



Nestlé Good food, Good life



Creating Shared Value  
and meeting our commitments

## Progress Report 2019

Nestlé. Enhancing quality of life and  
contributing to a healthier future.



# A message from our Chairman and CEO

Nestlé. Enhancing quality of life and contributing to a healthier future.

Creating Shared Value lies at the very heart of how we do business at Nestlé. Our approach is built on the conviction that business can be a force for good, by simultaneously creating value for shareholders and for society at large.

In 2019, we reaffirmed our support for the UN Global Compact. We were again named a

Global Compact LEAD company in recognition of our ongoing commitment to achieving the UN Sustainable Development Goals (SDGs).

This report provides a detailed overview of how Nestlé is making a difference across our three impact areas – individuals and families, communities and the planet.

In early 2019, we accelerated actions to tackle plastic waste and make good on our ambition to make 100% of our packaging recyclable or reusable by 2025. We more recently announced an investment of up to CHF 2 billion to boost the market for food-grade recycled plastics and to accelerate the development of innovative sustainable packaging solutions.

Last year, we also committed to achieve zero net greenhouse gas emissions by 2050, stepping up our climate change mitigation efforts and embracing the most ambitious aim of the Paris Agreement. Among other measures, we are expanding our range of plant-based food options that have a better environmental footprint and can contribute to a balanced diet.

Our work extends beyond the environment. We also announced a new gender-neutral parental leave and support policy for our employees, as part of our broader efforts to support diversity and inclusion. Our aim is to support families and help provide children with the best start in life.

In this report, you will find more details about our progress as a company in the areas where we can make the biggest impact. The work carried out during 2019 brought us closer to fulfilling our 2020 commitments. We are on track to meet most of them and we will continue to work hard to achieve the others.

We look back on the work achieved over the last decade with pride. Looking ahead, we remain as committed as ever to Creating Shared Value in 2020 and beyond.



Paul Bulcke  
Chairman

U. Mark Schneider  
Chief Executive Officer

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# Creating Shared Value

Creating Shared Value (CSV) is fundamental to how we do business at Nestlé. We believe that our company can only be successful in the long term by creating value both for our shareholders and for society. Our activities and products should make a positive difference to society while contributing to Nestlé's ongoing success.

## The business case for Creating Shared Value

Creating Shared Value is about ensuring long-term sustainable value creation for shareholders while tackling societal issues at the same time. Companies that create shared value demonstrate that business can be a force for good.

We focus our work on three interconnected impact areas: the individuals and families who place their trust in our products and brands; the communities where we operate; and the planet. We are driven by our purpose to enhance quality of life and contribute to a healthier future. Our 2030 ambitions are:

- For individuals and families, to help 50 million children lead healthier lives.
- For our communities, to improve 30 million livelihoods in communities directly connected to our business activities.
- For the planet, to strive for zero environmental impact in our operations.

In order to achieve these ambitions, we have formulated a series of public commitments that we operationalize across our business. We report on our progress every year. Particular emphasis is on global initiatives to promote healthier lives for children, help young people access economic opportunities and demonstrate our protection of water resources. We also act decisively to tackle the current plastic pollution challenge and are working to become carbon neutral.

### Measuring shared value

We continue to explore ways to better measure our impact and the shared value we create. Our goal is to invest with greater confidence and continue to build trust with stakeholders by demonstrating tangible results. We welcome work in this area so that it can inform our own methodology and stimulate further debate on this important topic.

[Read more about CSV](#)

[Read more about our reporting and governance](#)





# Focusing on our material issues

## Trends affecting our industry

The food and beverage industry is impacted by a range of trends. Changes in consumer tastes and a growing interest in personalized nutrition are transforming how we develop our product portfolio. As knowledge about the impact of plastic pollution grows, we must continue to investigate alternative materials and delivery systems. The scale and complexity of our global supply chain present an increased risk of human rights abuses. Therefore, we work hard to ensure our standards and policies are upheld. To determine which global trends have the biggest impact for Nestlé, we regularly conduct a thorough materiality analysis.

