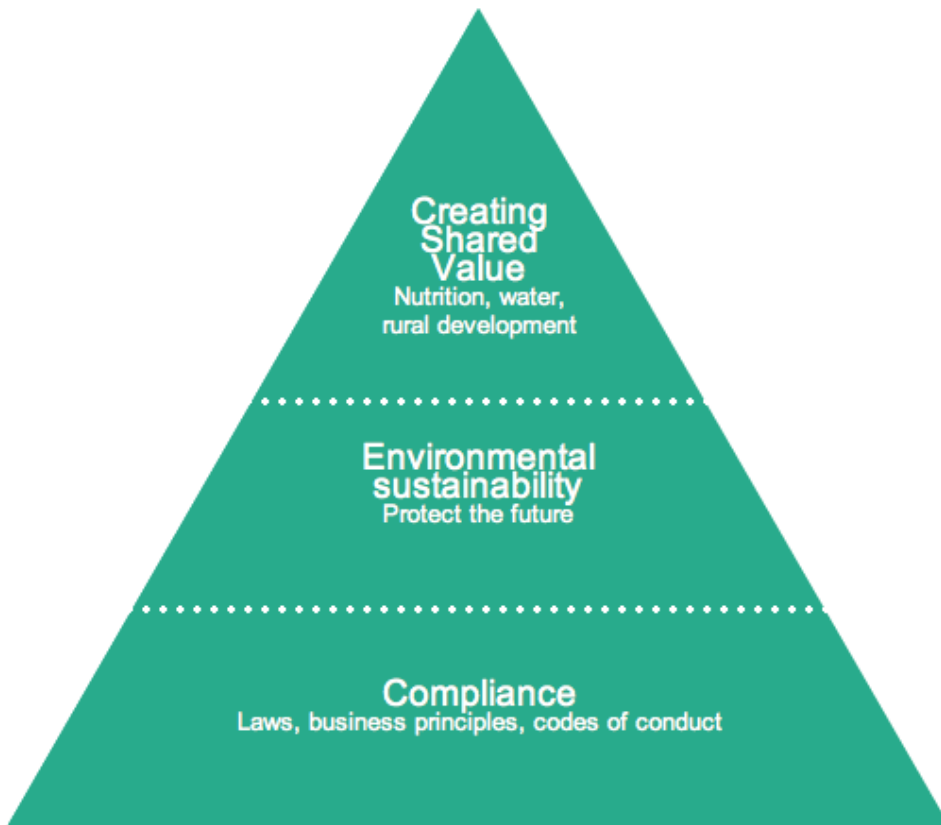




# Creating Shared Value at Nestlé



For a company to be successful in the long term and create value for its shareholders, it must also create value for society. We call this Creating Shared Value (CSV). Creating Shared Value encourages businesses to create economic and social value simultaneously by focusing on the social issues that they are uniquely capable of addressing.

In 2006, Nestlé became the first organisation to adopt this approach, but our history of working together with society stems back to our roots. For maximum impact, Nestlé has focused its Creating Shared Value efforts and investments on three areas – nutrition, water and rural development – as these are core to our business activities and vital for our value chain.

CSV builds on a strong base of performance in environmental sustainability and compliance, as illustrated in the CSV Pyramid above. In addition, we recognise the vital role of our people and the importance of engaging and collaborating with other organisations.



## CSV at Nestlé

- Overview
- A message from our Chairman and CEO
- Our performance
- Material issues
- Stakeholder engagement
- CSV advisory board
- Downloads



### Nestlé Prize

The Nestlé Prize in Creating Shared Value (CSV) is awarded every other year to encourage and reward innovative projects.

### Chairman & CEO

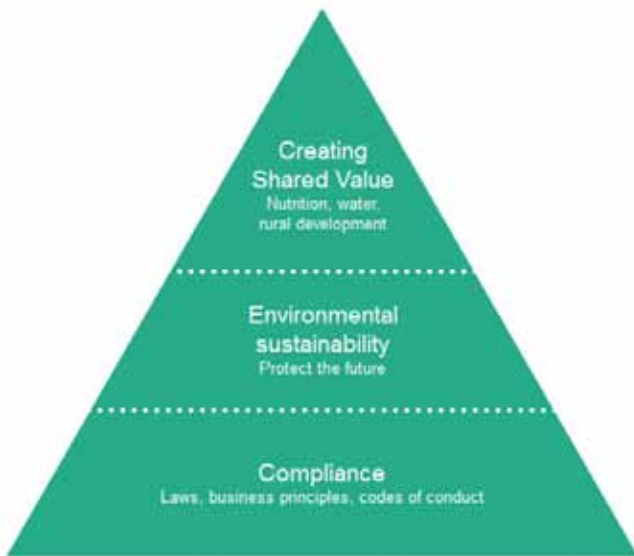
“We strongly believe that for a company to be successful in the long term, it must create value to its shareholders and, at the same time, to the communities where it operates and to society at large.”

## Overview

Creating Shared Value (CSV) is a holistic and sustainable approach to business, which addresses the needs of society, while meeting the needs of shareholders. Since its foundation in 1866, Nestlé has always been concerned with its impact on the surrounding environment and communities, adopting the highest Swiss standards in all of its global operations. As a result, our corporate culture has been built on the belief that in order for us to succeed as a business, we need to ensure that the communities and environment around us also prosper.

CSV formalises this belief, translating it into a series of concrete and progressive measures and goals, and reporting on these to ensure we continually improve our positive impact as well as highlighting the challenges we face. We have many CSV activities that have been in operation for several years and even decades; as we adapt our approach to fit the needs of the local communities where we operate we can draw upon this wide range of experience as we continue to extend our impact.

### The Nestlé CSV Pyramid



CSV builds on a strong base of performance in environmental sustainability, and compliance with international laws and codes of conduct as well as our own business principles. Together, these make up the core dimensions of our business approach, as illustrated below.

### Creating Shared Value

As the first organisation to adopt CSV, this constructive approach to business is now well established at Nestlé. Spanning our entire global operation, the scale and reach of our activities gives us considerable experience on which to build. For maximum impact, we have focused our CSV efforts and investments on three areas where we believe there is the greatest opportunity to drive value for our shareholders and society at the same time. These are:



## Nutrition

As the world's leading nutrition, health and wellness company, we believe that our future lies in helping people to eat a healthier diet. Using our science-based approach, we are helping improve nutrition, addressing deficiency in vitamins and minerals at one end of the spectrum and obesity at the other.

## Water

Water scarcity is becoming a serious reality in many parts of the world. By making the six elements of the UN Global Compact CEO Water Mandate central to our efforts, we are helping to reduce the impact of our water use and promote good water stewardship globally.



## Rural development

The overall wellbeing of farmers, rural communities, small entrepreneurs and suppliers is intrinsic to the long-term success of our business, yet an estimated 70% of global poverty is concentrated in rural areas. We are working to support rural communities surrounding our operations in building a better future.

## Sustainability

We aim to delight consumers with tasty, nutritious and healthy food and beverages, while offering products which are made in a responsible way that preserves the environment for future generations. To support this, we apply a life cycle approach, involving our partners from farmer to consumer, to improve the environmental impacts of our products and activities.

## Compliance

In Nestlé's context, compliance means abiding by national laws and relevant conventions. In addition to this, Nestlé has a strong set of values and principles that we apply across all the countries where we operate. Our overriding objective is to ensure that our investments are beneficial both for our shareholders and the countries where we do business.

## Foundations of the pyramid

Underpinning our approach to CSV are our employees and engagement and collaboration with a range of organisations.

## Our people

Our people are central to everything we do. Every day, we rely on their energy, passion and commitment to continually create, develop and deliver the best products for our customers, whilst also upholding our principles and living our values. We commit to offering fulfilling careers in a safe and fair working environment, which embraces the diversity of our employees.

## Engagement and collaboration

By engaging with a wide range of international stakeholders, we aim to share insights, identify ways to overcome challenges together and improve our own decision making and accountability. Nestlé's CSV Forums, for example, provide a platform for global business leaders and government officials to offer fresh thinking on how businesses and governments can work together to close the gap between commercial needs and development goals.



## Our CSV performance

Nestlé has developed a comprehensive series of strategic key performance indicators (KPIs), as part of our commitment to more evidence-based reporting. These measures also ensure we continue to improve our performance through innovation, investment, learning and collaboration.

Behind these figures are more than 100 social and economic projects covering a broad range of themes around nutrition, water and rural development, many of which we are operating in collaboration with partners from industry, agriculture, governments and non-governmental organisations.

## The roots of CSV

In 2006, Harvard's Michael Porter and Mark Kramer published an article outlining a new concept for corporate responsibility. They put across the idea that if companies were to go beyond compliance and philanthropy to actively look for connections between their activities and the growth and progress of society, there would be considerable potential for organisations to contribute to sustainable global growth. They called this concept: Creating Shared Value.

The idea of Creating Shared Value had considerable resonance with our organisation at the time. We have always looked to benefit the societies around us and to operate with respect to the environment. However, we were also looking for a way to focus anew and accelerate our impact on global prosperity.

In close consultation with Porter and Kramer, we analysed our entire value chain for those areas with the greatest potential for joint value optimisation between our business and society, where the needs of both our shareholders and society were addressed. We found these to be nutrition, water and rural development.

We then put a framework in place to guide our actions and investments, with clear goals, measures and reporting. In 2009, our CSV advisory board met for the first time. Its remit is to help us further develop our CSV strategic vision and suggest potential actions as we continue to find new ways to deepen our impact.



Creating Shared Value at Nestlé	Nutrition	Rural development	Water	Environmental sustainability	Compliance	Our people
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## A message from our Chairman and CEO

### The global water challenge

By 2050 we will have to feed 9.3 billion people and food production has to double. The key is water, the scarcest natural resource on earth. At the current rate of overuse, we will run out of water long before we run out of oil. This is why we say: no food for fuel.

At the current rate, the overuse of freshwater will severely slow economic development. Worse, it will be the cause of massive food shortages within the next 15 to 20 years. Exacerbating the problem will be a further 2.3 billion people on the planet by 2050, adding to existing demand for food and energy, which both critically depend on fresh water.

As the world's leading Nutrition, Health and Wellness Company, Nestlé too, at every level, depends on reliable access to clean water, in order to maintain our ability to meet our consumers' needs.

We therefore care deeply about water and remain committed to act. This year we have reviewed the five W.A.T.E.R. commitments we set out in our 2006 Water Report, ensuring that these continue to drive water performance through our operations, supply chain and within communities. We are now working on a set of performance indicators to monitor our progress.

Water is a local issue. But the effects of local shortages quickly become global issues in today's interlinked economies. While we can have an impact through our own operations, a truly sustainable solution can only come from a collaborative response from multiple stakeholders; so we are actively promoting global dialogue on water while also engaging in direct actions in our own right.

In recent years, water has moved to the top of the global agenda. In 2008, the World Economic Forum established the 2030 Water Resources Group, bringing together key players in addressing this issue, and highlighting the critical status of water availability.

This group, under the leadership of the Nestlé Chairman, has elaborated a landmark report, *Charting Our Water Future*, whose key findings are now being transformed into concrete actions under the leadership of national governments together with other stakeholders. This is an important first step to bring freshwater withdrawals back into balance with natural renewal.

Nestlé is also a founding signatory of the UN Global Compact CEO Water Mandate, whose reporting requirements are reflected in the structure of this report. We actively engage in the public policy debate around water and advocate for better understanding of the consequences of mistaken biofuels policies. We hope that the Rio+20 summit will deliver an unequivocal commitment to 'no food for fuel'. Food is for people; waste may be used for fuel.

It is our firm conviction that access to adequate, safe freshwater is a human right. Beyond the need for hydration and basic hygiene, sustainable water policies should adequately price water to cover costs and reflect its true value (and scarcity).



**NESTLÉ CHAIRMAN IN KENYA:** Nestlé Chairman Peter Brabeck-Letmathe (left) visits a water facility at a farm that delivers milk to the East African Dairy Development project factory in Kibiyet, Kenya.

<b>Creating Shared Value at Nestlé</b>	Nutrition	Rural development	Water	Environmental sustainability	Compliance	Our people
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We strongly believe that for a company to be successful in the long term, it must create value for its shareholders and at the same time for the communities where it operates and for society at large. We call this Creating Shared Value. Analysing our entire value chain, we have identified three focus areas where Nestlé can optimise the creation of shared value: besides water, these are nutrition and rural development.

So while water is the main theme of our Creating Shared Value Summary Report 2011, you will also read about our other two priority areas, as well as our progress and challenges in Environmental Sustainability and in Compliance; the essential foundations of Creating Shared Value.

