Nestlé DAIRY PLAN

DAIRY PLAN REPORT 2025

Contents

Introduction

Dairy Plan: Supporting lifelong nutrition

Welcome to the first Nestlé Dairy Plan report.

By Serena Aboutboul,
Head of Nutrition & Health Strategic Business Unit, Nestlé

Almost 160 years ago, German pharmacist Henri Nestlé created his first product, Farine Lactée, a groundbreaking milk-based infant cereal designed to help save the lives of babies who could not be breastfed.

Nestlé remains a company where science meets nutrition. Dairy is an important source of nutrition for young and old alike, providing essential nutrients that support growth, development, and healthy longevity. Dairy-based products are a central part of our portfolio and that means we need to source milk and milk derivatives responsibly.

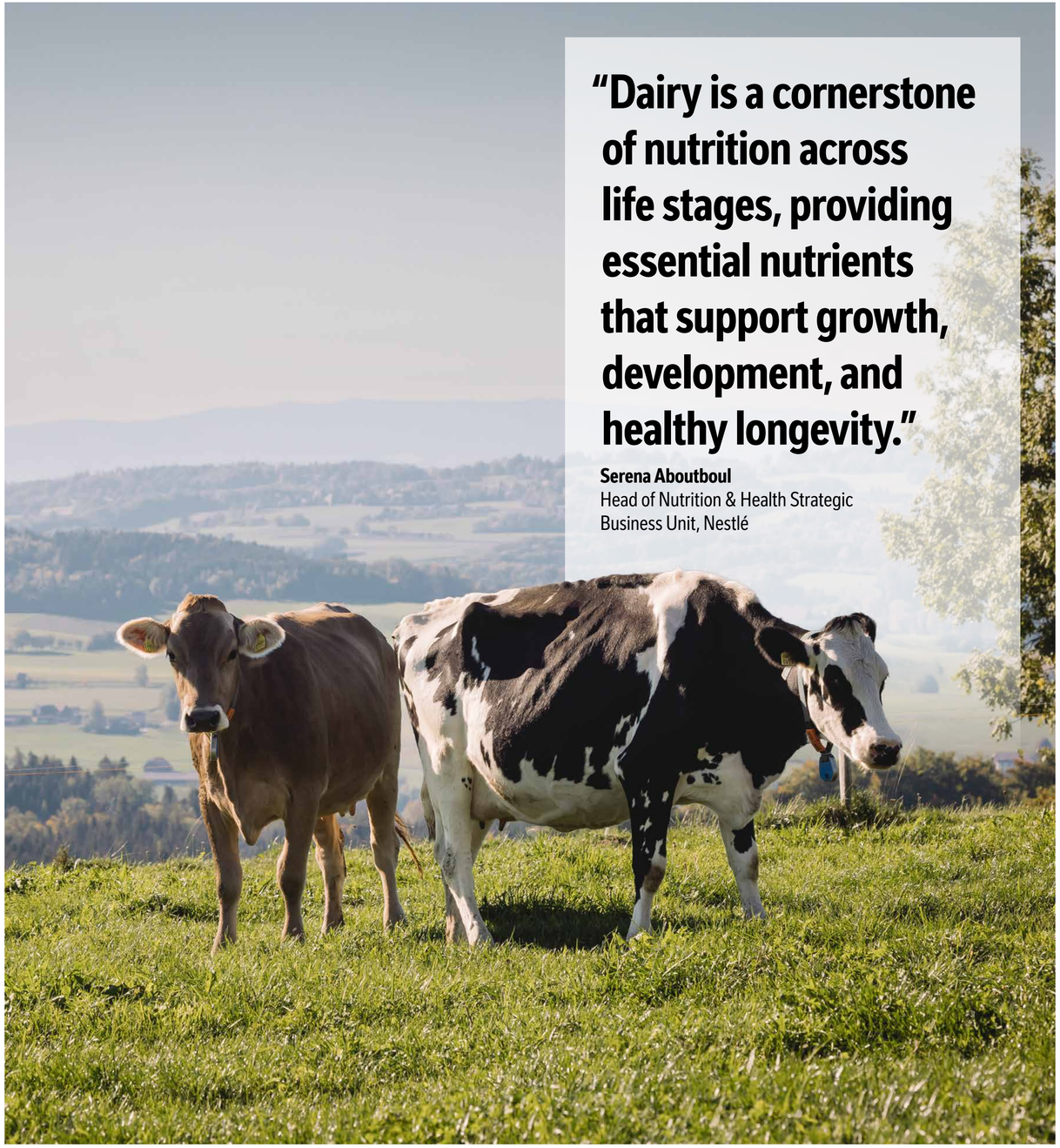
This includes working with partners and communities on topics like farmer incomes, climate change, animal welfare and nature. We see all these challenges as being highly interconnected. Therefore, the Nestlé Dairy Plan pulls together expertise from across the company and beyond to approach them in a comprehensive and holistic manner.

In Nestlé, dairy is our largest agricultural source of greenhouse gas (GHG) emissions. Whilst this is clearly a challenge, it is also an opportunity, because it offers us the best chance to have an impact in our supply chain. For example, in 2025, **we achieved a 26% reduction of GHG emissions in our dairy value chain** (compared to our 2018 baseline).

This achievement was the result of the hard work of the team behind the Nestlé Dairy Plan and our partners, who work hand-in-hand with farmers and communities around the world.

We are pleased, for the first time, to offer you this Dairy Plan report, which will help provide transparent insights into our approach and performance to date.

In reading this report, we trust you will see how we are taking a broader, more holistic view of what is needed and acting collaboratively as we move forward.



"Dairy is a cornerstone of nutrition across life stages, providing essential nutrients that support growth, development, and healthy longevity."

Serena Aboutboul
Head of Nutrition & Health Strategic Business Unit, Nestlé

Seeking system-level transformation

Antonia Wanner
Chief Sustainability Officer, Nestlé

"The Nestlé Dairy Plan is the embodiment of Creating Shared Value: supporting supply continuity, mitigating risk, and delivering benefits to stakeholders. When things are done well, everyone stands to benefit – **the farmer who has improved their income or is on firmer ground when challenges arise**, Nestlé, which has access to high-quality ingredients, and the environment, because of the resource-efficient, *nature-based* approach to agriculture we are promoting. By working at a systems level with carefully selected partners, we can help the sector transform."

How we deliver at scale

Stephanie Hart
Chief Operations Officer, Nestlé

"The Nestlé Dairy Plan is rooted in our operations – it is fundamentally about delivering the right quality ingredients for our portfolio. **The progress we have made did not occur overnight.** It was built over years of continuous improvement and learning, grounded in the latest science and technology, across our dairy operations, our suppliers and partners, and of course, the farming communities themselves. I have witnessed how passionately our operations teams around the world are working together to make things better. This attention to detail and teamwork is how we can help deliver change at scale."

What is the Dairy Plan?

The Nestlé Dairy Plan is a holistic, farmer-centric initiative designed to support resilient dairy farming and the sourcing of high-quality dairy ingredients, while helping reduce greenhouse gas emissions, scale *regenerative agriculture*, support farmer livelihoods and animal welfare, and protect and restore key ecosystems across the Nestlé dairy value chain. It is a core part of the Nestlé Net Zero Roadmap.

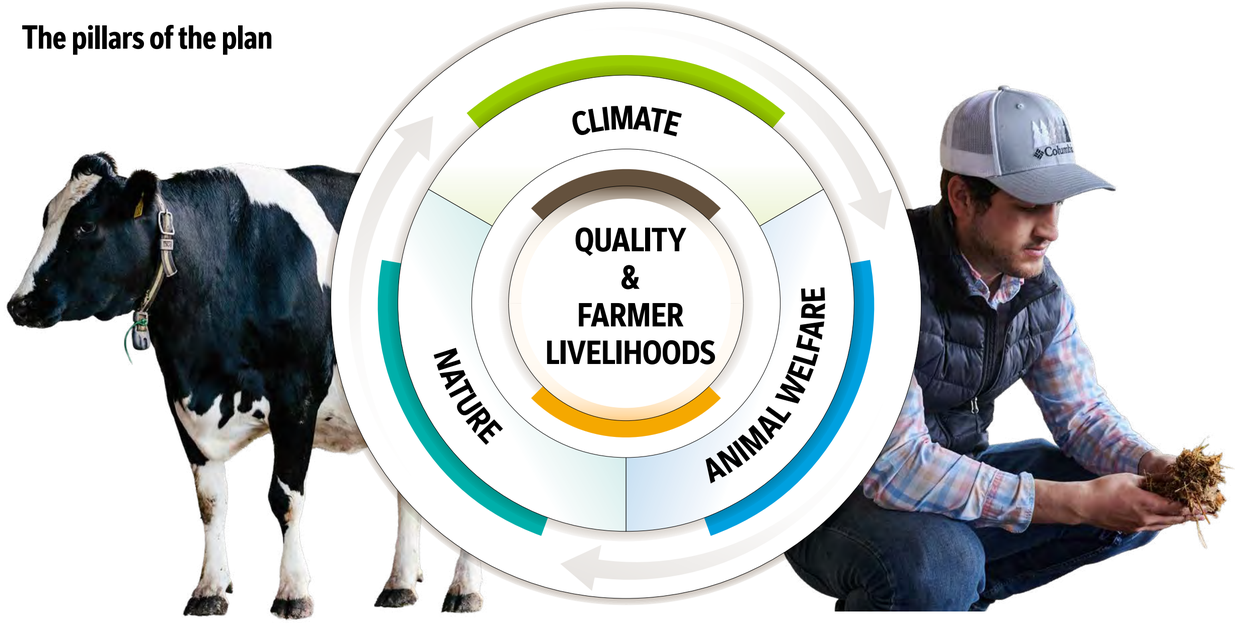
Where does our milk come from?

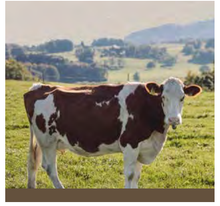
We source dairy in two ways:

Dairy derivatives such as milk powders, whey or lactose are bought from dairy cooperatives or suppliers

Fresh milk is sourced directly from farmers before being processed in Nestlé factories

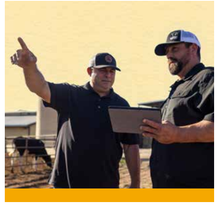
The pillars of the plan





Quality

We believe that quality begins long before milk reaches our products – it starts in the farm, rooted in healthy cows and thriving landscapes. We support dairy practices and controls that help us achieve the quality of ingredients we need for our products.



Farmer livelihoods

We try to make dairy farming more attractive through financial tools, practical guidance and long-term support to help farmers run businesses that can last.

Climate

Aligned to our *Net Zero* roadmap, we work to accelerate the reduction of greenhouse gas emissions at scale in dairy farming by addressing the main sources of emissions and developing lower-carbon solutions.

Animal welfare

We work with farmers through training and capacity building to improve dairy farming practices. From balanced nutrition, animal health and transition management to creating a low-stress environment for cows.

Nature

We support the transition to regenerative agriculture with multiple aims: improving soil health, increasing biodiversity, conserving water, building supply chain *resilience* and supporting farmer livelihoods.