## The materiality process

Our comprehensive materiality analysis is carried out every two years. This helps us to identify the economic, social and environmental issues that matter most to our business and our stakeholders. Conducting a thorough analysis in this way helps to identify issues to be covered in our reporting and to decide where to focus our internal resources.

## Our 2018 materiality assessment

In 2018, the materiality process was evolved to bring both non-financial and financial risk identification together and to connect it more closely to business operations. In addition to identifying and prioritizing issues from internal and external stakeholders, the 2018

materiality assessment integrated with the Enterprise Risk Management process, harnessed the perspectives of mainstream investors, and engaged with key markets and growth categories.

## Nestlé materiality matrix (as assessed in 2018)

	Moderate	Significant	Major
Importance to stakeholders			
Major		<ul style="list-style-type: none"> <li>● Natural resource and water stewardship</li> <li>● Climate change</li> </ul>	<ul style="list-style-type: none"> <li>● Supply chain stewardship</li> <li>● Over- and under-nutrition</li> </ul>
Significant	<ul style="list-style-type: none"> <li>● Women's empowerment</li> <li>● Community relations</li> </ul>	<ul style="list-style-type: none"> <li>● Rural development and poverty alleviation</li> <li>● Human rights</li> <li>● Business ethics</li> <li>● Responsible marketing and influence</li> <li>● Product quality</li> <li>● Food and nutrition security</li> <li>● Resource efficiency, (food) waste and the circular economy</li> <li>● Land management in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>● Food and product safety</li> <li>● Changing consumer demographics and trends</li> <li>● Product packaging and plastic</li> </ul>
Moderate	<ul style="list-style-type: none"> <li>● Animal welfare</li> <li>● Employee safety, health and wellness</li> <li>● Decent employment and equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>● Product regulation and taxation</li> <li>● Geopolitical uncertainty</li> <li>● Responsible use of technology</li> <li>● Data privacy and cyber security</li> </ul>	

## Impact on Nestlé's success

- For individuals and families
- For our communities
- For the planet

Note: Natural disasters, identified as an issue relevant to Nestlé, fell under the negligible category and so has been omitted from our materiality matrix



# Our 2020 commitments and progress

Status of our commitments

●○○ New ●○○ In progress ●○○ Achieved

## For individuals and families

Enabling healthier and happier lives



**Our 2030 ambition is to help 50 million children lead healthier lives**



### Offering tastier and healthier choices

- Launch more foods and beverages that are nutritious, especially for mothers-to-be, new mothers, and infants and children

- Further decrease sugars, sodium and saturated fat

- Increase vegetables, fiber-rich grains, pulses, nuts and seeds in our foods and beverages

- Simplify our ingredient lists and remove artificial colors

- Address under-nutrition through micronutrient fortification

### Inspiring people to lead healthier lives

- Apply and explain nutrition information on packs, at point-of-sale and online

- Offer guidance on portions for our products

- Leverage our marketing efforts to promote healthy cooking, eating and lifestyles

- Empower parents, caregivers and teachers to foster healthy behaviors in children

- Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly

- Inspire people to choose water to lead healthier lives

- Partner for promoting healthy food environments

### Building, sharing and applying nutrition knowledge

- Build and share nutrition knowledge from the first 1000 days through to healthy aging

- Build biomedical science leading to health-promoting products, personalized nutrition and digital solutions

## For our communities

Helping develop thriving, resilient communities



**Our 2030 ambition is to improve 30 million livelihoods in communities directly connected to our business activities**



### Enhancing rural development and livelihoods

- Improve farm economics among the farmers who supply us

- Improve food availability and dietary diversity among the farmers who supply us

- Implement responsible sourcing in our supply chain and promote animal welfare

- Continuously improve our green coffee supply chain

- Roll out the Nestlé Cocoa Plan with cocoa farmers

### Respecting and promoting human rights

- Assess and address human rights impacts across our business activities

- Improve workers' livelihoods and protect children in our agricultural supply chain