As part of this, we also reiterate our continued strong support for the UN Global Compact and its Blueprint. Nestlé is a founding member of UN Global Compact LEAD.

**Nutrition**

In nutrition, through our support for the UN initiative, Every Woman Every Child, Nestlé is committed to continuing to address today’s health challenges by expanding its global Healthy Kids Programme to teach children about the value of nutrition and physical activity.

We are also creating more opportunities for women through income-generating activities and continuing to provide access to education, focusing on women and children. These efforts on behalf of women and children reflect our commitment to the UN Millennium Development Goals.

**Rural development**

Responsible Sourcing is intrinsic to our rural development goals and we have conducted 1910 audits in 2011, to ensure our suppliers’ responsible workplace commitments are being implemented.

Our traceability programme is also reaching milestones; we began in 2010 with palm oil and paper and pulp and by 2012 will have extended it to ten further areas and main commodities.

A particularly serious challenge is the occurrence of child labour. For a few years we have worked to further ensure it has no place in our supply chain, so we have become the first food company to work with the NGO Fair Labor Association to help us bring transparency into our specific cocoa supply chain and assist us in defining and implementing corrective measures, together with the other stakeholders involved.

We invite you to read more about our progress and challenges in this website, which is our full CSV report. We hope you find the information engaging and informative, and we welcome your input and views.



**NESTLÉ CEO IN INDIA: Nestlé CEO Paul Bulcke visits a school close to our new plant in Karnataka, India. Nestle works with local government in the region to provide clean drinking water and sanitation facilities to village schools.**



**Peter Brabeck-Letmathe**  
Chairman of the Board



**Paul Bulcke**  
Chief Executive Officer





## Our performance

### 2011 highlights

#### Nutrition

- Continued to improve the availability of affordable micronutrient-fortified foods targeting lower-income groups.
- Enhanced our understanding of nutritional priorities of different consumer segments using our Nutritional Landscaping protocol.
- Committed to expanding our global Healthy Kids Programme, launched in Nigeria.
- Became the first food and beverage company to pledge our commitment to the UN Every Woman Every Child programme, to improve the lives of vulnerable women and children through training and education.

#### Water

- 274 water-saving projects run in our factories, Water Resources Review programme conducted at 100 Nestlé sites and CHF 28 million invested in water-saving and cleaning programmes during the year.
- 28% reduction in water withdrawals since 2001 [KPI], while our food and beverage production volume increased by 73% [KPI].
- Helped provide access to water and sanitation for over 100 000 people (since 2007), through our work with the International Federation of Red Cross and Red Crescent Societies.
- Received the Stockholm Industry Water Award 2011, a prestigious award given in recognition of actions taken to address water challenges.

#### Rural development

- Developed a new Traceability programme as a major part of our Responsible Sourcing audit programme, to cover 12 major raw materials by 2012.
- Became the first food company to partner with the Fair Labor Association, focusing initially on hazelnuts and then on the cocoa supply chain in Côte d'Ivoire.
- Continued our global *Nescafé* Plan, which will invest CHF 500 million by 2020 to support responsible farming, production and consumption.
- Trained 200 000 farmers through our Nestlé Cocoa Plan.
- Invested CHF 2.25 million in water and sanitation, food security and emergency relief initiatives in Côte d'Ivoire through a new three-year partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC) and the Red Cross Society of Côte d'Ivoire.

#### Environmental sustainability

- Defined specific objectives to reduce absolute greenhouse gas emissions and waste, in addition to our long-standing focus on water and energy efficiency.
- Reduced greenhouse gas emissions by 17% by 2001.
- Reduced energy consumption by 42% per tonne of product since 2001.
- Water withdrawals reduced by 58% per tonne of product since 2001.



## Compliance and human rights

- Audited 110 sites through our CARE (**C**ompliance **A**ssessment of Human **R**esources, Occupational Health & Safety, **E**nvironment and Business Integrity) programme in 2011, with no critical non-compliances identified.
- Became the first infant formula manufacturer to be included in the Financial Times Stock Exchange Responsible Investment Index (FTSE4Good).
- Rolled out a global online human rights training tool, which is mandatory for employees working in high-risk countries.
- Began rolling out an integrity reporting system to provide an independent mechanism to raise any concerns relating to our policies and procedures.
- Achieved a 99.5% compliance rate with the EU Pledge on responsible advertising to children.

*Data above is for year ending 31 December 2011 unless stated otherwise.*

## Key performance indicators

Nestlé has developed a comprehensive series of strategic key performance indicators (KPIs), as part of our commitment to more evidence-based reporting. We welcome feedback on these KPIs, and how they may be developed further.

The summary below forms part of our Communication on Progress on the UN Global Compact Principles. Unless stated otherwise, performance indicators are for the year ending 31 December 2011.

*The content of this page was externally assured by Bureau Veritas, March 2012.*

Creating Shared Value performance indicator	GRI	2010	2011
<b>Economic</b>			
<i>Economic performance</i>			
Total Group sales (CHF million) (a)	EC1	93 015	83 642
Net profit (CHF million) (a)	EC1	34 233	9487
<b>Nutrition</b>			
Nestlé Nutrition sales (CHF million) (a)	FP4	7700	7233
Products meeting or exceeding Nutritional Foundation profiling criteria (as % of total sales) (b) (c)	FP4	73.2	74.1
Renovated products for nutrition or health considerations (d)	FP7	6502	5066
Products with increase in nutritious ingredients or essential nutrients (d)	FP7	3847	3851
Products with reduction of sodium, sugars, trans-fatty acids, total fat or artificial colourings (d)	FP6	2655	1215
Products analysed and improved or confirmed via 60/40+ programme (sales, CHF million) (b) (e)	PR1	36 420	28 715
Products containing Branded Active Benefits (sales, CHF million) (a)	FP7	5335	5563
Products featuring <i>Nestlé Nutritional Compass</i> labelling (% of sales worldwide) (b) (f)	PR3	97.1	98.0
Products in EU with Guideline Daily Amounts (GDA) labelling on front of pack (% of sales) (b) (g)	PR3	98.7	98.9
Products with specific portion guidance (sales, CHF million) (b) (h)	PR3	21 305	21 894
Nestlé television advertising to children under 12 in compliance with policies on responsible marketing (%) (i)	PR7	99.5	99.1
Nestlé contraventions of infant food marketing policy requiring remediation (j)	PR7	7	19
Infant formula marketing staff in higher-risk countries trained in the WHO Code (% of staff) (k)	PR6	100	100
Popularly Positioned Product SKUs	FP4	4860	5556
Popularly Positioned Products (sales, CHF million) (a)	FP4	9848	10 610
Total number of significant product recalls or incidents of non-compliance (l)	PR2	8	10

## Creating Shared Value performance indicator

GRI

2010

2011

**Environmental sustainability**

## Production volume

Total production volume (million tonnes)		43.74	45.21
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## Materials

Raw materials used (million tonnes)	EN1	23.27	22.87
Materials for packaging purposes (million tonnes)	EN1	4.59	4.58
Packaging source optimisation (kilotonnes saved)		70.8	39.3

## Energy

Total on-site energy consumption (petajoules)		88.6	90.1
Total on-site energy consumption (gigajoules per tonne of product)		2.03	1.99
On-site energy generated from renewable sources (% of total)		12.3	11.6
Total direct energy consumption (petajoules)	EN3	63.0	64.3
Total indirect energy consumption (petajoules)	EN4	67.6	70.1

## Water

Total water withdrawal (million m <sup>3</sup> )	EN8	144	143
Total water withdrawal (m <sup>3</sup> per tonne of product)	EN8	3.29	3.17

## Biodiversity

Total size of manufacturing sites located in protected areas (hectares) (I)	EN11		44.2
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## Emissions, effluents and waste

Direct GHG emissions (million tonnes CO <sub>2</sub> eq)	EN16	3.98	3.81
Direct GHG emissions (kg CO <sub>2</sub> eq per tonne of product)	EN16	91.0	84.2
Indirect GHG emissions (million tonnes CO <sub>2</sub> )	EN16	3.14	3.23
Indirect GHG emissions (kg CO <sub>2</sub> per tonne of product)	EN16	71.9	71.5
Total water discharge (million m <sup>3</sup> )	EN21	94	94
Total water discharge (million m <sup>3</sup> per tonne of product)	EN21	2.15	2.08
Quality of water discharged (average mg COD/l)	EN21	78	69
By-products (kg per tonne of product)	EN22	32.16	31.32
Waste for disposal (kg per tonne of product)	EN22	8.45	7.59

## Environmental sustainability governance

Manufacturing sites certified against ISO 14001 (% of total manufacturing sites)		91	90
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## Creating Shared Value performance indicator

GRI

2010

2011

**Rural development**

Farmers trained through capacity-building programmes		144 900	200 751
Markets covered by Sustainable Agriculture Initiative Nestlé (SAIN) programmes		45	46
Direct procurement markets covered by SAIN programmes (%)		100	100
Percentage of suppliers, key vendors and quality key suppliers compliant with company's sourcing policy (l)	FP1		96
Percentage of purchased volume compliant with the Nestlé Supplier Code (l)	FP1		75.2

**Our people**

Total workforce (number of employees) (m)	LA1	281 005	327 537
Total rate of new employee hires (%) (l) (n)	LA2		12.01
Total rate of employee turnover (%) (l) (n)			10.8
CARE gaps identified, related to Business Integrity and HR		425	57
Of which: Minor		393	49
Major		32	8
Critical		0	0
Lost-time injuries among employees and on-site contractors (per million hours worked)	LA7	1.8	1.8
Total recordable injury rate among employees and on-site contractors (per million hours worked)	LA7	4.2	3.8
Fatalities of employees and on-site contractors	LA7	11	18
Average hours of training per year per employee per category (o)	LA10	0.58	2.02
Leadership positions held by women (%) (n)	LA13	27.3	28.0
Local Management Committee members native to country in developing countries (%) (p)	EC7	48	53

**Notes**

- a) Sales recognition changed from 1 January 2011 (see Note 1 of the Group Financial Statements: Changes in presentation – Revenue). To provide a basis of comparison, 2010 figures have been accordingly restated.
- b) 2010 KPI not comparable to 2011 (see Note 1 of the Group Financial Statements: Changes in presentation – Revenue).
- c) 2011 assessment scope: 70% total Nestlé sales volume.
- d) Based on reports of approximately 75% of worldwide product development teams.
- e) This KPI reflects the dynamic nature of our 60/40+ programme. Assessment results are valid for a maximum of three years, only if all parameters remain equal.
- f) Excludes total petcare and, for US only, *Dreyer's*, *Haagen-Dazs* and pizza business.
- g) Across EU 27 plus Norway, Switzerland, Adriatic Region, Ukraine and Moldova. Excludes plain coffee, tea and water, products for Nestlé Professional, gifting chocolate, seasonings, petcare, Nestlé Health Science and Nestlé Nutrition.
- h) Products sold as single servings and meeting/exceeding Nutritional Foundation OR sold with/via a device or equipment delivering a serving meeting/exceeding Nutritional Foundation OR sold to caregivers with detailed instructions on adjusting servings to evolving nutritional needs. This currently represents only a subset of the portfolio with portion guidance.
- i) The Nestlé Marketing Communication to Children Policy was updated in 2011. Previously, a media channel or programme was defined as targeted to children if 50% or more of its audience were children between 6 and 12 years old. As of September 2011, the percentage has been redefined to 35%. The compliance percentage shown above has therefore been calculated to reflect the previous Policy of 50% audience threshold (January to August 2011) and the new 35% threshold (September to December 2011).
- j) Based on internal and external audits. Following a change in the criteria in July 2010 to differentiate higher- and lower-risk countries, more countries are now part of the "higher-risk" category where the Nestlé Policy and Instruction on Implementing the WHO Code applies as a minimum requirement.
- k) "Higher-risk" countries are those with mortality rates for under-fives of more than 10 per 1000 under-five, or more than 2% acute malnutrition (moderate and severe wasting) among under-fives. All other countries are "lower-risk".
- l) New KPI.
- m) Covers all Nestlé employees including Joint Ventures.
- n) Covers Nestlé employees registered in the HR system (approximately 80% of all employees).
- o) Covers Nestlé employees whose training is tracked in the HR system (approximately 65% of all employees).
- p) Covers all Nestlé employees including Cereal Partners Worldwide.



## External assessments

Nestlé's activities, business principles and impacts on the environment and society are externally assessed and rated by a number of sustainability indices.

### FTSE4Good

FTSEGroup confirmed that Nestlé has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards including breast milk substitutes, supply chain and human rights.

Companies in this Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.