Farm-level actions

The Nestlé Dairy Plan takes a comprehensive approach to driving change across farmer livelihoods, climate, animal welfare and nature. Some of our key levers for doing so at a farm-level are outlined here.

1

Hedgerows and riparian buffers

The planting of hedges and riparian buffers to help protect habitats.

2

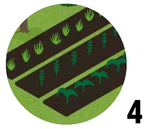
Addressing deforestation risks

Applying our *deforestation-free* requirements in our supply chain.

3

Agroforestry & silvopasture

The integration of trees and scrubs to fields growing feed or grazing cattle.



4

Cover crops & reduced tillage

The planting of crops in between harvests and less intensive tillage with the aim of conserving the soil, reducing erosion and supporting natural fertilization.

5

Breeding

The careful selection of cows to balance health, longevity and productivity, while creating an environment that encourages optimal gene expression.

6

Optimized feed

The optimization of cows' diets using the latest research and technology.

7

Nature-based supplements

The enhancement of cow's diets with supplements to improve nutrition and support productivity.

8

Lower-carbon feed

The use of regenerative agriculture to try to reduce the carbon footprint of feed crops.

9

Cow health and comfort

The use of research, innovation and technology (such as cooling systems).

10

Agripreneurs, women & youth

The upskilling and empowerment of farmers of all genders and ages.

11

Pasture management

The use of resilient multispecies pastures that contribute to healthier soils and support more balanced cow diets.

12

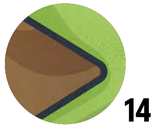
Renewable Energy

The replacement of high-carbon energy sources with renewable solutions while improving energy-efficiency.

13

Using organic fertilizers

The use of manure, cover crops, legumes and soil amendments aimed at healthier and more productive soils.



14

Manure

The development of additional sources of income through by-products such as biogas, biodiesel, liquified CO_2, compost fertilizers and the use of earthworms.

15

Transportation

The use of new digital tools to help optimize routes and load efficiencies, while shifting to renewable fuels.

Progress & Highlights 2025

Scale

130 000+
Dairy farmers

40+
Countries

200+
Suppliers and partners who are part of the journey

375+
Nestlé field staff

Actions

2.4M
Trees planted under the Nestlé Global Reforestation Program in the dairy value chain since 2021

33 500+
Farmers trained on *good dairy farming practices*, regenerative agriculture and *responsible sourcing*

Impact

-26%
Net greenhouse gas (GHG) emissions reduction in 2025, in our dairy supply chain compared to our 2018 baseline[1] – 2025 Group target (20%)

-25%
Methane (CH_4) emissions reduction in 2025, in our dairy supply chain compared to our 2018 baseline

34%
Dairy sourced from farmers adopting regenerative agriculture practices – 2025 Group target (20%)

60%
Responsibly sourced dairy ingredients (fresh milk + dairy derivatives)

1. Net reductions (%) of GHG emissions versus 2018 baseline includes removals from inside Nestlé's value chains and sourcing landscapes (pending the publication of the SBTi guidance on neutralization).

Nutrition and health at the heart of the Dairy Plan

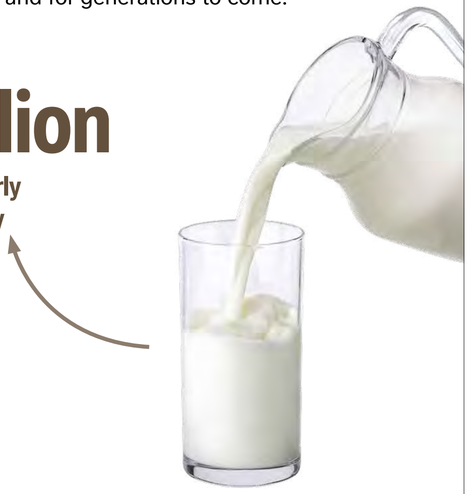
Milk has been part of Nestlé's story from the very beginning, and it continues to be an important ingredient in many of the foods and drinks that families enjoy every day. Around the world, more than six billion people regularly consume dairy[1] because it naturally provides high quality protein and essential nutrients like calcium.

Balanced nutrition helps children grow, supports learning and development, and keeps bones, teeth and muscles strong throughout life – from childhood and pregnancy through adulthood and older age. In many lower income countries, fortified milk products also offer an affordable way to help children and families get the nutrients they need.

Because dairy plays such an important role in both nutrition and farming communities, it is also a key focus for us as we work to improve our impact. Through the Nestlé Dairy Plan, we are helping farmers to adopt practices that reduce the environmental footprint of milk, support their livelihoods and care for the land. Our goal is to support dairy's role as the accessible and nutritious choice – today, and for generations to come.

6 billion

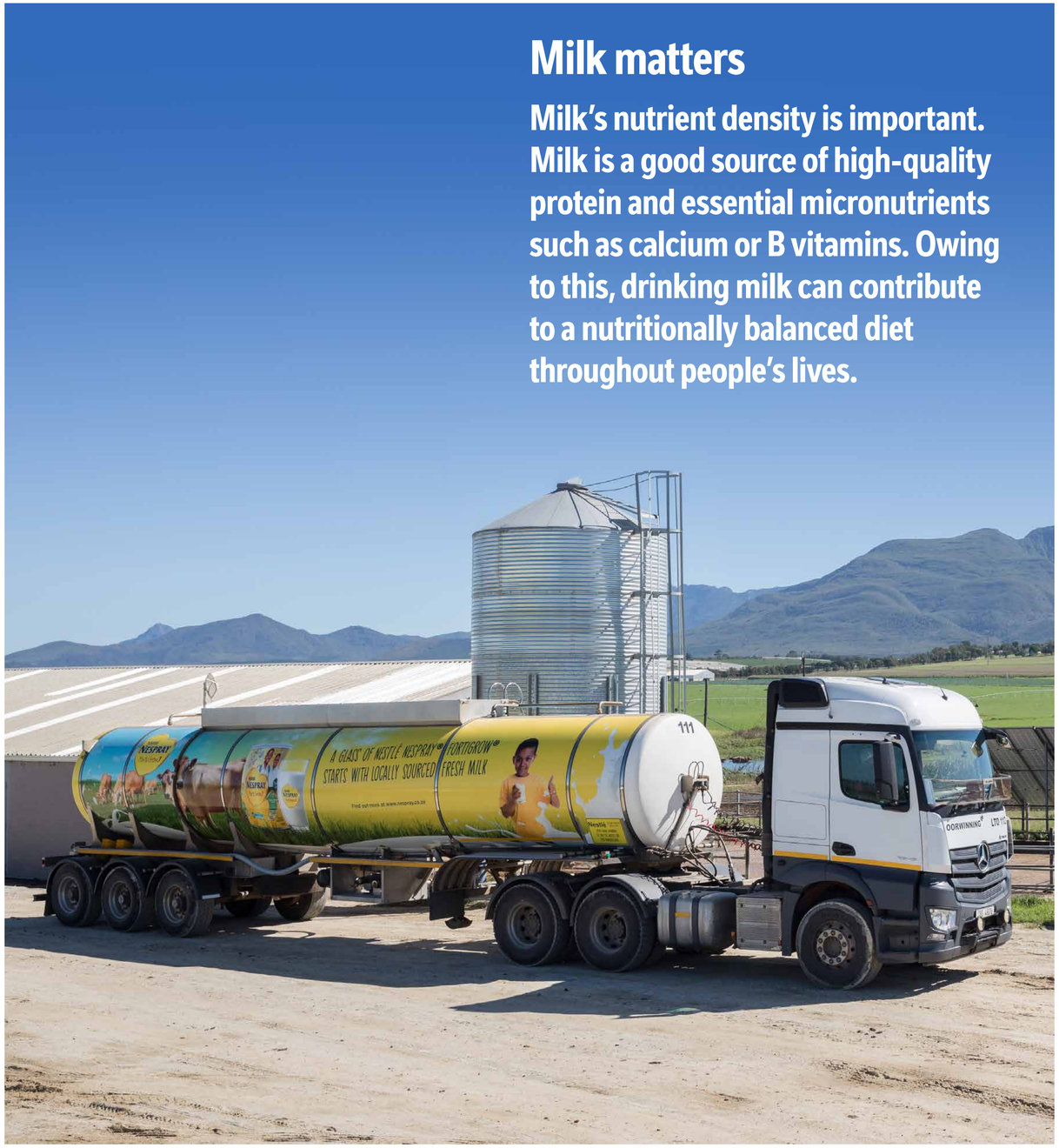
People regularly consume dairy



1. Food and Agriculture Organization of the United Nations. (n.d.). Milk and milk products. FAO Dairy Production and Products page

Milk matters

Milk's nutrient density is important. Milk is a good source of high-quality protein and essential micronutrients such as calcium or B vitamins. Owing to this, drinking milk can contribute to a nutritionally balanced diet throughout people's lives.



Milk quality starts at the farm

To create high-quality products, you need high-quality ingredients.

By Katja Seidenschnur,
Global Head of Sustainability, Nutrition & Health SBU, Nestlé

Quality depends on where ingredients come from and how they are produced. This standard of excellence isn't a given—it is the result of a proactive strategy that runs across key stages of our value chain, beginning on farms and in the surrounding environments.

Rooted in nature and rich in nutrients, dairy is a core ingredient across our portfolio. It supports nutrition in brands such as *NAN*, *Lactogen*, and *Nido*, and it's part of global consumer favorites including *Carnation*, *Nescafé* ready-to-drink, and *KitKat*. When so many products rely on dairy, milk quality is fundamental in delivering the taste, nutrition, and consistency consumers expect.

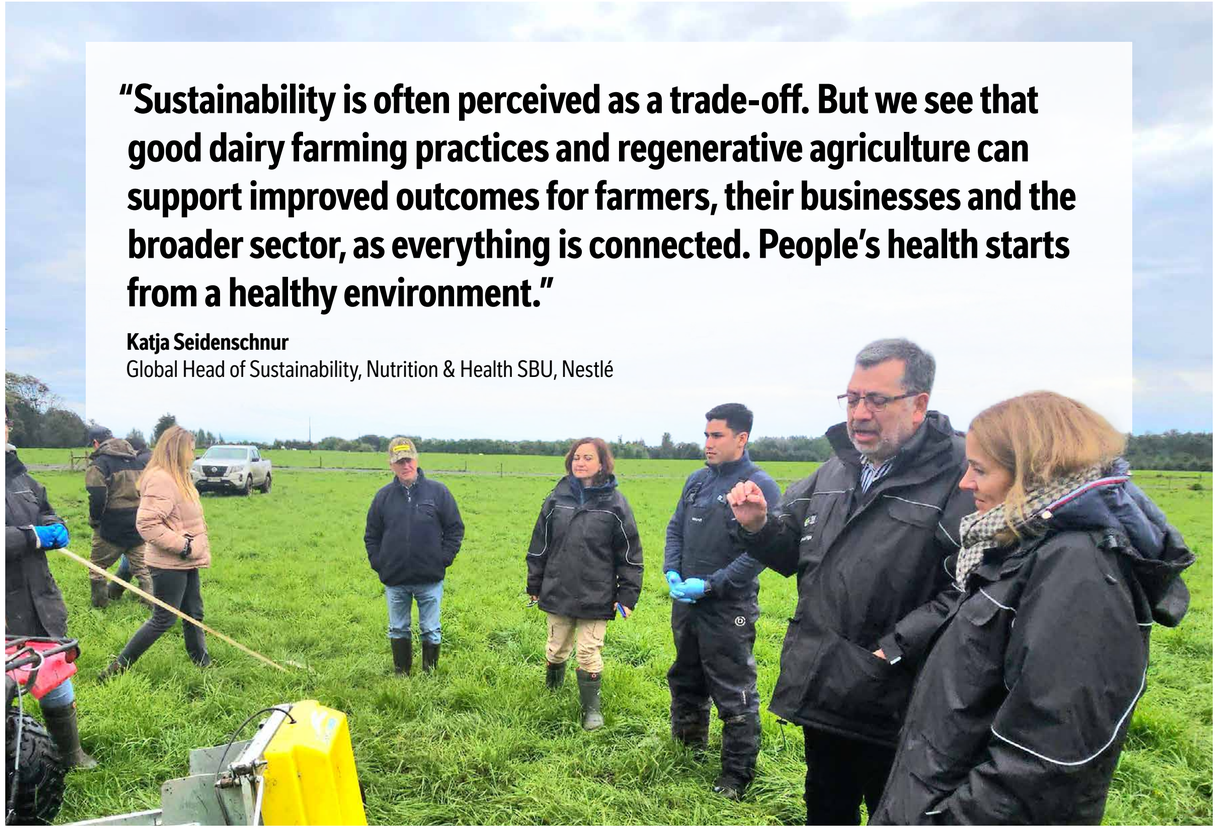
Good milk starts long before it reaches your glass.