- Enhance a culture of integrity across the organization

- Provide effective grievance mechanisms to employees and stakeholders

### Promoting decent employment and diversity

- Roll out our Nestlé needs YOuth initiative across all our operations

- Enhance gender balance in our workforce and empower women across the entire value chain

- Advocate for healthy workplaces and healthier employees

## For the planet

Stewarding resources and the environment



**Our 2030 ambition is to strive for zero environmental impact in our operations**



### Caring for water

- Work to achieve water efficiency and sustainability across our operations

- Advocate for effective water policies and stewardship

- Engage with suppliers, especially those in agriculture

- Raise awareness on water conservation and improve access to water and sanitation across our value chain

### Acting on climate change

- Provide climate change leadership

- Promote transparency and proactive, long-term engagement in climate policy

### Safeguarding the environment

- Improve the environmental performance of our packaging

- Reduce food loss and waste

- Provide meaningful and accurate environmental information and dialogue

- Preserve natural capital





## For individuals and families

Enabling healthier and happier lives



## 2030 ambition: To help 50 million children lead healthier lives each year

Food is a pillar of culture, bringing people together and providing nutrition that is key to good health. To ensure a healthy future for all through sustainable nutrition, we must work together. At Nestlé, this is a responsibility we take seriously.

Good nutrition is vital. Poor nutrition or malnutrition, on the other hand, contributes to a number of growing public health challenges, with an estimated 149 million children under 5 stunted and 49 million wasted, and a further 40 million overweight ([WHO](#)). We are continuously developing our product portfolio to offer consumers more affordable, nutritious and natural options and services to support a healthier, more sustainable lifestyle and an enhanced quality of life.

We invest in robust research programs, developing a knowledge base to deliver nutritious products tailored to the needs of people, especially children, mothers and mothers-to-be. Improving diets and establishing healthy behaviors globally is a joint effort. We share the findings of our research with members of the health community worldwide to encourage collaboration.

We have identified the three following focus areas to help us achieve this goal.

**27.2 million children reached**  
through *Nestlé for Healthier Kids* in 2019

### Offering tastier and healthier choices

We offer healthier versions of existing products by reducing sugars, sodium and fat and increasing whole grains, vegetables and micronutrients. We are also making our ingredient lists clearer and simpler to enable consumers to better understand exactly what they are eating and drinking ([pages 7–12](#)).

### Inspiring people to lead healthier lives

We have designed a range of projects and campaigns aimed at supporting parents and caregivers, providing them with the information they need to build healthy habits for their families. We encourage children to get active through mobile apps, websites and sports competitions. Additionally, a range of national campaigns provide a platform to highlight the benefits of healthy habits. ([pages 13–20](#)).

### Building, sharing and applying nutrition knowledge

We continuously engage with healthcare professionals to share our current nutrition knowledge. We are focusing our efforts on accelerating the development of innovative products that address consumer nutritional needs, working to bring them to market faster. With an increasing trend toward personalized nutrition, we are expanding our work in this area to ensure we meet our consumers' demands ([pages 21–23](#)).



# Offering tastier and healthier choices



## Our commitments to offering tastier and healthier choices

- 08 Launch more foods and beverages that are nutritious, especially for mothers-to-be, new mothers, and infants and children
- 09 Further decrease sugars, sodium and saturated fat
- 10 Increase vegetables, fiber-rich grains, pulses, nuts and seeds in our foods and beverages
- 11 Simplify our ingredient lists and remove artificial colors
- 12 Address under-nutrition through micronutrient fortification

Our work on offering tastier and healthier choices contributes to the following SDGs:



[How we map our material issues to the UN SDGs and their targets](#)

## Why it matters

Consumers are increasingly making informed decisions about the foods and beverages they consume and their nutritional value. Taste, however, remains the main deciding factor when people choose what to eat. We aim to make a meaningful impact on people's diets and offer healthier versions of existing products that still retain the taste consumers expect. Through our products, services and research, we are developing a more personalized approach to nutrition. This means not only supporting changing consumer preferences but also providing affordable nutrition for all.