### Carbon Disclosure Leadership Index 2011

For the second year running, we have been included in the Global 500 Carbon Disclosure Leadership Index for our proactive approach to climate change.

### SAM Dow Jones Sustainability Index 2011

Nestlé is included again in the Dow Jones Sustainability Index. Each year, the 2500 largest companies in the world are invited to participate in the Sustainable Asset Management's (SAM) Corporate Sustainability Assessment.

Full details about the Dow Jones Sustainability Index are available on the SAM website.

### SAM Dow Jones Sustainability Index

In 2010, Nestlé once again received Gold Class ranking and featured in the SAM Sustainability Yearbook 2011. Each year, the 2500 largest companies in the world are invited to participate in SAM's Corporate Sustainability Assessment.

Full details about the Dow Jones Sustainability Index are available on the SAM website.



## Global Reporting Initiative content index

This report is aligned to the Global Reporting Initiative (GRI) 3.1 guidelines. The GRI has verified our report as meeting level A+. The GRI index, showing which indicators we have reported against is outlined below.

**Global Reporting Initiative™**

### Statement GRI Application Level Check

GRI hereby states that **Nestlé S.A.** has presented its report "Creating Shared Value Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 21st 2012

*(Signature)*  
Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative

**GRI REPORT  
GRI CHECKED  
A+**

The "+" has been added to this Application Level because **Nestlé S.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on March 14th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.



# GRI content index

Our fully linked GRI index is available [online](#).

**Key:** ● Fully ● Partially ○ Not

Profile Disclosures			
1. Strategy and Analysis			
Profile Disclosure	Description	Reported	Cross-reference/Direct answer
1.1	Statement from the most senior decision-maker of the organization.	●	<b>CSV:</b> A message from our Chairman and CEO
1.2	Description of key impacts, risks, and opportunities.	●	<b>CSV:</b> Key performance indicators <b>CSV:</b> Material issues <b>CSV:</b> Materiality matrix <b>N:</b> Context <b>RD:</b> Context and challenges <b>W:</b> Context <b>ES:</b> Context and challenges <b>OP:</b> Context
2. Organizational Profile			
Profile Disclosure	Description	Reported	Cross-reference/Direct answer
2.1	Name of the organization.	●	Creating Shared Value Summary Report 2011
2.2	Primary brands, products, and/or services.	●	<b>AR:</b> The Nestlé Roadmap to Good Food, Good Life (p11–29) <b>AR:</b> The Nestlé Roadmap to Good Food, Good Life: Overview (p30) <b>COM:</b> Brands ( <a href="http://www.Nestlé.com/AboutUs/OurBrands/Pages/OurBrands.aspx">http://www.Nestlé.com/AboutUs/OurBrands/Pages/OurBrands.aspx</a> )
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	<b>COM:</b> Financial Overview ( <a href="http://www.Nestlé.com/Investors/FinancialOverview/Pages/FinancialOverview.aspx">http://www.Nestlé.com/Investors/FinancialOverview/Pages/FinancialOverview.aspx</a> ) <b>CFS:</b> Notes (p52–74) <b>CFS:</b> Companies of the Nestlé Group (p120–138)
2.4	Location of organization's headquarters.	●	<b>AR:</b> Shareholder information (p48)
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	<b>AR:</b> Geographic data: people, factories and sales (p46–47)
2.6	Nature of ownership and legal form.	●	<b>AR:</b> Corporate Governance and Compliance (p8–9) <b>CFS:</b> Companies of the Nestlé Group (p120–138)





Creating Shared Value at Nestlé	Nutrition	Rural development	Water	Environmental sustainability	Compliance	Our people
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Profile Disclosure	Description	Reported	Cross-reference/Direct answer
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	<b>AR:</b> Geographic data: people, factories and sales (p46–47)
2.8	Scale of the reporting organization.	●	<b>AR:</b> Front inside flap (pII–III) <b>AR:</b> Geographic data: people, factories and sales (p46–47) <b>CSV:</b> Key Performance Indicators <b>CFS:</b> Financial information – 5 year review (p118–119)
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	<b>AR:</b> Letter to our shareholders (p2–5) <b>CFS:</b> Acquisitions and disposals (p58–59)
2.10	Awards received in the reporting period.	●	<b>CSV:</b> External assessments <b>ES:</b> Mitigating GHG emissions

**3. Report Parameters**

Profile Disclosure	Description	Reported	Cross-reference/Direct answer
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	<b>CSV:</b> About our reporting
3.2	Date of most recent previous report (if any).	●	<b>CSV:</b> About our reporting
3.3	Reporting cycle (annual, biennial, etc.)	●	<b>CSV:</b> About our reporting
3.4	Contact point for questions regarding the report or its contents.	●	<b>CSV:</b> A message from our Chairman and CEO <b>CSV:</b> About our reporting
3.5	Process for defining report content.	●	<b>CSV:</b> Material issues <b>CSV:</b> About our reporting
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	<b>CSV:</b> About our reporting
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	<b>CSV:</b> About our reporting
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	<b>CSV:</b> About our reporting
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	<b>CSV:</b> About our reporting



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Profile Disclosure	Description	Reported	Cross-reference/Direct answer
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●	<b>CSV:</b> About our reporting
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	<b>CSV:</b> About our reporting
3.12	Table identifying the location of the Standard Disclosures in the report.	●	<b>CSV:</b> GRI content index
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	<b>CSV:</b> Assurance statement <b>CSV:</b> About our reporting

**4. Governance, Commitments, and Engagement**

Profile Disclosure	Description	Reported	Cross-reference/Direct answer
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	<b>C:</b> Governance <b>CGR:</b> Group structure and shareholders, Capital structure, Board of Directors, Executive Board (p3–19)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	<b>CGR:</b> Board of Directors (p6–14) The chairman is not also the CEO.
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	●	<b>CGR:</b> Board of Directors (p6–14) All members of the Board of Directors are independent/non executive officers with the exception of the Nestlé CEO.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	<b>AR:</b> Shareholder information (p48) <b>OP:</b> Employee engagement <b>CGR:</b> Appendix 2: Articles of Association of Nestlé S.A. (p37–42)
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	<b>CGR:</b> Appendix 1: Compensation Report 2011 (p25–36)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	<b>CGR:</b> Board of Directors > Internal organisational structure > Tasks and area of responsibility for each Committee of the Board of Directors (p11–12) <b>CGR:</b> Appendix 1: Compensation Report 2011 (p25–36)



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Profile Disclosure	Description	Reported	Cross-reference/Direct answer
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	<p><b>C:</b> Governance</p> <p><b>CGR:</b> Board of Directors &gt; Definition of areas of responsibility, Information and control instruments vis-à-vis the Executive Board; Executive Board (p13–19)</p> <p><b>CGR:</b> Appendix 1: Compensation Report 2011 (p25–36)</p>
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	<p><b>C:</b> Governance</p> <p><b>NCBP</b></p> <p><b>CBC</b></p> <p><b>CSV:</b> Creating Shared Value at Nestlé</p> <p><b>CSV:</b> Creating Shared Value – An Overview</p>
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	<p><b>CSV:</b> A message from our Chairman and CEO</p> <p><b>AR:</b> Overview &gt; Principal Risks and Uncertainties (p40–41)</p> <p><b>C:</b> Governance</p> <p><b>CGR:</b> Board of Directors &gt; Definition of areas of responsibility, Information and control instruments vis-à-vis the Executive Board (p13–14)</p>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	<p><b>C:</b> Governance</p> <p><b>CGR:</b> Appendix 1: Compensation Report 2011 (p25–36)</p>
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	<p><b>AR:</b> The Nestlé Roadmap to Good Food, Good Life (p12–25)</p> <p><b>AR:</b> Overview &gt; Principal risks and uncertainties (p40–41)</p>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	<p><b>C:</b> Global principles and goals</p> <p><b>C:</b> UN Global Compact</p> <p><b>C:</b> CEO Water Mandate</p> <p><b>C:</b> UN Millennium Development Goals</p> <p><b>C:</b> Human rights and labour rights</p>



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Profile Disclosure	Description	Reported	Cross-reference/Direct answer
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	<p><b>CSV:</b> Memberships</p> <p><b>C:</b> Global principles and goals</p> <p><b>C:</b> Responsible advertising and marketing</p> <p><b>C:</b> Advertising to children</p> <p><b>N:</b> Education and Innovation</p> <p><b>ES:</b> Building scientific knowledge</p> <p><b>ES:</b> Communicating environmental information</p> <p><b>ES:</b> Partnering on climate change</p> <p><b>ES:</b> Moving to Natural Refrigerants</p> <p><b>ES:</b> Climate change adaptation</p> <p><b>ES:</b> Biodiversity – our approach</p> <p><b>W:</b> Engagement and disclosure</p> <p><b>W:</b> Developing industry standards</p> <p><b>W:</b> Supply chain</p> <p><b>W:</b> Supply chain initiatives</p> <p><b>W:</b> Engagement initiatives</p> <p><b>RD:</b> Farmer programmes</p> <p><b>RD:</b> Tackling child labour</p> <p><b>RD:</b> Combating deforestation</p> <p><b>RD:</b> Promoting human rights among our suppliers</p> <p><b>RD:</b> Other commodities</p> <p><b>RD:</b> Responsible Sourcing Audit Programme</p> <p><b>OP:</b> Promoting strategic partnerships</p> <p><b>OP:</b> Safety and health at Nestlé – Initiatives</p>
4.14	List of stakeholder groups engaged by the organization.	●	<b>CSV:</b> Stakeholder engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	<b>CSV:</b> Stakeholder engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	<p><b>CSV:</b> Stakeholder engagement</p> <p><b>CSV:</b> CSV Advisory Board</p> <p><b>OP:</b> Employee Engagement</p>
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	<p><b>CSV:</b> Stakeholder engagement</p> <p><b>CSV:</b> Stakeholder convenings</p>



**Disclosures on Management Approach**

**DMA SC    Disclosure on Management Approach SC**

Aspect	Reported	Cross-reference/Direct answer
Protecting natural resources	●	<b>RD:</b> Our Systems <b>RD:</b> Implementing the Nestlé Supplier Code <b>ES:</b> Overview <b>ES:</b> Context and challenges <b>ES:</b> Governance and systems
Minimizing toxicity	●	<b>C:</b> Product safety
Fair trade	●	<b>RD:</b> Overview <b>RD:</b> Context and Challenges <b>RD:</b> Our Systems
Fair compensation for labor	●	<b>RD:</b> Overview <b>RD:</b> Context and Challenges <b>RD:</b> Our Systems <b>RD:</b> Implementing the Nestlé Supplier Code
Traceability	●	<b>C:</b> Product safety
Genetically modified organisms (GMOs)	●	<b>RD:</b> Overview <b>RD:</b> Sourcing overview <b>GMO FAQ:</b> <a href="http://www.Nestlé.com/common/peripherals/faqs/pages/faqs.aspx#gmo">http://www.Nestlé.com/common/peripherals/faqs/pages/faqs.aspx#gmo</a>
Animal welfare	●	<b>RD:</b> Our Systems <b>RD:</b> Animal welfare
Biofuels	●	<b>RD:</b> Combating deforestation <b>Biofuels FAQ:</b> <a href="http://www.Nestlé.com/common/peripherals/faqs/pages/faqs.aspx#biofuels">http://www.Nestlé.com/common/peripherals/faqs/pages/faqs.aspx#biofuels</a>

**DMA EC    Disclosure on Management Approach EC**

Aspect	Reported	Cross-reference/Direct answer
Economic performance	●	<b>AR:</b> Financial Review (p30–31) <b>NCBP</b> <b>C:</b> Governance
Market presence	●	<b>AR:</b> Financial Review (p30–31) <b>NCBP</b> <b>C:</b> Governance
Indirect economic impacts	●	<b>AR:</b> Financial Review (p30–31) <b>NCBP</b> <b>C:</b> Governance

DMA EN		Disclosure on Management Approach EN	
Aspect	Reported	Cross-reference/Direct answer	
Materials	●	<b>RD:</b> Sourcing overview	<b>ES:</b> Overview <b>ES:</b> Performance
Energy	●	<b>ES:</b> Overview	<b>ES:</b> Context and challenges <b>ES:</b> Performance <b>ES:</b> Governance and systems <b>ES:</b> Improving energy efficiency
Water	●	<b>W:</b> Overview	<b>W:</b> Context <b>W:</b> Expert views <b>ES:</b> Overview <b>ES:</b> Context and challenges <b>ES:</b> Performance <b>ES:</b> Governance and systems
Biodiversity	●	<b>ES:</b> Overview	<b>ES:</b> Context and challenges <b>ES:</b> Governance and systems <b>ES:</b> Biodiversity
Emissions, effluents and waste	●	<b>ES:</b> Overview	<b>ES:</b> Context and challenges <b>ES:</b> Governance and systems <b>ES:</b> Climate change <b>ES:</b> Waste and recovery
Products and services	●	<b>ES:</b> Overview	<b>ES:</b> Context and challenges <b>ES:</b> Governance and systems
Compliance	●	<b>ES:</b> Overview	<b>ES:</b> Context and challenges <b>ES:</b> Governance and systems
Transport	●	<b>ES:</b> Overview	<b>ES:</b> Context and challenges <b>ES:</b> Governance and systems <b>ES:</b> Transport and distribution
Overall	●	<b>ES:</b> Overview	<b>ES:</b> Context and challenges <b>ES:</b> Governance and systems