It starts with farmers who care about the health of their soil, their land, their cows, and the communities around them. Farmers who know that better practices are not only possible, but worth investing in.

To support a consistent supply of high-quality milk, we focus on contributing to efforts that help farmers build climate resilience, adopt regenerative agriculture practices, and protect herd health as conditions change.

For example,

- When cows experience heat stress, productivity can fall and milk composition and fertility may be negatively affected. That's why, alongside efforts to reduce greenhouse gas emissions, supporting farms in managing heat stress on a warming planet is becoming increasingly important.
- Cow nutrition matters: providing the right feed composition and quantity can support improvements in the macro- and micronutrient profile of milk, while also contributing to emission reduction efforts.
- Regenerative agriculture practices help improve soil health, which is a key factor in supporting the cow's nutrition.
- Numerous studies have also shown the potential benefits of forage-based diets; for example, feeding fresh ryegrass and clover has been associated with higher levels of certain micronutrients in milk.



"Sustainability is often perceived as a trade-off. But we see that good dairy farming practices and regenerative agriculture can support improved outcomes for farmers, their businesses and the broader sector, as everything is connected. People's health starts from a healthy environment."

Katja Seidenschnur
Global Head of Sustainability, Nutrition & Health SBU, Nestlé

This is why we focus on strengthening approaches that consider milk quality before it reaches the farm gate.

We know that each farm is different, but practical options exist. I have seen the impact of local approaches firsthand.

- In New Zealand, I visited farms where digital tools help farmers monitor pasture health and herd health in real time.
- In Chile, I saw farmers combine data-based tools with regenerative agriculture practices. Feed meters helped farmers better understand how feed composition can influence productivity and milk quality, while also supporting efforts to lower emissions and optimize costs. Growing a wider mix of feed crops, such as alfalfa, supported soil health and helped improve milk quality while reducing costs.

What we are seeing on farms today reflects practical action that can improve the dairy ingredients we source. For me, it is encouraging to see the connections between nutrition, animal health, and the environment—and the results on the ground.

By sharing knowledge and science, working collaboratively, and providing hands-on support with partners, we can help farms become stronger, cows better cared for, and landscapes more resilient. Because when farming is done right—for the farmers, animals, and the land—many things improve.

Farmer livelihoods

Farmer livelihoods

Why farmers are at the heart of our approach.

Dairy is essential, and its future depends on collaboration. We work with farmers and partners to strengthen dairy farming while reducing its environmental footprint and making it more resilient.

A number of things make dairy farming difficult. These include challenges like labor shortages, volatile milk prices, climate and weather stress on cows and feed, and rising costs of production. Meanwhile, global megatrends such as urbanization are also pulling young people away from farming (and rural areas in general).

That's why we are working with farmers on future farming models that are attractive and profitable. Among other things, we do this by helping them to increase milk yield, diversify income sources and develop business and management (agripreneurship) skills.

Much of this is achieved through supporting the adoption of regenerative agriculture, which can help make farms more climate-resilient and lower their costs of production. The Nestlé Agriculture Framework provides the strategy for this, while leaving sufficient room to develop the most useful solutions for each farmer in their local context.

We also offer training and provide access to more knowledge through a digital learning platform. In addition, we are developing and piloting a set of digital tools to help further empower farmers and support more informed decision-making.

130 000+

Farmers around the world in the Dairy Plan from direct sourcing markets

"Nestlé Indonesia's training program, alongside barn modernization and equipment subsidies has transformed my farm and increased my cows' productivity."

Yuni
42 years old dairy farmer, Indonesia

2025 actions

India

The country's dairy sector faces structural challenges, including low productivity and limited access to technical knowledge. A training program across key milk sheds in Punjab and Haryana focused on breed improvement, nutrition management (feed), animal health and manure and resource management. In 2025 over 18 000 farmers were trained in technical production topics such as clean milk production, mycotoxin management, animal health and cow comfort.

South Africa

Soil sensors and precision agriculture tools are enabling more accurate irrigation and nutrient management, significantly reducing input use while maintaining productivity. Solar power is also helping more farmers manage persistent electricity constraints and build greater operational resilience. Targeted training in regenerative agriculture and animal welfare is strengthening on-farm practices and decision-making. As a result, farmers are reporting improved yields, lower input costs, and stronger margins.

Case study

Scaling regenerative agriculture

In Brazil, leading Nestlé brand, *NINHO*, is helping farmers adopt regenerative agriculture practices for more resilient dairy farming.

Across the rolling hills of Minas Gerais, the horizon is a wave of soft greens, while by contrast, the soil underfoot is iron-red. It anchors the pastures and provides the vital nutrients for the dairy cattle. Yet years of drought and certain intensive farming practices have left the soil weakened, and flash floods can strip a pasture of its fertile red earth in a single afternoon. An aging farming population, rising costs, and a lack of knowledge of how to adapt all complicate the picture.

This is where the *Nature por NINHO* program, together with technical partners EMBRAPA and CCarbon, has stepped in. Together, they are collaborating with over 1000 dairy farming families in Minas Gerais, Goiás and São Paulo to implement regenerative agriculture practices to help build long-term farm resilience.

Preserving soil

Visiting one of the farms in the program, you might notice subtle changes. For instance, the heavy iron of the traditional plough is nowhere to be seen. Instead, the farmer guides a specialized seeder across the field, practicing minimum tillage – a method that aims to reduce soil disturbance. Preserving soil structure can help support soil stability and may reduce the risk of topsoil loss during heavy rainfall. There are other changes too, driven by specialist agricultural teams – including agronomists, veterinarians and livestock technicians – who visit farms regularly to work closely with farmers.

As part of the *Nature por NINHO* program, more than CHF 18 million has been invested since 2022 to support these initiatives. Today, Brazilian farmers participating in the program can earn around 2% to 5% more for their milk. This premium reflects the steps they take to adopt regenerative agriculture practices. The program's gold-tier farms also saw more than 34% increase in feed efficiency from their cows (indirectly showing increase in cow productivity) by the end of 2023.[1]

Strengthening women in farming

The resilience of the land is inextricably linked to the resilience of the people who manage it. That is why, in addition to offering training to young farmers, we run "Força da Moça do Campo", a specialized project designed to reaffirm the strength of women within the dairy production value chain. Since its inception, the project has reached over 1600 women of various backgrounds across São Paulo, Minas Gerais, and Goiás. Survey results conducted by Labor Rural in collaboration with Nestlé, indicated that female participation in decision-making related to property management increased by 36% while operational participation in farm activities increased by 6%.

This transformation from traditional farming to modern agripreneurship is the key to securing both the future of the Brazilian dairy sector and the health of the land that sustains it.

1. Comparison of feed efficiency of gold-tier farms in the *Nature por NINHO* program vs non participating farms done by Department of Intelligence of Labor Rural. The sample includes 301 farms (144 gold-tier and 157 non-certified) all supplying Nestlé. The data is from the 2023/2024 harvest season.

+34%

Increase in cow productivity in gold-tier farms working with *Nature por NINHO*[1]

1000

Farming families participating in the program in Brazil

CHF 18M

Investment since 2022

Training agripreneurs

We train farmers to enhance their entrepreneurial spirit. The Dairy Plan works globally with thousands of farmers to help them develop skills like financial discipline. We also provide training to support continuous improvement, productivity, animal welfare, and the adoption of regenerative agriculture practices.

Case study

A generational shift in farmer livelihoods

In the heart of Indonesia's dairy sector, a transformation is taking place. Traditional farming practices are evolving, making way for modern dairy operations that support farmers, and help strengthen the future of local communities.

We work with over 13 000 dairy farmers in Indonesia. Most operate small family-run farms with an average of four to six cows, often integrating dairy with crop farming. We are helping them to introduce dairy practices that not only seek to enhance milk quality but to boost milk yield and increase incomes.

For farmers like Benua Antartika, in East Java, Indonesia, the transition in dairy farming has been profound. "Thanks to this program, the way we farm today is completely different from how our parents did it," she says. "We've introduced better feed management, improved cow comfort, and embraced new technology that makes our work more efficient."

For example, in many parts of the country, access to water can be especially challenging during the dry season, when rain-fed systems are unreliable. For Ali Makros, another Indonesian dairy farmer, the shift to better animal welfare practices–which ensure cows always have access to clean drinking water–has made a noticeable difference. "Before, water was rationed," he explains. "Now, cows drink whenever they need to, which keeps them healthier and increases milk production."

Technology-driven transformation

For larger farms, the introduction of modern dairy technologies has been a game-changer for Indonesian farmers. Milking machines, choppers for processing feed, and temperature sensors in barns have improved efficiency, reduced labor, and enhanced animal welfare.

Kukuh Lintang Setiawan, a second-generation dairy farmer, has seen firsthand how innovation can transform an operation. "Before upgrading our barn, each cow produced around 12 liters of milk per day," he says. "Now, with the improved system, production has increased to 16 liters per day. That's a 33% increase."

Attracting the new generation

But perhaps the biggest change has not been technical or technological; it has been about professionalization. "Our sons are not just working on the farm, they are learning how to run it as a business" says Pak Sujani, who has been dairy farming since the 1990s. "With better farming methods, they can earn a stable income and build a future for their families." That's why many young Indonesians are now choosing to stay in dairy farming rather than seeking work in urban areas. This is the legacy we are trying to build.

"Our sons are not just working on the farm, they are learning how to run it as a business."

Pak Sujani
Dairy Farmer,
Indonesia

Pak Sujani with wife Siyanah and sons who are second generation farmers Kukuh Lintang and Dito

Climate

Climate

Dairy farming is a source of greenhouse gas emissions. But that also means it can be part of the solution.

Dairy holds one of the largest opportunities to help deliver climate solutions at scale.