## Our contribution

We are increasing our focus on natural, plant-based foods and beverages. By removing artificial colors and adding micronutrients and whole grains, as well as reducing sugars, sodium and saturated fat in our existing products, we are improving the nutritional profile across our portfolio. Simplifying ingredient lists also makes it easier for consumers to understand the content of their food and make better-informed choices.



# Launching more nutritious products

## Our commitment

**Launch more foods and beverages that are nutritious, especially for mothers-to-be, new mothers, and infants and children**

## Our objective

**By 2020:** In both developed and developing countries, design and launch foods and beverages that address the daily nutritional needs and key nutritional gaps of infants, children up to age 12, new mothers and mothers-to-be

● ● ○ **In progress**

## Why it matters

Nutrition is fundamental to ensuring healthy development in children. It can be a challenge for parents to ensure their kids are eating and living well. If healthier versions of foods do not taste good, kids simply will not eat them. Our aim is to help parents by providing foods and beverages, including more plant-based options, that are nutritious and that kids love.

## What we are doing

We are committed to delivering more nutritious products to kids and families. We are also accelerating the transformation of our product portfolio as we add more products that offer consumers choice, including reduced-sugar and no-added-sugar options. In particular, we are rapidly growing our range of organic foods and beverages for children and families, as well as our plant-based offerings.

## Transforming our portfolio

In 2019, we introduced 1398 new nutritious products for babies, children, mothers-to-be or new mothers. The products contain less sugar and salt, more vegetables, fiber-rich grains, milk, lean proteins, and essential vitamins and minerals. Examples of products include *Milo*, with reduced-sugar and no-added-sugar options in Asia, Oceania and South America, and further continuation of *Nescau* reduced-sugar products in Brazil.

## Expanding our all-natural offerings

Increasingly, consumers want products that include natural ingredients. Recognizing this trend, in Europe we launched the *Nesquik All Natural* range, which includes *Nesquik All Natural*, an instant cocoa beverage to be prepared with milk, and our new *Nesquik All Natural Porridge*, which contains whole grain oats and less than 5 g of total sugars per serving. With parents seeking more nutritious and natural food options for their families, and children in Europe falling far below recommended dietary fiber intake levels, *Nesquik All Natural Porridge* contributes to a nutritious breakfast. Learn more about [how we are developing our products to offer kids a healthy and nutritious breakfast](#).

## Launching organic cereals for kids

*Nestlé Ceregrow*, launched in India in 2019, is a ready-to-cook children's breakfast cereal made from 100% organic wheat, milk and ragi. In addition to containing natural ingredients, *Ceregrow* is also a good source of vitamins, minerals and iron for children.

[Read more about this commitment](#)



## Developing healthy snacks for kids in Brazil

*Ninho* is a plant-based, ready-to-drink product, launched in Brazil in 2019. The drink, for children aged four and over, contains a mix of oats, peas and real fruit.

[Read more online](#)



# Reducing sugars, sodium and fat

## Our commitment

### Further decrease sugars, sodium and saturated fat

#### Our objectives

**By 2020:** Reduce the sugars we add in our foods and beverages by 5% to support individuals and families in meeting global recommendations\*

In progress

**By 2020:** Reduce the sodium we add in our products by 10% to support individuals and families in meeting global recommendations\*

In progress

**By 2020:** Complete the 10% commitment taken in 2014, to reduce saturated fat by 10% in all relevant products that do not meet the Nestlé Nutritional Foundation (NF) criteria with respect to saturated fat\*

In progress

#### Why it matters

Overconsumption of sugars, sodium and saturated fat contributes to dietary and health problems. This includes increased risk of obesity, diabetes and cardiovascular disease.

To help reduce consumption of these nutrients and contribute to improving public health, we are undertaking complex reformulations of our foods and beverages. When we make these changes, we must be careful not to alter how our products taste or feel, as this could encourage consumers to choose less healthy alternatives.

