








Nestlé

Good Food, Good Life






Nestlé's material issues across the value chain

Material issues and sub-issues	KEY: ○ Low ● Medium ● High				
	Agriculture 	Tier 1 suppliers 	Nestlé 	Retail/business channels 	Consumers 
For individuals and families					
<p>Over- and under-nutrition Supporting optimal nutrition, health and wellness throughout life. Helping to address over-nutrition, under-nutrition, related micronutrient deficiencies, conditions such as overweight and obesity, and non-communicable diseases (NCDs) through portfolio transformation, product and service development and renovation, and Popularly Positioned Products.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Maternal, infant and young child nutrition (MIYCN) • Micronutrient deficiencies • Non-communicable diseases • Obesity • Underweight/stunting 	●	○	●	●	●
<p>Responsible marketing and influence Marketing in ways that are appropriate to consumer audiences and shaping consumer behavior to promote healthful choices and better environmental outcomes.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Foster environmentally friendly behaviors • Infant formula marketing • Product labeling • Responsible marketing to children • Inappropriate advertising (i.e. through channels/TV programmes with political agenda or next to extreme content) • Foster healthy behaviors • Consumers misconception/attitude to Nestlé products • Media storm on social networks, ability to respond 	○	○	●	●	●
<p>Product quality</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Nutritional content of products • Counterfeit products 	●	●	●	●	●
<p>Food and product safety Ensuring a high-quality product and preventing health risks arising from use, consumption, handling, preparation and storage throughout the value chain.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Additives, preservatives, artificial ingredients • Chemical safety (contaminants) • Product authenticity • Nanomaterials • GMOs 	●	●	●	●	●



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For individuals and families					
<p>Changing consumer demographics and tastes</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Aging population • Shift to away-from-home consumption • Product provenance and traceability • Millennial population • Location (diversified product portfolio in line with consumer needs and diets) 	○	●	●	○	●
<p>Food and nutrition security</p> <p>Contributing to the availability of, and affordable access to, sufficient, safe, nutritious food.</p> <p>Sub-issue:</p> <ul style="list-style-type: none"> • Affordability, e.g. bottled water 	●	●	●	●	●
<p>Data privacy and cyber security</p> <p>Protecting our stakeholders' data privacy and prevention of attacks on our IT and data security.</p>	○	○	●	●	●



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Nestlé's material issues across the value chain continued

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	Agriculture 	Tier 1 suppliers 	Nestlé 	Retail/business channels 	Consumers 
For our communities					
<p>Rural development and poverty alleviation Directly and indirectly promoting stable economic activity and improving livelihoods of agricultural workers in the supply chain to promote sustainable agricultural communities and alleviate poverty.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Land tenure security • Farmer training and development • Rural livelihoods and living wage • Access to safe water, sanitation and hygiene (WASH) 	●	●	●	○	●
<p>Supply chain stewardship Responsible sourcing (agricultural).</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Traceability; health and safety; labour rights; modern slavery • Responsible sourcing (non-agricultural) 	●	●	●	●	●
<p>Women's empowerment Empowering women to participate fully in society and the economy across the value chain.</p>	●	●	●	○	●
<p>Products, regulation and taxation</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Increasing regulation food products, e.g. labeling, plain packaging, nutritional content • Taxation on F&B products • Marketing limitations imposed by regulatory action 	○	●	●	●	●
<p>Human rights Respecting human rights in our business activities, operations and supply chains.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Child Labor • Labor rights in our operations • Responsible recruitment in the supply chain • Forced labour in the upstream supply chain 	●	●	●	●	●
<p>Animal welfare Safeguarding the well-being of animals in the supply chain and promoting farm animal health and welfare.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Animal testing • Antimicrobial resistance • Farm animal welfare 	●	●	●	●	●
<p>Employee safety, health and wellness Targeting zero accidents in the workplace, promoting safe and healthy employee behaviors, and helping employees make more informed decisions to achieve and maintain a healthy lifestyle.</p>	●	●	●	○	○
<p>Geo-political uncertainty</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Operations in conflict zones/controversial countries (e.g. Venezuela, Myanmar, Iran) • Protectionism and trade barriers (Brexit, 'America First,' EU/Swiss relations) • Human pandemic 	●	○	●	●	○



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For our communities					
<p>Fair employment and youth employability Developing Nestlé's human capital, including maintaining positive relations with employees, promoting positive working conditions and youth employment.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Employee benefits, remuneration, attraction and retention • Employee diversity and inclusion, e.g. LGBTI • Employee engagement • Employee training and learning • Job creation and youth employment • Management of lay-offs • Career development • Talent management and succession planning • Senior/top management diversity 	○	○	●	○	○
<p>Natural disasters Sub-issues:</p> <ul style="list-style-type: none"> • Fire • Floods • Other extreme weather events 	●	●	●	○	●
<p>Responsible use of technology Sub-issues:</p> <ul style="list-style-type: none"> • Ecommerce • AI and automation • Nanotechnology • Internet of Things vulnerabilities • New financial technologies (cryptocurrency) 	●	●	●	●	●
<p>Business ethics Upholding ethical principles in the business and workplace.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Executive compensation • Fair tax • Governance and transparency • Fraud, bribery and corruption 	●	●	●	●	○
<p>Community relations</p>	●	●	●	○	●






Using our materiality assessment

We use the materiality assessment to refine commitments and identify areas for improvement. It is used by our Issues Round Table (which includes a member of the Executive Board), as well as by our markets and the corporate Risk Management team. The contents help us select the information contained in this report, providing data that responds to stakeholder needs. Our analysis concluded that all of the issues have a significant relationship to our business success. Some are essential for protecting and growing our revenues. Others have significant influence on our cost structure, supply chain and risk. While many can impact our reputation among customers and important stakeholders, this is somewhat intangible to measure, but nevertheless key to our success. In general terms, if we manage these issues poorly, it exposes us to risks, but if managed well, we can turn them into commercial opportunities.



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For the planet					
<p>Natural resource and water stewardship Identifying and preserving natural resources and ecosystem services.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Biodiversity • Water use in operations • Water catchment management • Water security in water-stressed areas • Land use 	●	●	●	●	●
<p>Resource efficiency, (food) waste and the circular economy Reducing the direct and indirect use of resources, reducing waste and optimizing opportunities for recovery, reuse or recycling of by-products, and disposing of waste appropriately.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Circular and bio-economy • Energy consumption, renewables and GHG emissions • Air, water and land pollution • Food loss and waste • Waste water treatment • Optimization of transport and distribution • Manufacturing environmental impacts • Marine plastic debris 	●	●	●	●	●
<p>Land management in the supply chain</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Land use • Soil fertility • Deforestation 	●	●	○	○	○
<p>Climate change Reducing greenhouse gas emissions and contributing to the mitigation of and adaptation to the negative effects of climate change.</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Climate change adaptation • Climate change mitigation • Advocacy on climate policy 	●	●	●	●	●
<p>Product packaging and plastic</p> <p>Sub-issues:</p> <ul style="list-style-type: none"> • Littering • Recyclable content 	●	●	●	●	●