Through the circular use of resources, regenerative agriculture, and practices that leverage the ability of ruminants to upcycle by-products and land unsuited to human food production, good dairy farming practices can help reduce emissions, restore ecosystems, and strengthen food system resilience.

Worldwide, dairy cattle account for around 20%[1] of all livestock-related greenhouse gases (GHG) and dairy ingredients are the single largest source of Nestlé's GHG emissions, which is why accelerating climate action in dairy is a priority for our business.

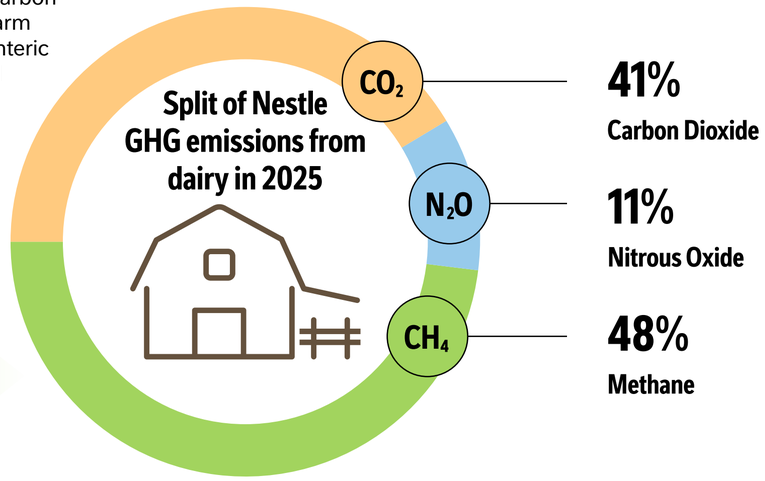
These emissions come primarily from three gases – methane, nitrous oxide and carbon dioxide – generated by different on-farm activities such as feed production, enteric fermentation (mainly cow burps) and manure management.

Around half of dairy emissions are methane, which makes it important – but we go further. **We measure success as reducing all GHG emissions.**

Our holistic approach recognizes the realities farmers face, across diverse geographies, climates and farming systems worldwide.

By supporting farmers to reduce emissions, convert waste into value and adopt more circular practices, we help make dairy farming more resilient and more efficient – contributing to long-term value creation for farmers and our business alike.

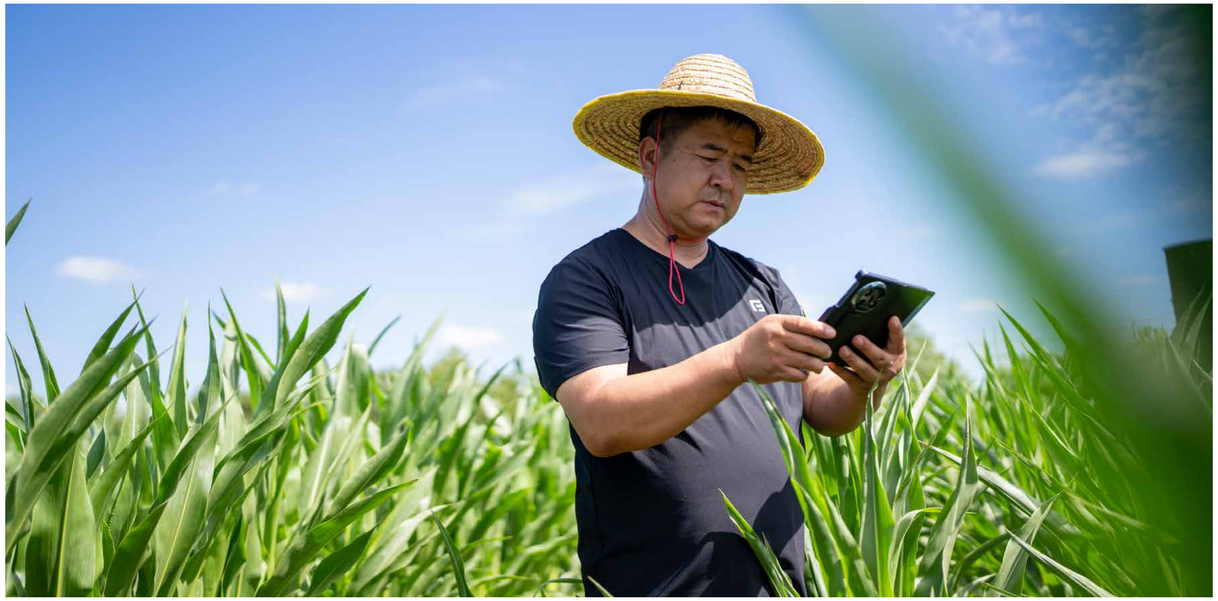
1. Food and Agriculture Organization of the United Nations. (2017). Livestock solutions for climate change. FAO Family Farming Knowledge Platform.
2. Net reductions (%) of GHG emissions versus 2018 baseline includes removals from inside Nestlé's dairy value chains and sourcing landscapes (pending the publication of the SBTi guidance on neutralization).



41%
Carbon Dioxide

11%
Nitrous Oxide

48%
Methane

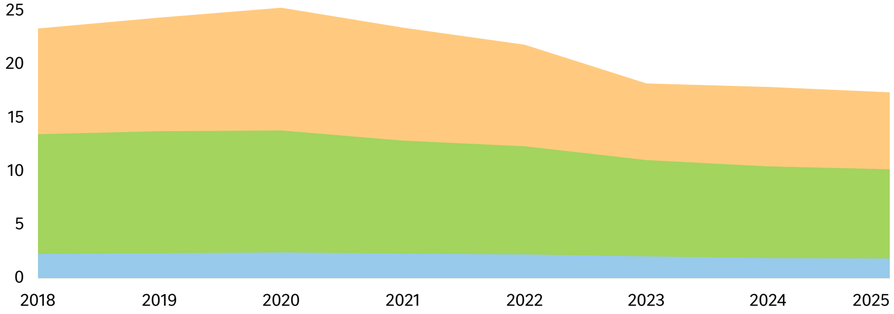


-26%
Net greenhouse gas (GHG) emissions reduction from dairy in 2025 compared to our 2018 baseline.[2] This includes both fresh milk and dairy derivatives.

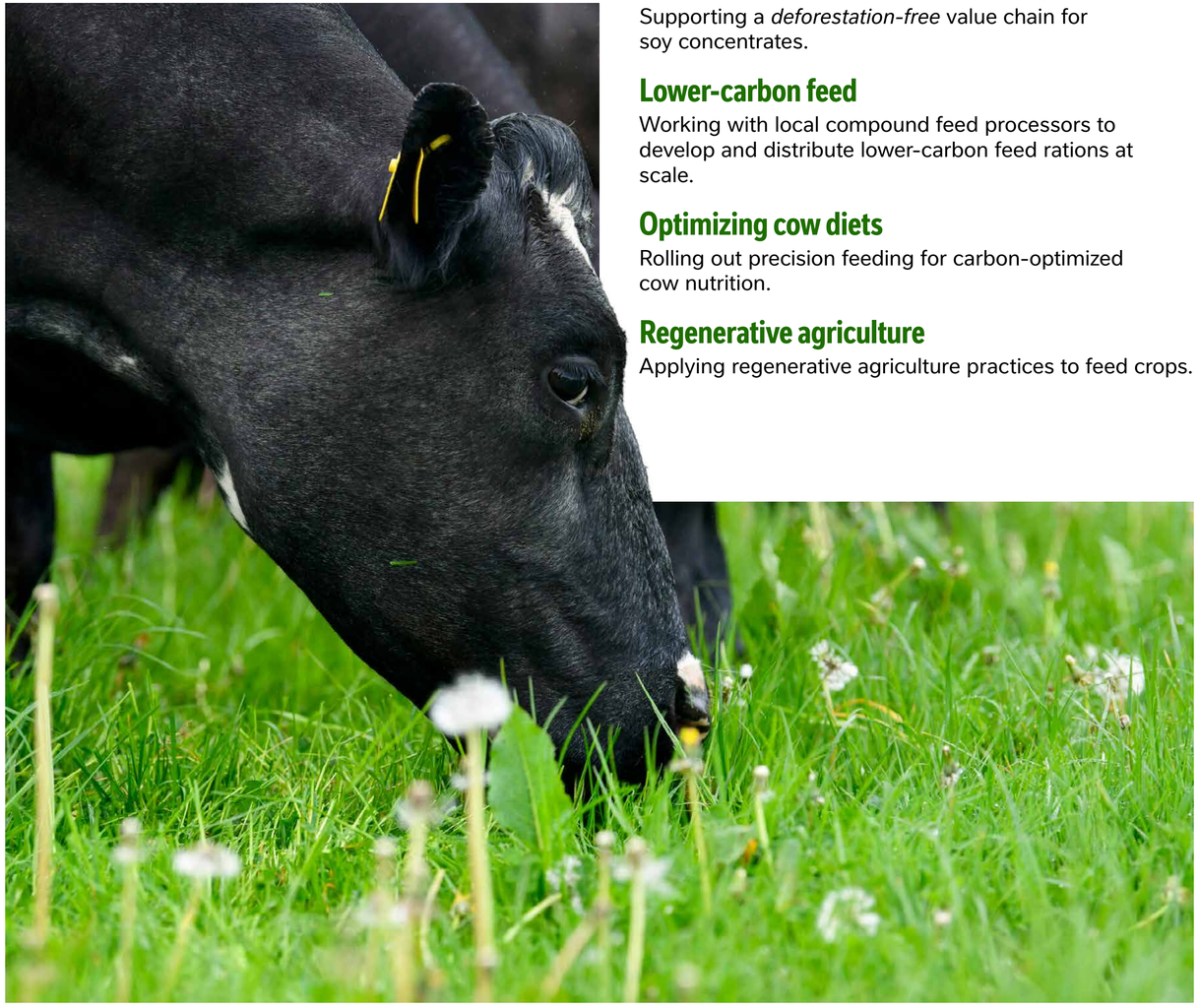
-25%
Methane emissions reduction in our dairy supply chain in 2025, compared to our 2018 baseline

Disaggregation of Nestlé's gross GHG emissions by GHG category (dairy ingredients only)	2018 ($MtCO_2e$)	2025 ($MtCO_2e$)	% reduction versus 2018
Carbon dioxide (CO_2)	9.89	7.20	-27%
Methane (CH_4)	11.20	8.35	-25%
Nitrous Oxide (N_2O)	2.27	1.84	-19%
Total Emissions	23.36	17.39	**-26%**

Nestlé GHG emissions in dairy ingredients



We concentrate our efforts where the biggest opportunities lie: **Lower-carbon feed** and **manure management.**



Lower-carbon feed acceleration

Addressing deforestation risks in soy used in feed

Supporting a *deforestation-free* value chain for soy concentrates.

Lower-carbon feed

Working with local compound feed processors to develop and distribute lower-carbon feed rations at scale.

Optimizing cow diets

Rolling out precision feeding for carbon-optimized cow nutrition.

Regenerative agriculture

Applying regenerative agriculture practices to feed crops.

Manure management

Manure as a business

Facilitating the opening of biogas plants that turn manure waste into usable energy (gas, electricity and heat) for Nestlé operations and the wider local communities.

