.2</th>
<th>FB-PF-250A.4</th>
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## Food safety and quality (continued)

### Global Food Safety Initiative audits

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Food Safety Initiative (GFSI) audit: (1) non-conformance rate</td>
<td>Number</td>
<td>2.85</td>
<td>2.77</td>
<td>2.79</td>
<td>FB-PF-250A.1</td>
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<tr>
<td>Global Food Safety Initiative (GFSI) audit: (2) associated corrective action rate for major non-conformances</td>
<td>Number</td>
<td>4.25</td>
<td>2.14</td>
<td>2.55</td>
<td>FB-PF-250A.1</td>
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<td></td>
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<tr>
<td>Global Food Safety Initiative (GFSI) audit: (3) associated corrective action rate for minor non-conformances</td>
<td>Number</td>
<td>1.56</td>
<td>1.52</td>
<td>1.55</td>
<td>FB-PF-250A.1</td>
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</tbody>
</table>

### Our diverse and inclusive culture

#### Management positions held by women

<table>
<thead>
<tr>
<th>Indicator</th>
<th>%</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>GRI index</th>
<th>SASB index</th>
<th>Notes on the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women on Company board</td>
<td>%</td>
<td>46.4</td>
<td>405-1b-i</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson is a woman</td>
<td>Yes/No</td>
<td>no</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender balance in board leadership</td>
<td>%</td>
<td>20.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Executive Officer (CEO) is a woman</td>
<td>Yes/No</td>
<td>no</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woman Chief Financial Officer (CFO) or equivalent</td>
<td>Yes/No</td>
<td>no</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women executive officers</td>
<td>%</td>
<td>31.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Diversity Officer (CDO)</td>
<td>Yes/No</td>
<td>yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women in total management</td>
<td>%</td>
<td>46.4</td>
<td>405-1b-i</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women in senior management</td>
<td>%</td>
<td>34.6</td>
<td>405-1b-i</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women in middle management</td>
<td>%</td>
<td>47.0</td>
<td>405-1b-i</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women in non-managerial positions</td>
<td>%</td>
<td>38.9</td>
<td>405-1b-i</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women in total workforce</td>
<td>%</td>
<td>39.8</td>
<td>405-1b-i</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Women total promotions</td>
<td>%</td>
<td>51.7</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Women (IT)Engineering</td>
<td>%</td>
<td>31.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New hires that are women</td>
<td>%</td>
<td>44.7</td>
<td>401-1a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women attrition</td>
<td>%</td>
<td>45.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of weeks of fully paid primary parental leave offered</td>
<td>Number</td>
<td>18</td>
<td>401-3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of weeks of fully paid secondary parental leave offered</td>
<td>Number</td>
<td>4</td>
<td>401-3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parental leave retention rate</td>
<td>%</td>
<td>91.9</td>
<td>401-3/6</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Flexible working policy</td>
<td>Yes/No</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Employee resource groups for women</td>
<td>Yes/No</td>
<td>yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Unconscious bias training</td>
<td>Yes/No</td>
<td>yes</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Annual anti-sexual harassment training</td>
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<td></td>
<td></td>
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<td>54.5</td>
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**Recordable injury rate**

| Recordable injury rate per million hours worked                          | Number        | 1.28  | 1.33  | 1.21  | 1.17  | 403-9/a-iii|            |                  |
| Total recordable fatalities                                              | Number        | 5     | 3     | 6     | 1     | 403-9/a   |            |                  |
| Total irreversible injuries                                              | Number        | 14    | 13    | 22    | 10    | 403-9/a-ii|            |                  |

Table of contents | Nestle's 2023 CSV and Sustainability KPIs
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<tr>
<th>Indicator</th>
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Creating Shared Value and Sustainability Report 2023
### The foundations of ethical business

#### CARE social audit program

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#### Messages received through Speak Up system

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Our full Global Reporting Initiative (GRI) Index and SASB Index can be downloaded here.