DMA LA		Disclosure on Management Approach LA	
Aspect	Reported	Cross-reference/Direct answer	
Employment	●	<b>OP:</b> Overview <b>OP:</b> Context <b>OP:</b> Policies and systems	
Labor/management relations	●	<b>OP:</b> Overview <b>OP:</b> Context <b>OP:</b> Policies and systems <b>OP:</b> Labour practices	
Occupational health and safety	●	<b>OP:</b> Overview <b>OP:</b> Context <b>OP:</b> Policies and systems <b>OP:</b> Safety, health and security <b>OP:</b> Safety and health at Nestlé	
Training and education	●	<b>OP:</b> Overview <b>OP:</b> Context <b>OP:</b> Policies and systems <b>OP:</b> Training and learning	
Diversity and equal opportunity	●	<b>OP:</b> Overview <b>OP:</b> Context <b>OP:</b> Policies and systems <b>OP:</b> Diversity	
Equal remuneration for women and men	●	<b>OP:</b> Overview <b>OP:</b> Context <b>OP:</b> Policies and systems <b>OP:</b> Diversity	
DMA HR		Disclosure on Management Approach HR	
Aspect	Reported	Cross-reference/Direct answer	
Investment and procurement practices	●	<b>RD:</b> Overview <b>RD:</b> Our Systems <b>RD:</b> Implementing the Nestlé Supplier Code <b>RD:</b> Promoting human rights among our suppliers <b>OP:</b> Human rights – Assigning organisational responsibilities <b>OP:</b> Human rights – Performance and initiatives	



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Aspect	Reported	Cross-reference/Direct answer
Non-discrimination	●	<p><b>OP:</b> Overview</p> <p><b>OP:</b> Context</p> <p><b>OP:</b> Policies and systems</p> <p><b>OP:</b> Human rights – Performance and initiatives</p> <p><b>CBC</b></p> <p><b>OP:</b> Human rights – Assigning organisational responsibilities</p>
Freedom of association and collective bargaining	●	<p><b>RD:</b> Our Systems</p> <p><b>OP:</b> Overview</p> <p><b>OP:</b> Context</p> <p><b>OP:</b> Policies and systems</p> <p><b>OP:</b> Labour practices</p> <p><b>OP:</b> Labour practices – Performance and challenges</p> <p><b>OP:</b> Human rights – Assigning organisational responsibilities</p>
Child labor	●	<p><b>RD:</b> Our Systems</p> <p><b>RD:</b> Tackling child labour</p> <p><b>RD:</b> Improving social conditions</p> <p><b>OP:</b> Overview</p> <p><b>OP:</b> Context</p> <p><b>OP:</b> Policies and systems</p> <p><b>OP:</b> Human rights – Performance and initiatives</p> <p><b>OP:</b> Human rights – Assigning organisational responsibilities</p>
Prevention of forced and compulsory labor	●	<p><b>RD:</b> Our Systems</p> <p><b>RD:</b> Promoting human rights among our suppliers</p> <p><b>RD:</b> Implementing the Nestlé Supplier Code</p> <p><b>OP:</b> Overview</p> <p><b>OP:</b> Context</p> <p><b>OP:</b> Policies and systems</p> <p><b>OP:</b> Human rights – Performance and initiatives</p> <p><b>OP:</b> Human rights – Assigning organisational responsibilities</p>
Security practices	●	<p><b>OP:</b> Context</p> <p><b>OP:</b> Policies and systems</p> <p><b>OP:</b> Safety, health and security</p> <p><b>OP:</b> Human rights – Assigning organisational responsibilities</p>





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Aspect	Reported	Cross-reference/Direct answer
Indigenous rights	●	<b>RD:</b> Community Engagement <b>OP:</b> Human rights – Assigning organisational responsibilities
Assessment	●	<b>OP:</b> Overview <b>OP:</b> Policies and systems <b>OP:</b> Human rights – Identifying and managing human rights risks <b>OP:</b> Human rights – Assessing and addressing human rights impacts <b>OP:</b> Human rights – Assigning organisational responsibilities
Remediation	●	<b>OP:</b> Overview <b>OP:</b> Policies and systems <b>OP:</b> Human rights – Assessing and addressing human rights impacts <b>OP:</b> Human rights – Assigning organisational responsibilities

DMA SO	Disclosure on Management Approach SO	Aspect	Reported	Cross-reference/Direct answer
		Local communities	●	<b>RD:</b> Overview <b>RD:</b> Context and Challenges <b>RD:</b> Our Systems <b>RD:</b> Community Engagement <b>RD:</b> Rural development impacts of our factories <b>RD:</b> Factory impact survey
		Healthy and affordable food	●	<b>N:</b> Overview <b>N:</b> Context <b>N:</b> Our systems <b>N:</b> Our global R&D <b>N:</b> Combining taste and better nutrition <b>N:</b> Nutrition policies <b>N:</b> Understanding nutrition is everybody's business at Nestlé <b>N:</b> Nestlé's Portion Guidance® programme <b>N:</b> Micronutrient deficiencies: addressing the global burden <b>N:</b> Popularly Positioned Products <b>N:</b> Maternal and Infant nutrition <b>N:</b> Nutrition for the elderly

Aspect	Reported	Cross-reference/Direct answer
Corruption	●	<b>OP:</b> Overview <b>OP:</b> Context <b>OP:</b> Policies and systems <b>OP:</b> Anti-corruption <b>OP:</b> CARE Audit Programme <b>CBC</b>
Public policy	●	<b>CSV:</b> Public Policy and Engagement <b>W:</b> Public policy engagement
Anti-competitive behavior	●	<b>NCBP</b> <b>CBC</b> <b>AR:</b> Corporate Governance and Compliance
Compliance	●	<b>AR:</b> Corporate Governance and Compliance

**DMA PR Disclosure on Management Approach PR**

Aspect	Reported	Cross-reference/Direct answer
Customer health and safety	●	<b>N:</b> Overview <b>N:</b> Our systems <b>C:</b> Product safety
Product and service labelling	●	<b>N:</b> Overview <b>N:</b> Our systems <b>N:</b> Nestlé's Portion Guidance® programme <b>N:</b> Consumer information
Marketing communications	●	<b>N:</b> Overview <b>N:</b> Our systems <b>C:</b> Responsible advertising and marketing <b>C:</b> Advertising to children <b>C:</b> Infant food marketing <b>N:</b> Consumer information <b>ES:</b> Communicating environmental information
Customer privacy	●	<b>C:</b> Consumer privacy
Compliance	●	<b>AR:</b> Corporate Governance and Compliance



**DMA AW Disclosure on Management Approach AW**

Aspect	Reported	Cross-reference/Direct answer
Breeding and genetics	○	<b>RD:</b> Animal welfare
Animal husbandry	○	<b>RD:</b> Animal welfare
Transportation, handling and slaughter	○	<b>RD:</b> Animal welfare

Nestlé raises animals as part of a small test farm setting, and does not process any animals. We do not consider the disclosure to be material in its current state, however we will be considering alternative ways of reporting this indicator in future in a way that more material to the business as we develop our Responsible Sourcing Guidelines for animal welfare. More context available in the Meat and fish/Animal Welfare section.

## Performance Indicators





### Sourcing

<b>FP1</b>	Percentage of purchased volume from suppliers compliant with company's sourcing policy.		<b>RD:</b> Implementing the Nestlé Supplier Code
<b>FP2</b>	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard.		<b>RD:</b> Implementing the Nestlé Supplier Code

We provide information on spend and some volumes purchased to give a representation of scale, but are unable to report the details due to commercial sensitivities.

## Economic

### Economic performance

<b>EC1</b>	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		<b>AR:</b> Financial Review (p30–47) <b>CFS</b> <b>RD:</b> Rural Development impacts – Factory impact survey  Contextual information is provided on community investments, but community spend is not systematically collected across all Nestlé markets. This information will be collected and reported for the 2013 CSV report, which will be available in March 2014.
<b>EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change.		<b>ES:</b> Climate Change CDP submission ( <a href="http://www.Nestlé.com/Common/NestléDocuments/Documents/Creating%20Shared%20Value/Performance/CDP_Investor_2011_Final.pdf">http://www.Nestlé.com/Common/NestléDocuments/Documents/Creating%20Shared%20Value/Performance/CDP_Investor_2011_Final.pdf</a> )
<b>EC3</b>	Coverage of the organization's defined benefit plan obligations.		<b>CFS:</b> Employee benefits (p82–84)
<b>EC4</b>	Significant financial assistance received from government.		<b>CSV:</b> Public Policy and engagement Based on existing information, we do not currently receive significant financial assistance from government that would materially affect our position. However, we will be further developing our data collection processes for reporting in the 2013 CSV report, which will be available in March 2014.



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**Market presence**

<b>EC5</b>	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	○	
<b>EC6</b>	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	●	<b>RD:</b> Rural development impacts of our factories – Local manufacturing commitment
<b>EC7</b>	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	<b>OP:</b> Training and learning

**Indirect economic impacts**

<b>EC8</b>	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	◐	<b>RD:</b> Farmer programmes As per EC1, community investment spend is not systematically collected across Nestlé operations. This information will be provided in the 2013 CSV report, which will be available in March 2014.
<b>EC9</b>	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	<b>RD:</b> Rural development impacts of our factories <b>RD:</b> Factory impact survey <b>RD:</b> Community engagement

**Environmental**

**Materials**

<b>EN1</b>	Materials used by weight or volume.	●	<b>RD:</b> Sourcing overview <b>ES:</b> CEPI
<b>EN2</b>	Percentage of materials used that are recycled input materials.	●	<b>ES:</b> Packaging optimisation <b>ES:</b> CEPI

**Energy**

<b>EN3</b>	Direct energy consumption by primary energy source.	●	<b>ES:</b> CEPI <b>ES:</b> Overview <b>ES:</b> Improving energy efficiency
<b>EN4</b>	Indirect energy consumption by primary source.	●	<b>ES:</b> CEPI <b>ES:</b> Overview
<b>EN5</b>	Energy saved due to conservation and efficiency improvements.	●	<b>ES:</b> Improving energy efficiency
<b>EN6</b>	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	●	<b>ES:</b> Expanding renewable energy use <b>ES:</b> Life Cycle approach
<b>EN7</b>	Initiatives to reduce indirect energy consumption and reductions achieved.	●	<b>ES:</b> Improving energy efficiency

## Water

<b>EN8</b>	Total water withdrawal by source.	●	<b>ES:</b> CEPI <b>W:</b> Performance
<b>EN9</b>	Water sources significantly affected by withdrawal of water.	○	
<b>EN10</b>	Percentage and total volume of water recycled and reused.	○	

## Biodiversity

<b>EN11</b>	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	●	<b>ES:</b> CEPI <b>ES:</b> Biodiversity – Impacts and response
<b>EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	●	<b>ES:</b> Biodiversity – Impacts and response
<b>EN13</b>	Habitats protected or restored.	●	<b>ES:</b> Biodiversity – Impacts and response
<b>EN14</b>	Strategies, current actions, and future plans for managing impacts on biodiversity.	●	<b>ES:</b> Biodiversity – our approach <b>ES:</b> Biodiversity – Impacts and response
<b>EN15</b>	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	○	

## Emissions, effluents and waste

<b>EN16</b>	Total direct and indirect greenhouse gas emissions by weight.	●	<b>ES:</b> CEPI <b>ES:</b> Mitigating GHG emissions
<b>EN17</b>	Other relevant indirect greenhouse gas emissions by weight.	●	<b>ES:</b> Overview <b>ES:</b> Mitigating GHG emissions
<b>EN18</b>	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	<b>ES:</b> Partnering on climate change <b>ES:</b> Mitigating GHG emissions <b>ES:</b> Moving to Natural Refrigerants <b>ES:</b> Improving energy efficiency <b>ES:</b> Expanding renewable energy use
<b>EN19</b>	Emissions of ozone-depleting substances by weight.	●	<b>ES:</b> CEPI <b>ES:</b> Overview
<b>EN20</b>	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight.	●	<b>ES:</b> CEPI <b>ES:</b> Overview
<b>EN21</b>	Total water discharge by quality and destination.	●	<b>ES:</b> CEPI <b>W:</b> Performance
<b>EN22</b>	Total weight of waste by type and disposal method.	●	<b>ES:</b> CEPI <b>ES:</b> Waste and recovery
<b>EN23</b>	Total number and volume of significant spills.	●	<b>ES:</b> CEPI <b>ES:</b> Overview