Generating value for farmers

Transforming manure into compost or biochar to generate value for farmers (e.g. selling compost and reducing chemical fertilizers).

Deploying the latest technologies

Using solutions to reduce methane and nitrogen and/or improve water quality.

Our approach also includes managing herds' heat stress (see page 23).

Dairy farmer Mian Shafiq Ullah and Nestlé Pakistan Agriculture Manager Mehboob Elahi

2025 actions

Under the umbrella of our Nestlé Net Zero roadmap, all our direct sourcing markets have climate implementation plans. We are also working closely with our key strategic suppliers, who are on the journey with us. The following are some examples of the progress being made.

Soil carbon sequestration

One of the expected benefits of regenerative agriculture is the opportunity to sequester more carbon in the soil as it becomes healthier. In order to better understand how this is happening in practice, in 2025, in Brazil and Spain, we began systematically measuring how much carbon was being stored in the soil along with other soil health parameters like pH and biological activity levels. We expect that this will provide us with valuable data and better insights for future decision-making.

Pilot farm

In New Zealand, our partnership with Fonterra to create the country's first net zero pilot farm moved into its fourth year. Everything trialed and used on the 290-hectare farm needs to be scalable and must be economically viable and practical to adopt. Solutions also need to be good for the farmer, good for the cow and good for the milk. From 2021-2025, the farm reduced its absolute emissions by 23.5%. The farm is already scaling up its use of EcoPond, following a successful trial which reduced effluent methane by around 97% in the farm's test unit.

Biogas

Across Punjab and Haryana in India, a program to help smallholders and commercial farmers alike to reduce methane emissions was scaled over 2024-2025. The program used innovative biodigesters to turn manure into usable energy. For smallholders, the biogas generated replaces wood and LPG as a fuel for cooking, reducing smoke and improving comfort for families and communities. For larger farms, it is helping to reduce their dependence on diesel and grid electricity. 6400 small biodigesters and 220 large biodigesters were installed, creating an estimated 400MWh of electricity in 2025. This reduced approximately 23 000 tons of GHG emissions.

Similar work was undertaken in Indonesia, where we have also begun experimenting with using worms to help with composting, so that organic waste can be turned into nutrient-rich fertilizer. This has the potential to reduce synthetic fertilizer use – helping to cut emissions.

Tomorrow's Dairy program

In the Netherlands, we have partnered with Vreugdenhil Dairy Foods, a Dutch producer of milk powder, to launch the Tomorrow's Dairy program. The program began with 17 dairy farmers in 2022 and expanded to over 150 participating farms in 2025. The aim of the program is to enable the transition to a Dutch dairy sector with a 50% lower milk footprint by 2030 (vs a 2018 baseline).

Together, Nestlé and Vreugdenhil are investing over €50 million in the Tomorrow's Dairy program until 2030, focusing on GHG emissions reductions, the implementation of regenerative farming practices, and strengthened farmer livelihoods.

Calculating carbon footprints Switzerland

KlimaStaR is a public-private partnership started in 2022 that includes Nestlé and the Swiss Federal Office for Agriculture. Around 220 Swiss farms participate in the program, which calculates each farm's carbon footprint and provides tailored recommendations for improvement. Farmers are paid to participate and improve their performance.

"The impact on our pastures has been incredible. Our land, which used to dry out during the dry season, now retains moisture better. The grass grows healthier and stronger, which in turn benefits our cows and our milk."

Pak Sujani, Indonesian Dairy Farmer on the impact of composting

Case study

Technology and nutrition: A promising pilot in Chile

Innovative infrared meter helps measure feed nutrition, increase yield, and reduce emissions and waste.

By Enrique Vega,
Dairy Strategy and Policy Manager, Nestlé Chile

Animal nutrition plays an important role in farm efficiency; what a cow eats determines the quality and quantity of milk she produces. For years, optimizing this balance was difficult without exact measurements of forage quality. But by utilizing real-time forage data to analyze diets, farmers can better support herd health and milk composition, while simultaneously reducing the environmental impact of every liter.

The Feed Optimization Project

To reduce the guesswork, we launched a pilot with the Fundo La Chacra dairy farm in Chile to implement a feed optimization project centered on Near-infrared spectroscopy (NIRS) technology. This analyzed the chemical composition of forage in real time, providing data that the family could use to adjust feed rations.

This shift toward precision nutrition has enhanced both operational efficiency and environmental performance at the farm level. Following implementation, improvements have been observed in herd health, milk quality, and production volume, including gains of approximately three liters per cow per day and a 9% reduction in feed cost per liter of fresh milk. This can translate into higher overall milk production and increased revenues with fewer cows.

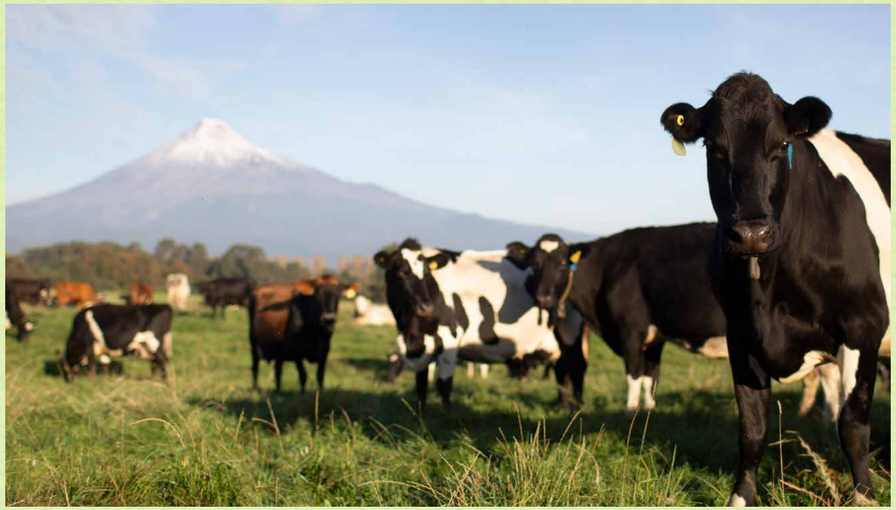
Additionally, improved forage management practices are expected to reduce feed waste and support a lower carbon footprint per liter of milk.

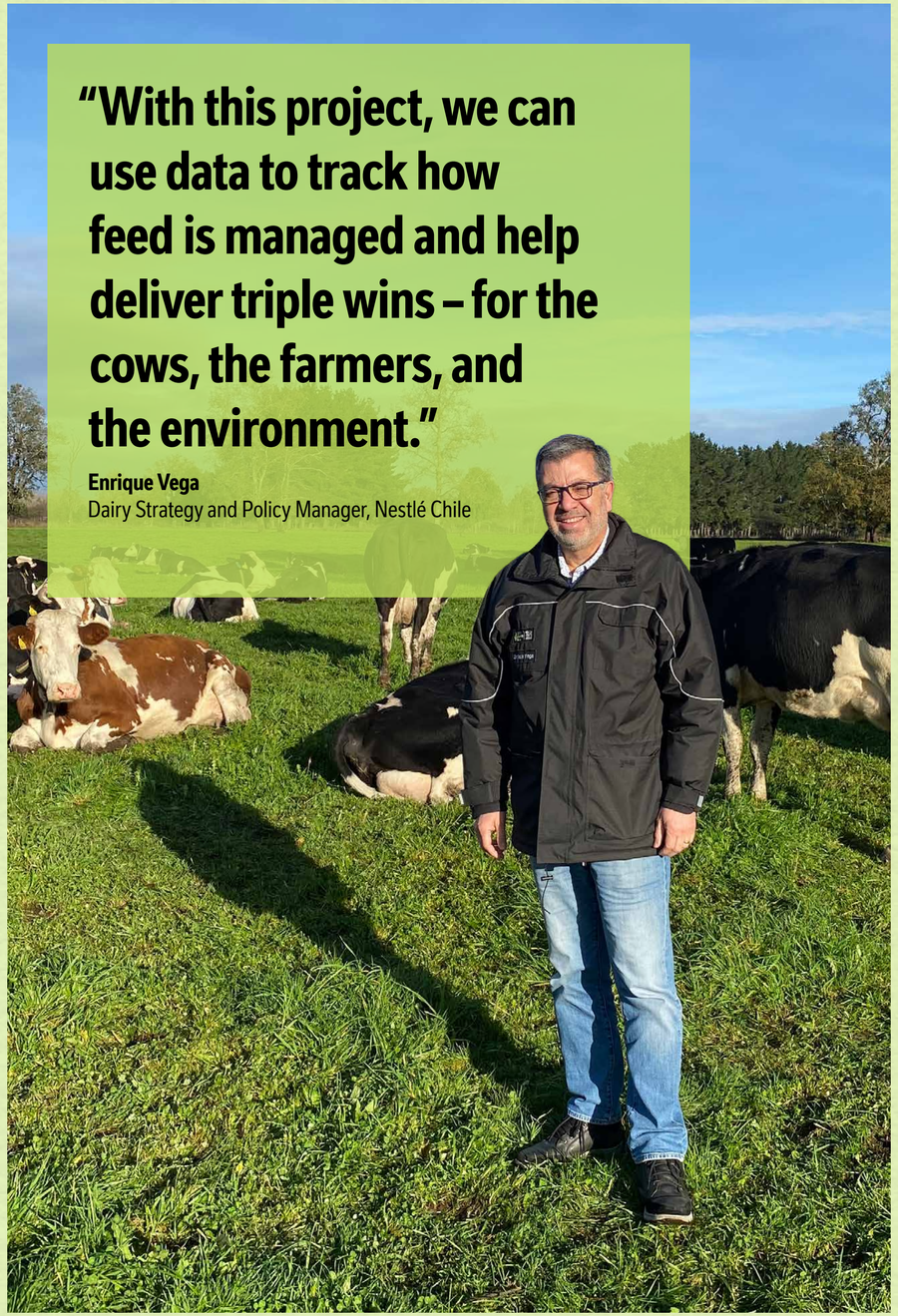
Rooted in the South

For the farmers at the Fundo La Chacra, this shift to precision is intended to support improved feeding practices. By using NIRS data, they aim to better match rations to the herd's nutritional needs, helping to reduce underfeeding and overfeeding and support overall cow health.

+3 liters

Approximate increase in milk production per cow daily





"With this project, we can use data to track how feed is managed and help deliver triple wins – for the cows, the farmers, and the environment."

Enrique Vega
Dairy Strategy and Policy Manager, Nestlé Chile

Animal welfare

Animal welfare

Supporting healthy herds, resilient farms, and a reliable milk supply.

When cows are well nourished, comfortable and properly cared for, everything – their health, their productivity and the quality of their milk – is better. This is why we help farmers put in place what is needed for the comfort of the cows, including optimal nutrition and veterinary care.

Our approach to animal wellfare

We take multiple steps to help farmers manage the wellfare of the herds that supply us.

Protection, respect & care

Our Responsible Sourcing Core Requirements lay out our sourcing requirements for our suppliers and are the foundation of our animal welfare activities. We conduct independent assessments at farm level in our direct sourcing fresh milk markets to monitor that animal welfare requirements are met. These cover items relating to breeding, feeding, housing, health, and transport. We also support farmers with the availability of veterinary care.

Optimized nutrition

Through nutritionists and tools such as Near Infrared Spectroscopy (NIRS), we offer guidance on optimal nutrition including the nutrient content, quality, digestibility, acidity and fiber levels of feed. This is intended to support herd health, which can, in turn, contribute to better milk yield and lower emissions. Through the Nestlé Institute of Agricultural Sciences, we are also developing additional support functions.

Wellness, comfort & technology

We support with technologies that help protect cows against stress. Our actions include co-investing with farmers in cooling systems and other infrastructure that support cow comfort.

60%

Of dairy ingredients responsibly sourced (fresh milk & dairy derivatives) in 2025

2025 actions

Feed Optimization

In countries like Indonesia and Pakistan, we initiated feed optimization strategies focused on forage quality, ration balance, and optimal formulation through farmer training and on-farm diagnostics. We also supported farmers with feed reformulation using locally available ingredients by working directly with feed mills.

Sensor technology

In Brazil and Chile, wearable sensors in cows' collars help detect rumination and movement rates. The ultimate aim is to give farmers data that helps them to act quickly to look after individual cows within the group. The information may also support vets and farmers with their decision-making.

Preventative health

In India, we are combining expert veterinary support with digital monitoring, which can enable early detection of health issues before they impact the herd. We are providing tangible tools on the ground – including farm-gate disease testing, mastitis control programs, and direct access to specialist veterinary advice.

Case study

Co-investing with Spanish dairy farmers to support cow comfort

A holistic program is leading to lower emissions, well-cared for cows and higher productivity

By Eduardo Fernandez,
Agricultural Development Expert, Nestlé Spain

In the Atlantic northwest of Spain, the regions of Galicia, Asturias and Cantabria are the center of Spain's dairy industry, providing over 60 000 direct jobs and contributing €13 billion per year to the Spanish economy.[1]

Here, as in many parts of the world, the climate is becoming less predictable, the years between 2022-2024 were the warmest since records began.[2] Heat stress in cows has a direct link to declines in milk yield, an effect that can last for days after the temperature begins to cool again.

Ventilation for cow comfort

Recognizing that these heat events are likely to occur more and more frequently, we have co-invested with farmers to help 57 farms in Northern Spain install automated cooling systems. These systems kick in when temperature and humidity go outside of the comfort zone, cooling and circulating the air to help reduce heat stress on the herd and to keep milk production steadier throughout the year.

This effort was part of a much larger investment in our Spanish dairy supply chain. An analysis of the 194 farms receiving support from us indicated that their yield increased by 11%, one year after our investment. The milk yield also increased by 16% in farms receiving an animal welfare investment, showing the criticality of animal welfare in bolstering farmers' incomes. The two topics are not separable, which is why we approach them together. It is also interesting to note that the farms that received an animal welfare investment saw a reduction in their greenhouse gas emissions per liter of milk—again demonstrating just how interconnected all these topics are.

Because our approach is holistic, the overall investment in Spain went beyond animal welfare and included investments in manure management systems and solar energy, along with feed optimization. A premium in the price of milk was also given to farmers for implementing regenerative agriculture and biodiversity promotion practices. This kind of partnership is why 73% of the farmers we work with there have been supplying us for over 30 years as we continue to support the region's dairy heritage.

1. López Iglesias, E., & Lainez Andrés, M. (2022). El sector lácteo en España. Universidad de Santiago de Compostela / Cajamar.
2. Science Media Centre Spain. (2022). 2022: Year of record temperatures in Spain. https://sciencemediacentre.es/en/2022-year-record-temperatures-spain

+16%

Increase in milk yield in farms receiving an animal welfare investment

The milk from Nestlé Spain's fresh milk district goes to the Sevares factory, which produces our infant nutrition brand *NAN*

"We believe the only long-term future lies in ensuring the best possible animal welfare and healthy soils. This will allow farmers to reduce their costs and make their farms more efficient."

Eduardo Fernandez
Agricultural Development Expert, Nestlé Spain

Nature

Nature

Strengthening farming systems and food security through nature

People's health begins with the health of the environment that grows our food–and quality milk starts with healthy soils nourishing what our cows eat. Through nutrition, the connection between nature and human wellbeing is direct, and it also underpins our business. We depend on healthy ecosystems and rich biodiversity to ensure the supply of the ingredients that nourish people every day.

This is why our approach is designed to help ecosystems thrive and to strengthen long-term supply chain resilience. We focus on actions that deliver positive outcomes for both nature and climate, with particular emphasis on soil health, water stewardship and habitat protection, including reforestation and landscape management.

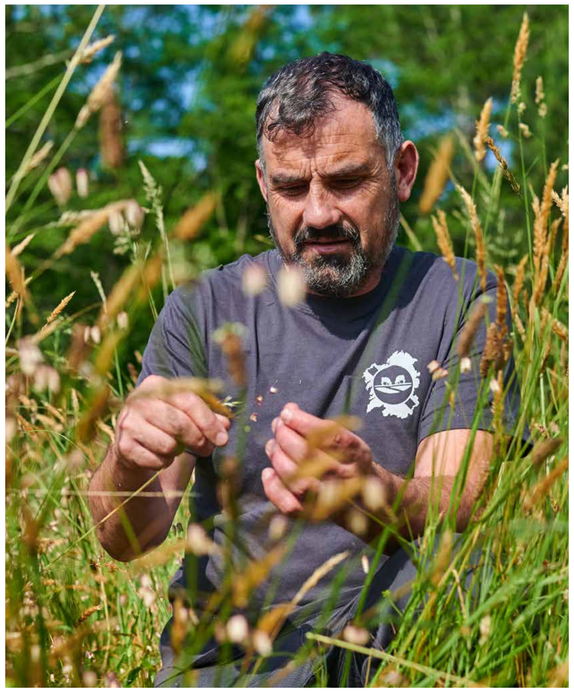
Globally, Nestlé partners with organizations such as The Nature Conservancy (TNC) to help develop, implement and continuously improve our approach to climate, nature and water stewardship. To be successful, we also need to adapt our strategy to local realities. That is why we collaborate with a wide range of local organizations and stakeholders, adapting our actions to specific landscapes, farming systems and community needs.

34%

Dairy sourced from farmers adopting regenerative agriculture practices in 2025[1]

33 500+

Farmers trained on good dairy farming practices, regenerative agriculture and *responsible sourcing*



How does regenerative agriculture work in dairy?

Regenerative agriculture is an approach to farming that aims to conserve and restore natural resources, such as soil, water and biodiversity, while capturing carbon in soils and plant biomass, and to support farmers' livelihoods. At Nestlé, we call this *working with nature*.

This is critical for dairy. Taking a systems-level view, working with nature underpins resilient livestock feed supply chains, leading to properly fed animals, productive and fertile cows and ultimately farm viability. The potential consequence of well-managed farms that work with nature is lower carbon footprints and land that is more likely to be resilient to extreme weather conditions. What that looks like practically will be different on every farm, as they adapt regenerative agriculture principles to their local environment and naturally occurring habitat.

There are, however, basic principles that can be applied in most contexts: keeping the soil covered and moist by applying no- or low-till through direct seeding, mulching, composting with worms and manure as much as possible and only supplementing with chemical fertilizers where actually needed.

Other principles include caring for water, integrating trees in hedgerows or silvo-pasture systems and creating space for birds and insects.

While we work with nature, we also emphasise the importance of other aspects. This includes being efficient, professional and reducing waste in operations. It means looking at the context of a farm in its wider local societal role so that the farming system is attractive and relevant for the next generation.

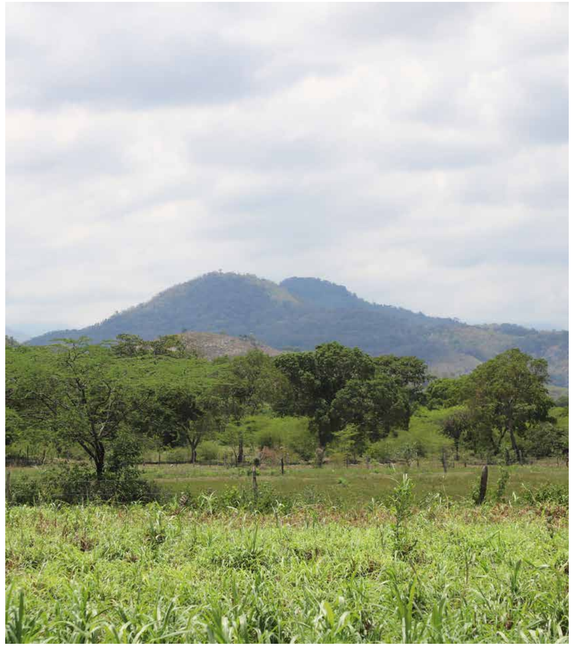
As this is not about working harder but smarter, integrating feedback loops is important. This is where digital tools increasingly play a role–from soil, feed and animal sensors to farm management technologies. When used well, these tools can help farmers to better understand and respond to what nature and animals are telling them, supporting more informed decisions every day.

Learn more: Regenerative Agriculture at Nestlé

By Robert Erhard,
Group Dairy Lead, Nestlé

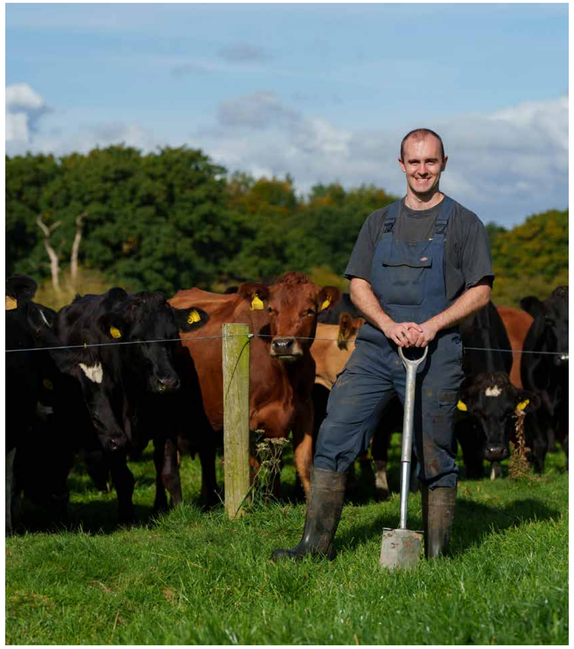
1. Learn how this is calculated in our Non-Financial Statement 2025

2025 actions



Colombia

We collaborated with The Nature Conservancy (TNC) to support biodiversity restoration in areas affected by extensive cattle ranching. By 2025, 53 producers were on the program and had fenced off parts of their farms to allow for natural forest regeneration. This amounted to 720 hectares of land, supporting soil stabilization and providing shade.