<b>EN24</b>	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	○	
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<b>EN25</b>	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	○	
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### Products and services

<b>EN26</b>	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	<b>ES:</b> Life cycle approach
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<b>EN27</b>	Percentage of products sold and their packaging materials that are reclaimed by category.	●	<b>ES:</b> Packaging optimisation
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### Compliance

<b>EN28</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	<b>ES:</b> CEPI <b>CFS:</b> Note 12 – Provisions and contingencies (p90–91)
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### Transport

<b>EN29</b>	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	●	<b>ES:</b> Transport and distribution
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### Overall

<b>EN30</b>	Total environmental protection expenditures and investments by type.	○	
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## Labour Practices and Decent Work

### Employment

<b>LA1</b>	Total workforce by employment type, employment contract, and region, broken down by gender.	●	<b>OP:</b> Overview <b>OP:</b> Diversity
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<b>LA2</b>	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	●	<b>OP:</b> Diversity
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<b>LA3</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	○	
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<b>LA15</b>	Return to work and retention rates after parental leave, by gender.	◐	<b>OP:</b> Training and learning – Initiatives Consolidated information for all markets will be reported in the 2012 CSV report, which will be available in March 2013.
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**Labor/management relations**

<b>LA4</b>	Percentage of employees covered by collective bargaining agreements.	●	<b>OP:</b> Labour practices – Performance and challenges
<b>LA5</b>	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	<b>OP:</b> Labour practices – Performance and challenges
<b>FP3</b>	Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country.	●	<b>OP:</b> Labour practices – Performance and challenges

**Occupational health and safety**

<b>LA6</b>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	○	
<b>LA7</b>	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	◐	<b>OP:</b> Safety and health at Nestlé – Performance Nestlé does not currently report occupational health and safety metrics by gender because it is not seen as material. Absenteeism is reported as “sickness absence” and in the 2012 CSV report, Nestlé will introduce a new standardised definition. Total Recordable Injury Frequency Rate and Lost Time Injury Frequency Rate are rates of combined injuries and occupational illnesses, and we plan to separate the injury rate and occupational illness rate starting in the 2013 CSV report, which will be available in March 2014.
<b>LA8</b>	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	<b>OP:</b> Workplace wellness <b>OP:</b> Safety and health at Nestlé – Initiatives
<b>LA9</b>	Health and safety topics covered in formal agreements with trade unions.	○	

**Training and education**

<b>LA10</b>	Average hours of training per year per employee by gender, and by employee category.	◐	<b>OP:</b> Training and learning Consolidated information for all markets will be reported in the 2012 CSV report, which will be available in March 2013.
<b>LA11</b>	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	◐	<b>OP:</b> Training and learning <b>OP:</b> Training and learning – Initiatives Information on career endings is not included in the current internal reporting systems. We aim to address this in the future.
<b>LA12</b>	Percentage of employees receiving regular performance and career development reviews, by gender.	○	



Creating Shared Value at Nestlé	Nutrition	Rural development	Water	Environmental sustainability	Compliance	Our people
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Diversity and equal opportunity

<b>LA13</b>	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		<b>OP:</b> Diversity <b>CGR:</b> Board of Directors (p6) Employees are not separated out by minority groups due to privacy concerns in some of our markets.
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Equal remuneration for women and men

<b>LA14</b>	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		<b>OP:</b> Diversity We will be assembling relevant data through our salary review tool to cover basic salary and remuneration by gender of middle management and professional administrative staff, to be reported upon in the 2012 CSV report, which will be available in March 2013.
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Human Rights

Investment and procurement practices

<b>HR1</b>	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.		<b>OP:</b> Human rights – Performance and initiatives
<b>HR2</b>	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.		<b>RD:</b> Promoting human rights among our suppliers
<b>HR3</b>	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		<b>OP:</b> Policies and systems <b>OP:</b> Human rights in our business activities <b>OP:</b> Human rights – Performance and initiatives

Non-discrimination

<b>HR4</b>	Total number of incidents of discrimination and corrective actions taken.		<b>OP:</b> Human rights – Performance and initiatives
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Freedom of association and collective bargaining

<b>HR5</b>	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.		<b>RD:</b> Promoting human rights among our suppliers <b>OP:</b> Labour practices – Performance and challenges
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Child labor

<b>HR6</b>	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.		<b>OP:</b> Human rights – Performance and initiatives <b>RD:</b> Tackling Child Labour <b>RD:</b> Improving social conditions
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Creating Shared Value at Nestlé	Nutrition	Rural development	Water	Environmental sustainability	Compliance	Our people
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**Forced and compulsory labor**

<b>HR7</b>	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	●	<b>RD:</b> Promoting human rights among our suppliers <b>OP:</b> Human rights – Performance and initiatives
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**Security practices**

<b>HR8</b>	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	○	
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**Indigenous rights**

<b>HR9</b>	Total number of incidents of violations involving rights of indigenous people and actions taken.	○	
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**Assessment**

<b>HR10</b>	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	●	<b>OP:</b> Human rights – Identifying and managing human rights risks
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**Remediation**

<b>HR11</b>	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	○	<b>OP:</b> Human rights – Performance and initiatives We have undertaken significant work in terms of assessing Human Rights in our operations and supply chain. Detailed reporting process for Human Rights grievances filed, addressed, and resolved, are being implemented and data will be reported upon in the 2012 CSV report, which will be available in March 2013.
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**Society**

**Local communities**

<b>SO1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	◐	<b>RD:</b> Community engagement We have provided contextual information for this indicator, with data collection systems being implemented to allow full reporting in the 2012 CSV report, which will be available in March 2013.
<b>SO9</b>	Operations with significant potential or actual negative impacts on local communities.	●	<b>RD:</b> Community engagement
<b>SO10</b>	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	●	<b>RD:</b> Community engagement



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Healthy and affordable food

<b>FP4</b>	Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.	●	<b>N:</b> Overview <b>N:</b> Micronutrient deficiencies: addressing the global burden <b>N:</b> Popularly Positioned Products <b>N:</b> Healthy Kids Programme
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Corruption

<b>SO2</b>	Percentage and total number of business units analysed for risks related to corruption.	●	<b>OP:</b> Anti-corruption Nestlé has conducted a review of approximately 80 per cent of the markets it operates in for corruption. In addition the company has identified 50 countries/markets as high risk for corruption (based on generally available statistics by external bodies). We have conducted interviews with representatives from those markets.
<b>SO3</b>	Percentage of employees trained in organization's anti-corruption policies and procedures.	○	<b>OP:</b> Anti-corruption We address corruption through our Code of Conduct and specific training in high risk countries. However, we are currently developing data collection processes and systems for determining training metrics and data will be reported in the 2012 CSV report, which will be available in March 2013.
<b>SO4</b>	Actions taken in response to incidents of corruption.	◐	<b>OP:</b> Anti-corruption

Public policy

<b>SO5</b>	Public policy positions and participation in public policy development and lobbying.	◐	<b>CSV:</b> Public Policy and Engagement <b>W:</b> Public policy engagement For the 2012 CSV report to be released in March 2013, we commit to improving alignment across functions and markets of Nestlé positions, building on an improved public policy database. We also commit to building on the process started under FTSE4Good of making public our key policies. In 2011, we made public policies in the areas of Human Rights, Supply Chain and Infant Formula and this will continue. In our role with industry associations we will continue to argue for transparency of positions taken.
<b>SO6</b>	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	○	



Creating Shared Value at Nestlé	Nutrition	Rural development	Water	Environmental sustainability	Compliance	Our people
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**Anti-competitive behavior**

<b>SO7</b>	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		
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**Compliance**

<b>SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		<b>CFS:</b> Note 12 – Provisions and contingencies (p90–91)
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**Product Responsibility**

**Customer health and safety**

<b>PR1</b>	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		<b>N:</b> Nutritional profiling <b>ES:</b> Life cycle approach <b>ES:</b> Applying eco-design
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<b>PR2</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		<b>C:</b> Product safety <b>CSV:</b> Key performance indicators
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<b>FP5</b>	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.		<b>C:</b> Product safety
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<b>FP6</b>	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and sugars.		<b>N:</b> Overview <b>N:</b> Nutrition Policies We are currently assembling the recipe management system to meet these indicators. The data will be reported in the 2013 CSV report, which will be available for March 2014.
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<b>FP7</b>	Percentage of total sales volume of consumer products, by product category sold, that contain increased fiber, vitamins, minerals, phytochemicals or functional food additives.		<b>N:</b> Overview <b>N:</b> Nutrition Policies We are currently assembling the recipe management system to meet these indicators. The data will be reported in the 2013 CSV report, which will be available for March 2014.
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**Product and service labelling**

<b>PR3</b>	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		<b>N:</b> Consumer information <b>ES:</b> Life cycle approach
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<b>FP8</b>	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements.		<b>N:</b> Consumer information
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<b>PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	<b>C:</b> Responsible advertising and marketing <b>C:</b> Advertising to children <b>C:</b> Infant food marketing
<b>PR5</b>	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	○	

**Marketing communications**

<b>PR6</b>	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	<b>C:</b> Responsible advertising and marketing <b>C:</b> Advertising to children <b>C:</b> Infant food marketing
<b>PR7</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	<b>C:</b> Responsible advertising and marketing <b>C:</b> Infant food marketing

**Customer privacy**

<b>PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	○	
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**Compliance**

<b>PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	<b>CFS:</b> Note 12 – Provisions and contingencies (p90-91)
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**Animal welfare**

**Breeding and genetics**

<b>FP9</b>	Percentage and total of animals raised and/or processed, by species and breed type.	●	<b>RD:</b> Animal welfare
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**Animal husbandry**

<b>FP10</b>	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic.	○	<b>RD:</b> Animal welfare
<b>FP11</b>	Percentage and total of animals raised and/or processed, by species and breed type, per housing type.	○	<b>RD:</b> Animal welfare
<b>FP12</b>	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type.	○	<b>RD:</b> Animal welfare

Nestlé raises animals as part of a small test farm setting, and does not process any animals. We do not consider the disclosure to be material in its current state, however we will be considering alternative ways of reporting this indicator in future in a way that more material to the business as we develop our Responsible Sourcing Guidelines for animal welfare. More context available in the Animal Welfare section.



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**Transportation, handling and slaughter**

<b>FP13</b>	<p>Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals.</p>	○	<p><b>RD:</b> Animal welfare</p> <p>Nestlé raises animals as part of a small test farm setting, and does not process any animals. We do not consider the disclosure to be material in its current state, however we will be considering alternative ways of reporting this indicator in future in a way that more material to the business as we develop our Responsible Sourcing Guidelines for animal welfare. More context available in the Animal Welfare section.</p>
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**Abbreviations:**

- AR:** Annual Report 2011
- CBC:** Code of Business Conduct
- CFS:** Consolidated Financial Statements of the Nestlé Group
- CGR:** Corporate Governance Report 2011
- CSV:** Creating Shared Value at Nestlé
- NCBP:** Nestlé Corporate Business Principles
- RD:** Rural development
- N:** Nutrition
- W:** Water
- ES:** Environmental sustainability
- OP:** Our people
- COM:** Nestlé corporate website
- C:** Compliance

**Key:**

- Fully
- ◐ Partially
- Not



## Assurance statement

### To: The Stakeholders of Nestlé S.A

#### Introduction and objectives of work

Bureau Veritas has been engaged by Nestlé S.A. (Nestlé) to provide independent assurance over the Creating Shared Value (CSV) content and performance data published on the Nestlé website [www.nestle.com/CSV]. The overall aim of this process is to provide reassurance to Nestlé's stakeholders that the reported CSV information is accurate, reliable and objective and covers the issues material to the business.

#### Scope of work

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2<sup>1</sup> assurance. The scope of work included a review of CSV activities and performance data over the reporting period January 1st to December 31st 2011. Specifically, this included the provision of assurance over:

- i) Selected information and performance data in the CSV pages of the Nestlé website [www.nestle.com/CSV]; and
- ii) Nestlé's reporting against the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines, at the A+ application level.