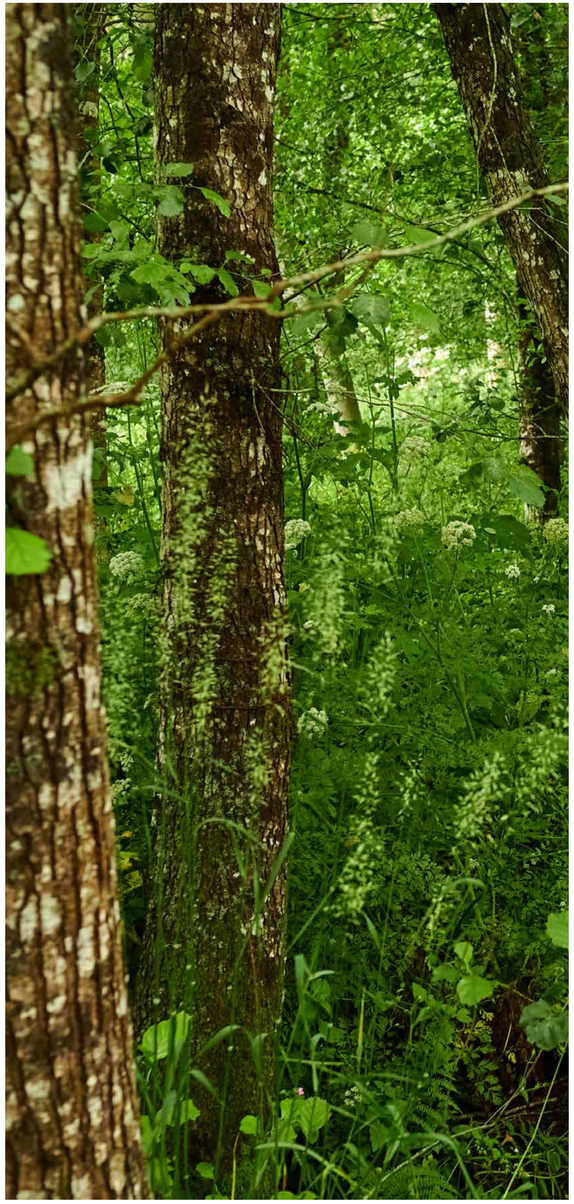
UK

Since 2021, we have partnered with the First Milk co-operative to support 75 dairy farmers adopt regenerative agriculture practices such as rotational grazing, growing diverse species of plants in pasturelands, reducing artificial fertilizers, and planting trees and hedgerows on farms. 39 km of new hedge was planted in 2025, giving a total of 689km, increasing biodiversity by connecting habitats and providing invaluable shelter for livestock. Over the period, participating farmers have reported wildlife returning to their farms and increases in forage grazing and milk from forage. According to farm data, this move towards regenerative agriculture is also correlated with a 9% decrease in antibiotic use.

Learn more in our Creating Shared Value Report 2025.

Spain

From 2020–2025, we worked with SEO/BirdLife to collect data on the bird species present around 15 dairy farms. A total of 116 species were recorded, including 25 species that are in decline nationally. We also conducted an assessment of 215 farms that supply us in Northern Spain, identifying that approximately 6% of all farmland meets our defined criteria for a high nature value. With this baseline assessment completed, a series of biodiversity recovery measures has been established for implementation on the farms studied. These consist of reducing the use of pesticides, such as herbicides and fertilizers; the management and conservation of natural elements present on farms, such as hedges, groves, dry stone walls, or waterlogged areas. It also includes measures aimed at creating or improving habitats for biodiversity, such as the creation of ponds, the planting of strips of wildflowers to provide food resources for pollinators, or the installation of nest boxes, among others.



Case study

Caring for water

A key nature topic, good water stewardship is critical in agriculture and central to our approach.

Water has always been central to dairy farming, but today it is becoming an ever more strategic priority. Water availability and quality increasingly shapes productivity, risk, and the long term viability of farms.

Good water stewardship starts with the basics – providing cows with sufficient, good quality drinking water and using water efficiently in cleaning, cooling, and irrigation – but it goes further. Healthy soils, diverse landscapes, and well managed grasslands help regulate water naturally, improving resilience to both excess and scarcity. This is why water management and regenerative agriculture are so closely connected.

Supported by digital tools that enable more precise, site-specific decisions, effective water management balances efficiency, resilience, and shared responsibility within wider watersheds and communities – helping to secure dairy production for the future.

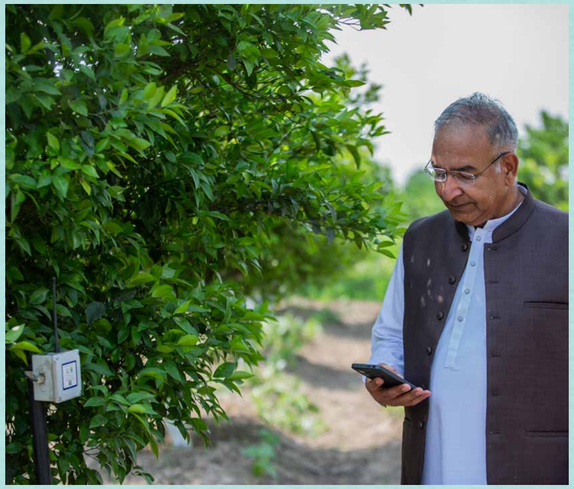
Exploring approaches to improve water management

In Aguascalientes, central Mexico, this includes using precision drip irrigation and rainwater catchment ponds, which can help reduce the reliance on wells that may be under pressure.

This spirit of innovation extends to Pakistan, where we are also investing in drip irrigation, which aims to improve water efficiency compared with traditional flood irrigation, through our Caring for Water (C4W) program. By 2025, drip irrigation was operational across 244 acres in Sindh and 55 acres in Punjab. We've also deployed low-cost smart soil moisture sensors across 722 acres. These sensors provide real-time data to a cloud-based platform, helping farmers make more informed decisions about irrigation.

Meanwhile, in the USA, we are using nature-based approaches to address operational challenges. Through a partnership with BioFiltro, we've helped install a 360 000-square-foot system that uses woodchips and worms to filter manure-rich water. This system processes up to 200 000 gallons of water per day and can help convert waste into a reusable resource, contributing to greenhouse gas emissions reductions due to liquid and solid manure separation.

Whilst water stewardship is a central part of our approach to nature, it also touches on climate and animal welfare (as drinking water), and farmer livelihoods (through milk yield), which is another reason why we care about it so much.



Soil moisture sensors support the farmers in optimizing water use at their farm.

"Inefficiency is one of the biggest costs to the planet. That's why we are working to streamline every part of our operation, to grow more on less land and lower our overall impact."

Salvador Soto
Grupo Agroaje, Aguascalientes, Mexico

Salvador Soto working in an Irrigation water pond

Partners

Partners

The criticality of partnerships for creating change in dairy.

System-level changes are needed to ensure that the dairy sector remains robust going forward. No single company can achieve this alone.

That's why we carefully select and partner with a range of organizations, including national and local governments, suppliers, NGO's, foundations, universities, expert advisors and international bodies to help drive change at a system level.

Some of our global partners

SAI Platform
Nestlé is a founding member of the Sustainable Agriculture Initiative (SAI) Platform, the main global food industry coalition advancing regenerative agriculture through its Regenerating Together Programme. Learn more.

Nestlé works with other SAI members to accelerate collaboration at a food-system level and is active in the Sustainable Dairy Platform and other working groups.

World Farmers' Organisation
The World Farmers' Organisation (WFO) represents farmers from national organizations and agricultural cooperatives in more than 50 countries. Like Nestlé, the WFO prioritizes enabling action on climate change from the ground up, advancing regenerative, climate-resilient agriculture, and strengthening farming communities and rural economies. Learn more.

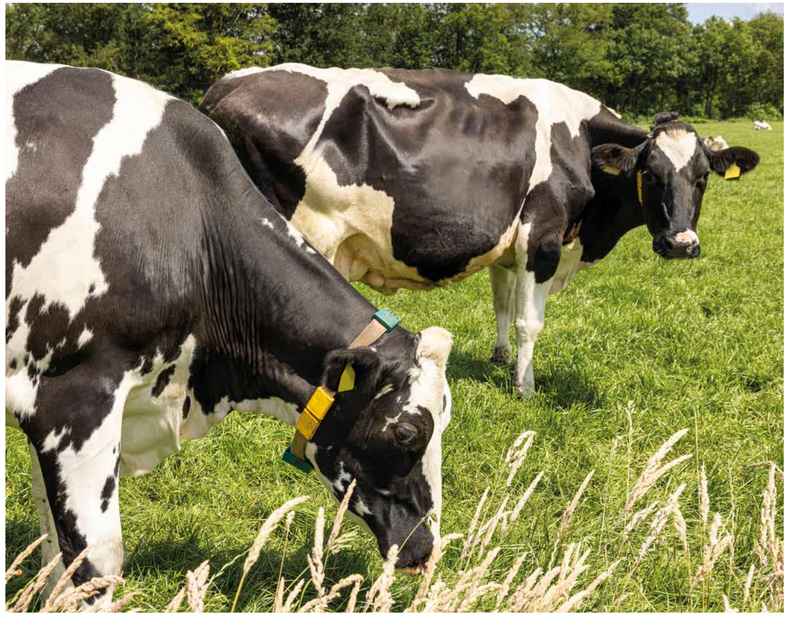
Nestlé and the WFO have formed a first of its kind global alliance to help build food systems that are fair, resilient, and climate adapted.

The Nature Conservancy
The Nature Conservancy (TNC) is one of the world's largest and most influential conservation organizations, operating in more than 80 countries, with a mission to address climate change and biodiversity loss through on-the-ground science, policy influence and market-based solutions.

TNC helped us develop the Nestlé Agriculture Framework. Building on this, Nestle and TNC entered into a global collaboration focusing on technical advisory and joint advocacy, to refine, expand and accelerate efforts to support the transition to regenerative agriculture and to encourage more industry stakeholders to join the journey.

Cool Farm Alliance
Cool Farm is a science-led, not-for-profit membership organisation dedicated to advancing global regenerative agriculture.

To support this mission, it develops and manages the Cool Farm Platform and Cool Farm Tool, which provide credible, science-based metrics and resources to support companies in baselining, action planning, and quantifying environmental impacts across crops and livestock. Learn more. We use the Cool Farm Tool in 23 of our direct sourcing (fresh milk) markets.



Strategic Suppliers
We are sharing learnings and solutions with our strategic suppliers, who have agreed to join us on our journey to reduce farm-level environmental impacts. We work with strategic suppliers such as California Dairies, Inc (CDI), Fonterra, Sodiaal/ Euroserum, Lactalis, Cayuga, Agropur, Land O'Lakes and Friesland Campina to develop efficiencies, tailored low-emissions solutions and regenerative agriculture in our value chains.

Academic partners
To ensure our approach is robust, we work with multiple academic institutions around the world. These include: Northeast Agricultural University (China), Aarhus University (Denmark), Gadvasu University (India), Tec de Monterrey (Mexico), Wageningen University (Netherlands), Valladolid University (Spain), EPFL and ETH Zurich (Switzerland), UC Davis, Iowa State, Penn State & Cornell University (USA), and Lincoln University (UK).

We also work with government research institutions such as Embrapa – in Brazil, which is linked to the Ministry of Agriculture. We are open to collective research; for example, along with several other companies and additional university partners, we co-developed the MiLCA protocol for the inclusion of mitigation technologies in agricultural life-cycle assessments.

Why dairy farming research is central to the Nestlé Dairy Plan

How NIAS is helping to accelerate dairy transformation at Nestlé

By Jeroen Dijkman,
Head of the Nestlé Institute of Agricultural Sciences

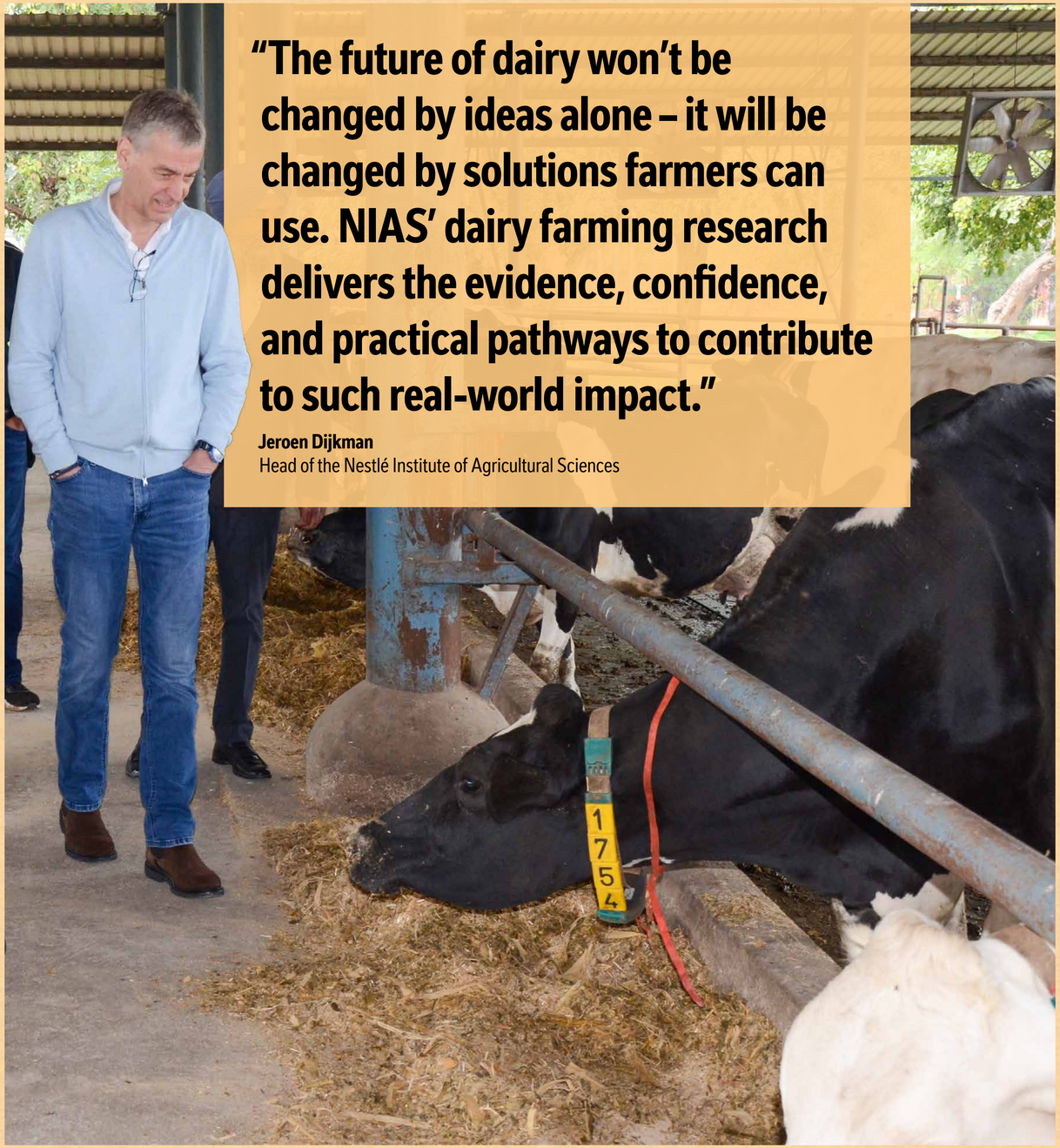
Every glass of high-quality, nutritious milk starts from a dairy production system where animal health, nutrition, and welfare are key determinants of product quality and environmental impact. As a consequence, robust dairy farming research capacity is fundamental to the Nestlé Dairy Plan.

At the Nestlé Institute of Agricultural Sciences (NIAS), dairy farming research provides the foundation for translating strategic objectives into operational success. This discipline enables the rigorous testing and validation of existing commercial solutions, as well as the development of innovative technologies, supporting approaches that reduce greenhouse gas (GHG) emissions, enhance animal welfare, and protect milk production, quality, and farmer income prior to their adoption by farmers in Nestlé's fresh milk and dairy supply chains.

Our research encompasses areas such as locally tailored diet optimization, innovative feed supplements that help boost productivity, decrease enteric methane emissions, and improve farmer profitability, along with regenerative manure management systems and precision technologies for monitoring animal health and stress. These efforts result in practical, evidence-based solutions that are designed for scaling.

Furthermore, our commitment to dairy farming research ensures sustainability initiatives are aligned with performance objectives and revenue protection. Well-managed, healthy livestock produce more quality milk and contribute to reduced carbon footprints in dairy operations.

Our specialized expertise grounds the Nestlé Dairy Plan in credible, customized, science-driven practices that support the advancement of global dairy production systems–aimed at benefiting farmers, animals, and the environment.



"The future of dairy won't be changed by ideas alone – it will be changed by solutions farmers can use. NIAS' dairy farming research delivers the evidence, confidence, and practical pathways to contribute to such real-world impact."

Jeroen Dijkman
Head of the Nestlé Institute of Agricultural Sciences

Case study

AgroImpact: A shared vision for the future of Swiss farming

By Daniel Imhof,
Head Corporate and Agricultural Affairs, Switzerland

For centuries, Switzerland's identity has been shaped by its iconic alpine pastures and the dedicated farming communities that tend them. We are honoring that history by adopting actions that can help preserve it for future generations. To bring this vision of modern stewardship to life, we co-founded AgroImpact in January 2024. AgroImpact is a multi-stakeholder association that unites experts from agriculture, research and industry to implement science-based carbon reduction methods across Swiss farms.

A shared vision of Swiss soil

Along with Nestlé, AgroImpact was co-founded by WWF, who provide technical expertise to verify biodiversity and climate impacts, and it is supported by financial investment from the Canton of Vaud. As a member of the board, Nestlé backs this vision with a potential CHF 2.3 million annual investment.[1] This funding reaches farmers as a "climate premium"–a targeted reward calculated by AgroImpact based on verified GHG emissions reductions.

The initiative focuses heavily on the dairy sector, where farmers implement specific measures–from optimized herd management to regenerative agriculture pasture practices–to lower the methane and carbon intensity of their milk.

From these pastures, the milk travels directly to our Konolfingen factory, where it becomes the essential ingredient for brands like *NAN*, our premium infant nutrition range.

Woven into the future

The story of Swiss agriculture is one of deep-rooted tradition, and through AgroImpact, we are adding a new chapter. In just two years, the association has already accompanied 180 farms in seven cantons, contributing to 125 758 tons of CO_2 equivalent being either reduced at the source or captured in the soil. With 14.3 million francs engaged on the platform, AgroImpact has already attributed 3.97 million swiss francs in premiums to farmers over six years to reward their efforts to decrease emissions and increase soil carbon storage.

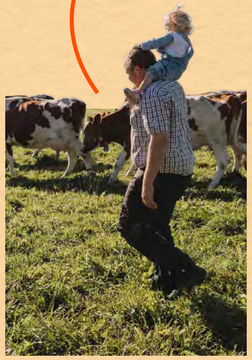
By rewarding the care and preservation of the land, we seek to support the long-term vitality of our home market. Ultimately, we hope that all farms in our Swiss dairy value chain will join the program because we want the milk produced here today to support a landscape that remains healthy for generations to come.

Learn more: www.agroimpact.ch

1. Assuming all volumes are engaged

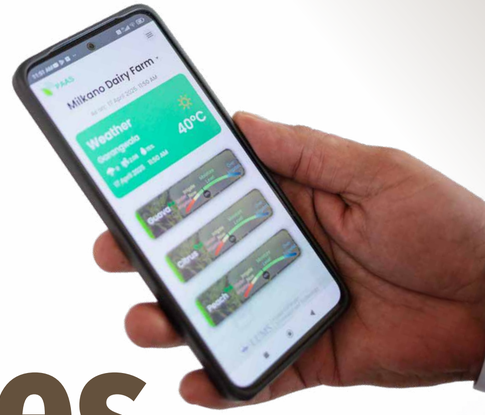
CHF 2.3M

Potential annual investment in AgroImpact, reaching Swiss farmers as a "climate premium" for verified carbon reductions.



"AgroImpact brings together stakeholders from across the entire value chain, enabling concrete and shared solutions to reduce the carbon footprint of Swiss agriculture."

Daniel Imhof
Head Corporate and Agricultural Affairs, Switzerland



Annexes

Glossary

Agripreneur
Training and enabling young farmers to develop knowledge and skills, and to support them in the sustainable management of their farms.

Deforestation-Free
"Deforestation-free" means that commodities in scope were assessed as being produced on land that has not been subject to deforestation or conversion after a specific cut-off date that varies by commodity, but no later than December 31, 2020.

Good Dairy Farming Practices
As defined by the United Nations Food and Agriculture Organization (FAO), this is the set of on-farm practices that ensure safe, quality milk is produced from healthy animals, using management practices that are sustainable from animal welfare, social, economic and environmental perspectives.

Nature-based solutions
As defined by the United Nations Environment Programme, nature-based solutions are actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously benefiting people and nature.

Net Zero
Nestlé has committed to reaching net zero greenhouse gas (GHG) emissions by 2050 at the latest. In 2020, we published our timebound plan, the Nestlé Net Zero Roadmap, which underpins our Group's climate strategy and acts as our transition plan aligned with a 1.5°C pathway as validated by the Science Based Targets initiative (SBTi). We will balance any remaining emissions through high-quality natural climate solutions.

Regenerative Agriculture
In line with the Sustainable Agriculture Initiative Platform, Nestlé defines regenerative agriculture as an approach to farming, which aims to conserve and restore natural resources, primarily soil, as well as water and biodiversity, while capturing carbon in soils and plant biomass and to support farmers' livelihoods.

Examples of regenerative agriculture practices include reduced tillage and agroforestry. More information is available in our Nestlé Agriculture Framework.

Resilience
As defined by the FAO, resilience is the ability to prevent disasters and crises as well as to anticipate, absorb, accommodate or recover from them in a timely, efficient and sustainable manner. This includes protecting, restoring and improving livelihoods systems in the face of threats that impact agriculture, nutrition, food security and food safety.

Responsible Sourcing
For Nestlé, responsible sourcing means improving the traceability of our ingredients and monitoring how they are produced. This involves applying our environmental and human rights requirements detailed in our Nestlé Responsible Sourcing Core Requirements at the different stages of our supply chain.

Examples of these requirements include that land and resources of Indigenous peoples and local communities are respected and that we work towards no deforestation and no conversion of forests and other ecosystems occurs in our supply chain. We implement risk-based due diligence mechanisms, including supplier self-assessments, independent third-party audits and ongoing training for suppliers to address identified risks.


Nestlé
DAIRY
PLAN