We applied a **moderate**<sup>2</sup> level of assurance to the reported information. Information and performance data subject to assurance is clearly indicated by the inclusion of the following statement on individual web pages: *"The content of this page was externally assured by Bureau Veritas, March 2012."*

#### Opinion and commentary

In our opinion, the content of the CSV pages of the Nestlé website provides an accurate and objective account of Nestlé's performance on material issues during the reporting period.

Errors or misstatements identified during the engagement were corrected prior to the report being published. On this basis, the reported information is considered to be reliable and free from material misstatement. It is our opinion that the CSV information:

- i) adequately represents the material issues of the business;
- ii) provides a reliable account of CSV related information and performance activities during 2011;
- iii) meets the GRI 3.1 requirements for the A+ application level; and
- iv) adheres to the principles of inclusivity, materiality and responsiveness as outlined in the AA1000 Accountability Principles Standard 2008.

For our detailed methodology which explains the work undertaken to inform our opinion, please see '**Methodology**' below.

1 Type 2 Assurance: An assurance engagement in which the assurance provider gives findings and conclusions on the principles of Inclusivity, Materiality and Responsiveness and also verifies the reliability of specified reported sustainability performance information (AA1000AS (2008) Standard). For further information see [www.accountability.org/standards/aa1000as.html](http://www.accountability.org/standards/aa1000as.html)

2 All relevant text was supported by interview evidence as a minimum, and supported by corroborating interview evidence or another source wherever possible. A moderate level of assurance is commensurate with "limited" assurance as defined in the ISAE3000 assurance standard.



## Positive Developments

We are pleased to observe progress in the following areas:

- The presentation and discussion on material issues has been expanded to provide stakeholders with more information and detail across a wider and more specific range of identified issues;
- The creation of the Traceability Programme and Responsible Sourcing Guidelines for 12 key commodities is a key development in ensuring suppliers of key raw materials are aligned with Nestlé's stated policy commitments. Furthermore, we believe that the model of working with civil society partners (e.g. The Forest Trust) in delivering this programme demonstrates how Nestlé is increasingly listening and responding to stakeholder concerns.
- Nestlé has improved its understanding of the risks and opportunities that CSV presents through progressing with a comprehensive series of risk assessments during the reporting year. Work completed to understand the impact of its operations in the context of human rights, communities, biodiversity and water scarcity are all positive developments. We are also encouraged by evidence that learning from these assessments are being incorporated into existing corporate governance and risk management processes.

### Key observations and recommendations for 2011

- Nestlé has produced a comprehensive report for 2011 covering its key material issues and their management. However, more information could be provided to readers on the overall objectives and targets of the CSV strategy. Furthermore the transparency and balance of the reporting would be improved by increased disclosure of the challenges facing the business in delivering its CSV strategy, areas for improvement and lessons learned from CSV activities already in place.
- Nestlé has continued its ambitious approach to reporting on CSV activities across its diverse product and organisational footprint. Nestlé should review its strategic direction in CSV reporting to ensure that data collection and reporting processes are refined so it can meet its ambition.
- Whilst the achievement of the A+ level of disclosure for the GRI 3.1 Sustainability Reporting Guidelines should be commended, to continue reporting at this level it is critical that Nestlé enhance its internal reporting systems to allow for more comprehensive disclosure on certain Labour, Society and Human Rights indicators.
- The reporting against the Rural Development pillar within CSV is still largely based on case studies to demonstrate Nestlé activities and as such is relevant to a point in time. Stakeholders expect future reporting in this area to be more performance orientated and as such, Nestlé needs to focus its efforts in setting its overall objectives and developing a methodology to measure the impacts (and benefits) of its rural development projects on a comparable basis across its markets.
- As Nestlé continues to further expand its portfolio of health and wellness products and explore the link between food and pharmaceuticals, the use of animals within Nestlé's research activity and supply chain, and subsequently animal welfare, is likely to become an issue to which external stakeholders will expect further disclosure. Nestlé should consider providing more information on the internal processes for the management of this issue in future reporting.



Findings and conclusions concerning adherence relating to the AA1000 principles of Inclusivity, Materiality and Responsiveness and specified performance information.

**Inclusivity**<sup>3</sup> – Nestlé engages with a range of key stakeholders including government officials, intergovernmental organisations, NGOs, charities and industry associations and has undertaken a number of formal stakeholder engagements in 2011. Nestlé is increasing its focus on the communities where it operates, therefore we encourage the business to continue its approach to open engagement with these groups. The future continuation and extension of its stakeholder engagement programme represents an opportunity for Nestlé to improve its understanding and quantification of the direct impacts of its CSV activities.

**Materiality**<sup>4</sup> – The identification of material issues and the capturing of material concerns of stakeholders for the purposes of CSV reporting continues to be conducted on an annual basis. For 2011, the materiality determination process has improved and is now more forward-looking and includes wider societal concerns. Nestlé's materiality determination process could be further strengthened by greater interaction between the group's risk management framework, internal validation process and undertaking stakeholder engagement earlier in the annual reporting cycle.

**Responsiveness**<sup>5</sup> - Nestlé's approach to responsiveness has improved. The views of key stakeholders are being listened to and considered, both in the development of this report and within internal governance processes for developing the CSV approach. Nestlé should ensure it provides a more timely and appropriate response to the issues raised by key stakeholders during engagement events to demonstrate its responsiveness and to encourage further dialogue.

**Specified Performance Information** – Nestlé gathers performance data for inclusion in the report through a variety of continual and annual data collection systems and processes. We consider the performance information presented in the CSV pages of the Nestlé website to be accurate.

## Methodology

We undertook the following activities to inform our assurance engagement:

- interviewed over 50 personnel at various levels throughout the organisation. The majority of interviews were conducted at Nestlé's head office in Vevey, Switzerland and further follow-up conversations via telephone were held with representatives from other Nestlé entities worldwide;
- document reviews, data sampling and interrogation of supporting databases and associated reporting systems as they relate to selected content and performance data in the CSV pages of the Nestlé website;
- reviewed a selection of external media reports relating to Nestlé and the food sector to evaluate the coverage of topics within the CSV pages of the Nestlé website;

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

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

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





- attended, as observers, the stakeholder convening held in London in October 2011. Prior to attendance we also met with AccountAbility, the convening facilitators to review the methodology for the selection of participants;
- reviewed the AccountAbility report to Nestlé which summarised the outcomes from the stakeholder convening's held in London and New Delhi;
- reviewed the materiality analysis undertaken by SustainAbility, Nestlé's independent advisors and the outputs provided to Nestlé; and
- evaluated Nestlé's public disclosures against the G3.1 Sustainability Reporting Guidelines. This included cross checking the content of the GRI index table against corresponding weblinks.

### Exclusions and Limitations

Excluded from the scope of our work is information relating to:

- Activities outside the defined reporting period or scope;
- Company position statements (including any expression of opinion, belief, aspiration, expectation, aim or future intent);
- Historic text which was unchanged from previous years and did not relate to ongoing activities;
- Financial data which is taken from Nestlé's Annual Report and Accounts, audited by an external financial auditor;
- Content of external websites or documents linked from within [www.nestle.com/CSV](http://www.nestle.com/CSV) pages; and,
- Country or business unit specific CSV reports of other Nestlé entities or joint ventures.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report. The scope of our work was defined and agreed in consultation with Nestlé. Our work covers global operations and relies upon the accurate collation of global information at Nestlé head office in Vevey, Switzerland.

### Responsibilities

The preparation, presentation and content of the 2011 Creating Shared Value pages of Nestlé's website is the sole responsibility of Nestlé. The responsibility of Bureau Veritas is to provide independent assurance to stakeholders on the accuracy, reliability and objectivity of the information therein, and to express our overall opinion as per the scope of assurance engagement defined in this statement.

Bureau Veritas recognises the need for a robust, transparent assurance process to ensure credibility and to act as a tool to drive performance improvement in Nestlé's CSV reporting and strategy. This is achieved by providing an impartial commentary on the reporting process and recommendations for further development in this assurance statement, and in an internal management report presented to Nestlé.



### Statement of Bureau Veritas Independence, Impartiality and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 180 years history in providing independent assurance services, and an annual turnover in 2011 of €3.35 billion euros.

Bureau Veritas has implemented a Code of Ethics across its business which ensures that all our staff maintains high standards in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

Bureau Veritas has a number of existing commercial contracts with Nestlé. Our assurance team does not have any involvement in any other projects with Nestlé outside those of an independent assurance scope and we do not consider there to be a conflict between the other services provided by Bureau Veritas and that of our assurance team.

Our assurance team completing the work for Nestlé has extensive knowledge of conducting assurance over environmental, social, health, safety and ethical information and systems, and through its combined experience in this field, an excellent understanding of good practice in corporate responsibility reporting and assurance. The work has been led and reviewed by lead assurers.



London, March 2012



## Material issues

**For several years, Nestlé has worked with SustainAbility, an independent think tank and strategy consultancy, to undertake a systematic prioritisation of the issues deemed most critical and thereby material to the Company. With the exception of the section below on Bottled Water, this page is authored by SustainAbility.**

Based in part on a media and competitive scan, SustainAbility identified global megatrends, assessed their relevance to our CSV focus areas and economic, environmental and social issues, and prioritised issues on a materiality matrix based on level of stakeholder concern and level of potential impact on Nestlé. Following internal validation of this work, key topics were discussed with external stakeholders in Autumn 2011 as part of our regular engagement processes (see Stakeholder Engagement).

### Megatrends

SustainAbility identified the following megatrends as particularly important for Nestlé: resource constraints, economic uncertainty, demographic shifts (including urbanisation, ageing and the rise of middle-class consumers), health and wellness, climate change, and continuing technological developments.

### Materiality

SustainAbility's analysis, along with the stakeholder convenings in New Delhi and London, identified a number of issues that are new and/or rising in importance for Nestlé compared to previous years. The highest-priority issues are highlighted by SustainAbility as follows:

The growing number of product recalls means **product safety** continues to be a top concern for Nestlé and the food and beverage industry. **Water**, and its complex links to food, energy and a range of other social, environmental and economic issues, continues to rise on the agenda. While **climate change mitigation** remains a central concern, stakeholder interest in **climate change adaptation** is rising as the effects of climate change begin to make themselves felt, particularly in rural communities. Given rising obesity, unemployment and poverty in many regions, the **affordability and accessibility** of healthful foods are becoming specific targets for industry initiatives and stakeholder concern in Europe, the US and India, to name three regions. Ten years after the signing of the Harkin-Engel Protocol aimed at ending child labour in the production of cocoa, **supplier human rights** remains a key and growing area of stakeholder interest across a wide range of agricultural and other sectors. Finally, general **resource availability** is taking centre stage as raw material prices and commodity volatility reach unprecedented levels and supply appears to be becoming more inelastic.

SustainAbility's analysis of issues, prioritised according to level of impact on Nestlé and level of stakeholder concern, is available in the materiality matrix.



## Bottled water

In addition to SustainAbility's analysis above, we monitor and engage with a wide range of stakeholders, and recognise that some have been concerned about the perceived impact of the bottled water industry on the human right to water and on the environment.

Despite Nestlé Waters' status as the worldwide leader in bottled water, we use 0.0009% of global estimated freshwater withdrawals. We use water not only in the bottle itself but also in industrial processes, including cleaning and cooling, and depend on a reliable supply of water in sufficient quantity and consistent quality to ensure the long-term success of our business. Our vision is to provide good-quality products where consumers expect to find them and to play a leading role in promoting healthy hydration.

We are therefore deeply aware of how precious water is and are committed to responsible water management, which we base on three main approaches. First, we continuously monitor the status of each of the sources we operate. Second, we carry out risk assessments and put measures in place to safeguard sources against any potential risks. The third main approach is that we optimise the water used during production on a continuous basis. Going further, Nestlé Waters shares its expertise and best practices in water resource management with stakeholders in the local communities in which we operate. We are equally committed to educating children, the water stewards of the future, about the importance of water for the environment and the role of water in healthy hydration.



## Materiality matrix

This matrix shows issues that are most material to Creating Shared Value (CSV) at Nestlé. It is based on research by SustainAbility, who analysed global megatrends and issues, and economic, environmental and social topics of most relevance to Nestlé and our stakeholders.

These topics were mapped and prioritised according to level of stakeholder concern and level of potential impact on Nestlé. Following internal validation of this work, key topics were discussed with external stakeholders in Autumn 2011, as part of our regular stakeholder engagement processes.



Legend



## Stakeholder engagement

**Engaging with our stakeholders underpins Creating Shared Value, enabling us to identify emerging issues, shape our responses and continue to drive performance improvements.**

Topics raised by our stakeholders and discussed with them in a variety of local and international forums include: nutrition, health and wellness – education and access; Nestlé’s role in public policy issues; auditing and disclosure of infant formula marketing practices; and food safety. Read about our 2011 Stakeholder convenings.

Stakeholder group	How we engage	Purpose	Frequency
<ul style="list-style-type: none"> <li>■ Global business leaders</li> <li>■ NGOs</li> <li>■ Academics</li> <li>■ International organisations</li> <li>■ Government officials</li> </ul>	CSV Forum series	To share fresh thinking on how businesses, NGOs and governments can work together to close the gap between commercial needs and development goals.	First CSV Forum held in New York in 2009, second held in London in November 2010. Both held in conjunction with the UN Office for Partnerships. Third forum held in Washington, DC in May 2011 in partnership with the Atlantic Council.
<ul style="list-style-type: none"> <li>■ Experts from social and environmental areas relevant to Nestlé</li> </ul>	Stakeholder convening events held in various countries where we have operations.	To communicate our approach and invite feedback on our CSV efforts and plans.	Washington DC, 2008; Geneva and Kuala Lumpur, 2009; London and New Delhi, 2011.
<ul style="list-style-type: none"> <li>■ Farmers</li> <li>■ Traders</li> <li>■ Key processors</li> </ul>	The Sustainable Agriculture Initiative at Nestlé (SAIN).	To support farmers and promote sustainable development in agriculture worldwide.	SAIN is an ongoing initiative that celebrated its ten-year anniversary in 2011.

We also engage with our stakeholders through global and national networks – for example:

- the independent Nestlé Foundation for the Study of Problems of Nutrition in the World, the Nestlé Nutrition Institute and the Nestlé Nutrition Council;
- forums including the International Food and Beverage Alliance, the Consumer Goods Forum, the European Food Sustainable Consumption and Production Round Table;
- multi-stakeholder collaborations focused on the supply chain including the International Cocoa Initiative, the Common Code for the Coffee Community, and the Round Table on Sustainable Palm Oil (RSPO);
- charitable organisations including the International Federation of Red Cross and Red Crescent Societies;
- platforms for transparent reporting, benchmarking and development of standards, including Carbon Disclosure Project (CDP) Water Project and the Alliance for Water Stewardship.

For further details, please see Memberships.



## Stakeholder convenings

Regular stakeholder convenings form an important part of our engagement processes in combination with our Creating Shared Value (CSV) Forum series.

In 2011, we held stakeholder convenings in London and New Delhi to discuss our CSV performance, understand stakeholder expectations and concerns, and discuss ideas for developing our CSV implementation strategy particularly in the areas of water, nutrition and rural development.

The convenings were facilitated by AccountAbility, and each was attended by more than 25 expert stakeholders including multi-lateral agencies, non-governmental organisations (NGOs), industry associations, government representatives, academics, investors and social entrepreneurs.

These convenings followed on from those previously organised in Washington DC in 2008, and Geneva and Kuala Lumpur in 2009.

Stakeholders were supportive of the overall CSV approach and were highly complimentary about the spirit in which the convenings were conducted. There was a wide-ranging discussion of relevant issues and specific areas of concern were highlighted by stakeholders, including:

- the growing importance of climate change adaptation strategies;
- the increasing challenges of both obesity and under-nutrition;
- the depletion of soil health and biodiversity from poor land management;
- the loss of skills and knowledge in farming communities as low incomes drive people away from the sector;
- increasing water stress and water scarcity driven by climate change, over-consumption of water and poor water management;
- competition for agricultural land and for water resources from biofuels;
- the enduring problem of child labour and its connection to broader needs in respect of community development and access to education; and
- insufficient attention given to supporting the vital role of women in agriculture.

According to AccountAbility's summary of the convenings, in respect of the topic of infant formula marketing, stakeholders were impressed by the leadership Nestlé is showing in the industry, but felt that the Company still needs to do more to restore trust.

Specifically, it was suggested that Nestlé build on FTSE4Good and look at establishing an ongoing system for the disclosure and independent, external auditing of infant formula marketing practices with the involvement of suitable, reputable international organisations.



Stakeholders also made a number of recommendations on improving the overall strategic CSV approach, including the following suggestions:

- extend the Company's collaboration with civil society and government players;
- provide greater disclosure in respect of forward-looking CSV targets;
- share learnings more actively;
- take a more active lead on public policy issues;
- undertake more community engagement;
- do more to positively influence consumer behaviour;
- provide more senior management participation in future convenings; and
- integrate stakeholder engagement more widely across the businesses.

We value all suggestions and recommendations as part of developing our CSV approach for the future.



## CSV Forum 2011

### Nutrition, Water and Rural Development 2030: the Changing Role of Business

On May 19, 2011, we hosted our third Creating Shared Value Forum in Washington, D.C. in the United States, in partnership with the Atlantic Council.

The Forum provided a platform for global business leaders and top government officials to offer fresh thinking on how businesses and governments can work together to close the gap between commercial needs and development goals.

Panel discussions explored the opportunities, obstacles, and future directions in nutrition, water and rural development in Latin America and Africa. Furthermore, another panel session outlined a way forward for businesses, governments and development up to 2030.

Our Chairman, Peter Brabeck-Letmathe (above), emphasised the role of business in a changing global context, and said: "Development flourishes when companies act in a socially responsible way. Making your products responsible, respecting the environment and improving peoples' lives delivers growth and development."

#### CSV Forum in the news

Ahead of the Forum, Mr Brabeck-Letmathe spoke to Fox News and CNBC in the United States about Nestlé and Creating Shared Value.

#### Forum highlights

A selection of video highlights from the Forum are available to watch here.

The five Forum sessions can also be downloaded in full as individual audio podcasts or video podcasts from our media library.

#### Event Programme

**9:00-9:05 | Welcome and description of the Forum.**

**9:05-9:45 | Creating Shared Value: The Role of Business in a Changing Global Context**

#### Panellists:

- Peter Brabeck-Letmathe, Chairman, Nestlé S.A.
- Frederick Kempe, President and CEO, Atlantic Council



**WORKING TOGETHER: Nestlé Chairman Peter Brabeck-Letmathe highlighted the role of business in a changing global context.**



**9.45-11.45 | Panel Discussion: Creating Shared Value in Latin America: Opportunities, Obstacles, and Future Directions in Nutrition, Water, Rural Development**

Panellists:

- Peter Brabeck-Letmathe, Chairman, Nestlé S.A.
- Carlos Fernández Gonzáles, CEO, Grupo Modelo
- Julio Frenk, Dean, Harvard School of Public Health, Former Minister of Health (Mexico)
- Luis Alberto Moreno, President, Inter American Development Bank (IADB)
- Ernesto Zedillo, Former President, Mexico and Director, Center for Globalization, Yale University
- *Moderator:* Maria Cattai

**13:00-14:45 | Creating Shared Value and the Case of Africa: Opportunities, Obstacles, and Future Directions in Nutrition, Water, Rural Development**

Panellists:

- Paul Bulcke, CEO, Nestlé S.A.
- Ruth Oniang'o, Professor of Food Science and Nutrition at Jomo Kenyatta University of Agriculture and Technology
- Clive Tasker, CEO, Standard Bank Africa
- Ajay Vashee, President, International Federation of Agricultural Producers (IFAP)
- *Moderator:* Maria Cattai

**14:45-16:30 | Looking to 2030: The Way Forward for Business, Government, and Development**

Panellists:

- Peter Brabeck-Letmathe, Nestlé S.A.
- Michael Porter, Professor, Harvard Business School
- Lars Thunell, CEO, International Finance Corporation (IFC)
- Ann Veneman, Former Executive Director, UNICEF; Former US Secretary of Agriculture
- Julie Howard, Deputy Coordinator for Development USAID; Director, Feed the Future
- *Moderator:* Maria Cattai

**16:30 | General Conclusions and Lessons learned**

Panellists:

- Paul Bulcke, Nestlé S.A, CEO
- Chuck Hagel, Former US Senator; Chairman, Atlantic Council



## Memberships

A small selection of our memberships are listed below. These and others at local, national and global level help us to learn from others, share experiences, and enhance our approach to Creating Shared Value. For information on Nestlé's approach to transparent interaction, please see Public policy and engagement.

### UN Global Compact LEAD

The UN Global Compact (UNGC) LEAD, of which Nestlé is a member, is designed to challenge highly engaged companies in the UNGC to reach further.

### UN Global Compact CEO Water Mandate

Nestlé is a founding signatory of the UN Global Compact CEO Water Mandate, a unique private-public initiative in which approximately 87 companies, including Nestlé, support water disclosure, public policy engagement and the human right to water.

### Water Footprint Network

The mission of the Water Footprint Network, founded in 2008, is to promote the transition towards sustainable, fair and efficient use of fresh water resources worldwide.

### Alliance for Water Stewardship

As a participant in the Alliance for Water Stewardship (AWS), we are working with others towards establishing a voluntary certification programme.

### Fair Labor Association (FLA)

In 2011, Nestlé began working with the FLA (a non-profit multi-stakeholder initiative) on the hazelnut supply chain in Turkey. Also with the FLA, we are looking into child labour in the cocoa supply chain in Côte d'Ivoire. We became a formal member of the FLA in 2012.

### The Forest Trust

In 2010, Nestlé entered into a partnership with The Forest Trust (TFT), a global non-profit organisation whose main focus has been to provide solutions to the issue of deforestation. Nestlé is the first global consumer goods company to become a TFT member. We work together on palm oil and pulp and paper.

### Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil (RSPO) was formed in 2004 in response to the global call for sustainably produced palm oil. It aims to promote the growth and use of sustainable palm oil products through credible global standards and engagement of stakeholders.

### Common Code for the Coffee Community

The Common Code for the Coffee Community (4C) is a non-profit, industry-wide initiative building on a voluntary code of conduct adopted by the coffee producers, traders, civil society and other stakeholder organisations.



### International Cocoa Initiative

The International Cocoa Initiative (ICI), of which Nestlé is a founder member, works with the cocoa industry, civil society, and labour unions and governments. Although much remains to be done, ICI programmes have shown a way forward in combating issues of child labour and forced labour in cocoa-growing areas. Through the Nestlé Cocoa Plan Initiative we have committed to help ICI ensure that children in cocoa-growing communities are not exploited and have access to education.

### International Food & Beverage Alliance

Through our membership of the International Food & Beverage Alliance (IFBA), a global group of food and non-alcoholic beverage companies, we share the common goal of helping consumers in all nations to achieve balanced diets and healthy lifestyles.

### Consumer Goods Forum

The Consumer Goods Forum (CGF) is a global industry network that brings together the CEOs and senior management of over 650 retailers, manufacturers, service providers and other stakeholders across 70 countries. It is focused on advancing the industry through strategic priorities including sustainability.

### International Business Leaders Forum

Nestlé is a member of the International Business Leaders Forum (IBLF), an independent members organisation working with leading multinational companies on the responsible business agenda. Its goal is 'inspiring business leaders to help build a sustainable world.'

### Global Reporting Initiative

The Global Reporting Initiative's (GRI) guidelines inform Nestlé's approach as a best practice reporter in sustainability topics. Our Creating Shared Value report is aligned with the GRI G3.1 Guidelines and Food Processing Sector Supplement published in 2010.



## Public policy and engagement

Working in collaboration with governments, authorities and other relevant bodies towards the development of public policies is an important responsibility.

Nestlé's principles on transparent interaction are based not only on what is good for the Company, but also for consumers and society, in line with our Creating Shared Value approach. Currently, subsidy funding from governments is not tracked, but in future years it will be.

### Policy and systems

The Nestlé Policy on Transparent Interaction with Authorities and Organisations ensures that Nestlé employees assigned to conduct advocacy activities have a good understanding of transparent, responsible and professional interaction, and that accurate and consistent processes and procedures are implemented so that the public are reassured that lobbying is carried out professionally and with high standards.

In line with this policy, Nestlé is registered in the EU interest representation register and is committed to its code of conduct governing transparency and legitimacy in relations with EU institutions.

As required by United States law, Nestlé files quarterly publicly available reports with the US Congress that outline lobbying activities. To ensure compliance, in late 2009, Nestlé USA instituted a quarterly survey of employees asking them to report actions that may include either lobbying contacts or lobbying activities on behalf of the Company.

### IFBA

Nestlé is a founding member of the International Food and Beverage Alliance (IFBA). Through the initiative, major food and non-alcoholic beverage manufacturers have committed to support the World Health Organization's (WHO) 2004 Global Strategy on Diet, Physical Activity and Health by taking action in five areas:

- reformulate and develop new products that support the goals of improving diets;
- provide easily understood nutrition information to all consumers;
- extend responsible advertising and marketing to children initiatives globally;
- raise awareness on balanced diets and increased levels of physical activity; and
- seek or promote public-private partnerships that support the WHO's Global Strategy.

On 19 September 2011, the first UN High Level Meeting on Non-communicable Diseases (NCDs) took place, with the IFBA providing a statement for one of the round tables. As part of the high-level meeting, Nestlé also participated in events arranged by The Global Health Council, the International Food Information Council Foundation, the Pan American Health Organization (PAHO), World Economic Forum (WEF), UN meeting on the Global Strategy for Women's and Children's Health, the UN Secretary General initiative, Every Woman, Every Child and the Global Business Council for Health.



### PAHO initiative on salt reduction

In 2011, Nestlé participated in a Pan American Health Organization (PAHO) survey on industrial salt reduction, one of the organisation's multi-stakeholder projects. As well as providing detailed input, Nestlé signed a statement on 'Dietary Salt Reduction in the Americas' at a meeting in Rio de Janeiro, which was organised in partnership with the WEF.

### EU Platform for Action on Diet, Physical Activity and Health

The EU Platform for Action on Diet, Physical Activity and Health brings together food manufacturers, organisations from the agricultural sector, retailers, caterers, advertisers, non-governmental organisations (NGOs), healthcare professionals and public authorities to commit to a range of activities including food labelling, advertising and marketing, reformulating products, modifying portion sizes and promoting healthy lifestyles.

Since the launch of the platform in 2005, Nestlé has been an active member through its membership of FoodDrinkEurope and the World Federation of Advertisers (WFA). The important commitment on advertising to children, the EU Pledge, of which Nestlé is also a member, takes place within the framework of WFA. More information can be found in the Responsible advertising and marketing section.

### 2030 Water Resources Group

Nestlé's Chairman, Peter Brabeck-Letmathe, is chair of the 2030 Water Resources Group. It has already started to test the group's water cost curve approach through pilot projects in India, Pakistan, South Africa, Jordan, Mexico and Mongolia.

### World Economic Forum

We continue to engage with the World Economic Forum (WEF), an independent, international organisation committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas. At the WEF's annual meeting in Davos-Klosters in January 2011, Nestlé's Chairman, Peter Brabeck-Letmathe, discussed the topics of water security and the link between water, food and energy.

### UN Global Compact CEO Water Mandate

As a founding signatory of the UN Global Compact CEO Water Mandate, we work with environmental organisations and other stakeholders on initiatives to support water disclosure, public policy engagement and the human right to water. We actively participate in the Mandate's working groups on these areas of engagement, and publish a public Communication on Progress every year. This is our Creating Shared Value Summary Report, which focuses on water.

### World Water Week

For several years we have taken an active role in World Water Week in Stockholm, at which experts, practitioners, decision-makers and leaders from around the globe exchange ideas, foster new thinking and develop innovative solutions. During the week, the Stockholm Industry Water Award was presented to Nestlé in recognition of our improved management and efficiency of water use in our operations.



## CSV Advisory Board

The Nestlé Creating Shared Value Advisory Board meets twice a year to further develop the CSV concept; analyse the Nestlé value chain and suggest potential actions; help to lead the annual CSV Forum; and select the winner of the new Nestlé Prize in Creating Shared Value.

Its members, all internationally recognised experts in corporate strategy, nutrition, water and rural development, were appointed for three years to act as advisers to the Nestlé Chairman and CEO.

**Nancy Birdsall** is the founding president of the Center for Global Development. Before founding the center, she served for three years as Senior Associate and Director of the Economic Reform Project at the Carnegie Endowment for International Peace. From 1993 to 1998, she was Executive Vice President of the Inter-American Development Bank. Before joining the Inter-American Development Bank she spent 14 years in research, policy and management positions at the World Bank.

**Robert E. Black** is Chairman of the Department of International Health, Johns Hopkins University, Bloomberg School of Public Health. He has devoted his research and professional activities to reducing the number of unnecessary child deaths from diarrhoea, pneumonia, malaria, measles and malnutrition. His many studies are also focused on the impact of nutrition programmes in developing countries and the strengthening of public health training.

**Joachim von Braun** is Director of the Center for Development Research (ZEF) and Professor of Economics and Technological Change at the University of Bonn. Dr Von Braun was previously Director General of the International Food Policy Research Institute (IFPRI), where he oversaw the Institute's highly recognised efforts to provide research-based sustainable solutions for ending hunger and malnutrition.

**John Elkington** is co-founder of SustainAbility, and Founding Partner and Director of Volans. He is a world authority on corporate responsibility and sustainable development. In 2004, *BusinessWeek* described him as "a dean of the corporate responsibility movement for three decades," and, in 2008, *The Evening Standard* named John among the "1000 Most Influential People" in London, describing him as "a true green business guru," and as "an evangelist for corporate social and environmental responsibility long before it was fashionable."

**Venkatesh Mannar** is President of the Micronutrient Initiative (MI) and oversees the implementation of MI's global mandate to support national actions to eliminate micronutrient malnutrition. MI works in collaboration with major international agencies, national governments, private industry and non-governmental organisations (NGOs) to expand and strengthen national programmes through a combination of technical, operational and funding support.

**Ruth Khasaya Oniang'o** is Professor of Food Science and Nutrition at Jomo Kenyatta University of Agriculture and Technology, Nairobi, Kenya. She is also Founder and Executive Director of the Rural Outreach Program Kenya, as well as Founder and Editor-in-Chief of the *African Journal of Food, Agriculture, Nutrition and Development*. She has written numerous articles and papers on household food and nutritional security, women's nutrition and children's health.



**Michael E. Porter** is Bishop William Lawrence University Professor at the Harvard Business School. He is a leading authority on competitive strategy, the competitiveness and economic development of nations, states and regions, and the application of competitive principles to social problems such as healthcare, the environment and corporate responsibility.

**Irwin Rosenberg** is the Professor of Physiology at the Friedman School of Nutrition Science & Policy at Tufts University. He is also the Senior Scientist and Director of the Nutrition and Neurocognition Laboratory, where he examines the interaction between nutritional factors and age-related cognitive decline. His other research interests include metabolism of vitamins and vascular disease.

**Ismail Serageldin**, Director, Library of Alexandria, also serves as Chair and Member of a number of advisory committees for academic, research, scientific and international institutions and civil society efforts, which include the Institut d'Égypte, TWAS (Academy of Sciences of the Developing World), the Indian National Academy of Agricultural Sciences and the European Academy of Sciences and Arts.

**Robert L. Thompson**, Professor Emeritus of Agricultural Policy at the University of Illinois in Urbana-Champaign, is an international authority on agricultural development and international agricultural trade policy. He is a Senior Fellow of the Chicago Council on Global Affairs and serves on the USDA-USTR Agricultural Policy Advisory Committee for Trade and the International Food and Agricultural Trade Policy Council. Formerly, he was Director of Rural Development at the World Bank, Dean of Agriculture at Purdue University, and Assistant Secretary for Economics at the US Department of Agriculture.

**Kraisid Tontisirin** is Director of the Institute of Nutrition at Mahidol University in Thailand and FAO's former Director of the Nutrition and Consumer Protection Division. He is President of the 2009 International Congress of Nutrition Organizing Committee, which was held in Bangkok in October 2009. He has an extensive background in successful efforts to improve diets and reduce nutritional deficiencies in developing countries.

**Ajay Vashee** was, most recently, President of the International Federation of Agricultural Producers (IFAP), which represented farmers at the world level. Elected at the 38th IFAP World Farmers' meeting in June 2008, he was the first President from a developing country (Zambia).

**Ann M. Veneman** has a distinguished career in public service. Most recently, she served as Executive Director of UNICEF from May 2005 to April 2010; previously, she was US Secretary of Agriculture from 2001 to 2005. While at UNICEF, Veneman worked to advance issues to support child health and nutrition, quality basic education for all, access to clean water and sanitation, and the protection of children and women from violence, exploitation and HIV/AIDS. In 2009, Veneman was named in the Forbes 100 Most Powerful Women list, ranking 46th. Veneman serves as co-Chair of Mothers Day Every Day, a bipartisan campaign to raise awareness and resources to improve the health of mothers and newborns globally.





Creating Shared Value at Nestlé	Nutrition	Rural development	Water	Environmental sustainability	Compliance	Our people
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## Nestlé Prize in Creating Shared Value

The Nestlé Prize in Creating Shared Value (CSV) is awarded every other year to encourage and reward innovative projects in the areas of water, nutrition and rural development. It is open to individuals, governmental and non-governmental organisations, academia and social enterprises.

The Prize Laureate is selected by the Nestlé Creating Shared Value Advisory Board, and the winning entry benefits from an investment of up to CHF 500 000 (more than USD 540 000) to scale up its project.

The nominations for the 2012 Nestlé Prize in CSV have now closed and the Prize Laureate will be announced in November 2012.

### Prize Winner 2010

In May 2010, International Development Enterprises (IDE) Cambodia won the inaugural Nestlé Prize in CSV for their Farm Business Advisors (FBA) programme. Through an innovative and market-based approach, the non-profit organisation has developed a network of FBAs – independent small rural entrepreneurs – who give technical advice while selling high-quality products to small-scale farmers. Between May 2010 and September 2011, IDE Cambodia leveraged the Nestlé Prize in CSV to recruit and train an additional 47 FBAs. More than 100 FBAs are now serving almost 13 000 farmers and have generated sales revenues of more than USD 215 000 (CHF 195 000).

In 2012, there will be an expansion of the FBA network in Cambodia, with approximately 140 FBAs being added. IDE will continue to adapt its successful FBA model in Ethiopia, Ghana and Mozambique, taking into account the experience and lessons learnt from Cambodia.

If you have further questions about the Nestlé Prize in CSV, please contact us at [CSVPrize@nestle.com](mailto:CSVPrize@nestle.com).



**FARM BUSINESS ADVISOR:** The first Nestlé Prize in Creating Shared Value was awarded to IDE Cambodia for its innovative approach to increasing agricultural productivity and income for Cambodian farmers.



## About our reporting

Through our Creating Shared Value reporting, we aim to share information transparently about our long-term impact on society and how this is intrinsically linked to the creation of our long-term business success.

### Our reporting history

We have issued global CSV reports every two years since 2007, and have now migrated to full online CSV reporting on an annual basis. This shows our progress against key performance indicators (KPIs) across our value chain and outlines the actions we have taken to address the main challenges facing our business. This year, we have also developed an interactive online tool enabling users to make comparisons between selected metrics and time periods.

### Our 2011 focus: water

We supplement our online reporting with topic-specific printed summary reports concentrating on one of our three focus areas: nutrition, rural development and, in the case of 2011, water: Creating Shared Value Summary Report 2011.

Nestlé Waters, the global leader in bottled water, also reports in-depth on its own activities in its Creating Shared Value Report at [www.nestle-waters.com](http://www.nestle-waters.com).

### Our wider communications

This full online Nestlé CSV report, the summary report and the case studies, audio content, videos and downloads (all available in the Creating Shared Value section of [www.nestle.com](http://www.nestle.com)), are companions to our 2011 Annual Report, which outlines our business and financial performance.

Together, they form an integral part of our overall communication on CSV performance and cover the UN Global Compact Advanced/LEAD Communication on Progress requirements.

### Future reporting

Our objective is to increasingly align our external reporting with good-practice guidelines, such as the Global Reporting Initiative (GRI) G3.1 guidelines and the GRI Food Processing Sector Supplement, the development of which we were involved in. Our Chief Financial Officer participated as a member of the International Integrated Reporting Committee (IIRC), which was set up by The Prince's Accounting for Sustainability Project (A4S) and the GRI in August 2010.



### Report boundary, scope and assurance

The information contained in this full online report and the Creating Shared Value Summary Report 2011 covers Nestlé's global operations for the year ending 31 December 2011, unless otherwise stated.

Data is provided for Nestlé's wholly owned companies and subsidiaries, excluding joint ventures and suppliers, unless specifically stated. The environmental data refers to factories only (excluding some recent acquisitions), and safety and health figures cover approximately 290 000 Nestlé employees (permanent and temporary), as well as approximately 80 000 contractors working on Nestlé sites.

Our CSV reporting is subject to independent third-party assurance by Bureau Veritas – please see assurance statement.

### Data measurement

Nestlé has developed performance indicators to provide a focus for measuring and reporting Creating Shared Value, sustainability and compliance. Unless stated otherwise, performance indicators are for the year ending 31 December 2011.

### Contact details

We hope you find this report engaging and informative, and welcome your input and views, which can be forwarded via this website.