#### What we are doing

##### Reducing sugar content

The World Health Organization's (WHO) strictest conditional recommendation is to reduce daily intake of free sugars to less than 5% of total energy intake. Currently, 45% of our products meet this recommendation, another 45% fall under our sugars commitment and 10% are not relevant as their sugar content is regulated, for example, by CODEX (international food standards and codes of practice).

##### Reducing sugars

###### All Nestlé foods and beverages

**45%**

Our foods and beverages that provide less than 5% sugars (added)\*

**45%**

Our foods and beverages in scope of our commitment\*\*

**10%**

Our foods and beverages out of scope of this commitment as their sugar content is regulated (for example, by CODEX)

We continue to seek new ways of lowering sugar levels, including through investing in breakthrough technologies. To date, we have achieved an overall 3.5% reduction, equivalent to around 45 000 tonnes of sugars. We are working to reach our 5% target through investment in research and development (R&D) to develop new technologies, and the introduction of new reduced-sugar and no-added-sugar products.

##### Reducing sodium in our products

Our sodium-reduction objective applies to products not yet aligned with our sodium targets based on the WHO's recommended maximum daily intake of 2000 mg. We aim to deliver an overall 10% sodium reduction by the end of 2020. We need to keep meeting our consumers' preferences while gradually reducing levels of sodium. Breakthrough solutions that maintain the taste consumers prefer allow us to make reductions, not only in products in scope but also in those already meeting WHO recommendations. Across our culinary range, by the end of 2019 we had removed more than 6500 tonnes of salt.

[Read more about this commitment](#)



##### Reducing saturated fat in Asian noodles

In 2019, we introduced a locally grown, nutritionally superior oil into the production of our popular Asian noodles. We plan to launch the new noodles, with significantly reduced levels of saturated fat, in 2020.

[Read more online](#)

\* These results apply to products within the scope of our commitment, not to our global product range as many of our products already meet recommended levels

\* For example, milk powder, culinary products, coffee and waters

\*\* For example, confectionery products, Nesquik, Milo and coffee mixes



# Adding vegetables, fiber and whole grains

## Our commitment

### Increase vegetables, fiber-rich grains, pulses, nuts and seeds in our foods and beverages

#### Our objectives

**By 2020:** Add to our products at least 750 million portions of vegetables, 300 million portions\* of nutrient-rich grains, pulses and bran, and more nuts and seeds

● ● ● Achieved

**By 2020:** In addition to whole grain already being the main ingredient in our ready-to-eat breakfast cereals for children and teenagers, all our Nestlé-branded cereals that carry Green Banner will be a source of fiber\*\* and made with whole grain\*\*\*

● ● ● Achieved

## Why it matters

Our studies show that many people, especially children, do not consume enough sources of fiber, vitamins, minerals and nutrients, found in food such as vegetables, grains, bran, pulses, nuts and seeds. This risks harming their growth, development and health.

There is also a lack of awareness and understanding among consumers of the importance of these vital ingredients. In some parts of the world, Nestlé products are one of the leading sources of whole grain intake. It is important that we continue to encourage greater consumption of nutrient-rich foods. Through activities such as our participation in the global Whole Grain Initiative, we are helping to increase consumer awareness of the importance of whole grains and promote their consumption.

## What we are doing

In addition to putting more of these vital ingredients into our recipes, we promote healthy cooking at home and provide nutritional advice on packs and online.

Calculating increases of serving sizes is highly complex. In 2018, our cautious approach to the data led us to underestimate the increases achieved. In 2019, we strengthened and refined our data gathering and analysis, implementing new tools to ensure robust, transparent figures. We are now confident that we have met our 2020 objective, with 403 million portions of fiber-rich grains and 2.76 billion portions of vegetables added by the end of 2019, measured against the baseline of 2016.

## Adding more fiber and whole grains to our breakfast cereals

Roughly 11 million deaths worldwide are associated with poor diet (*The Lancet*), with whole grains being one of the biggest dietary shortfalls. Since 2003, we have increased the use of whole grains by 50%, and today over 99% of our breakfast cereals meet the CODEX requirement of at least 3 g of whole grain per 100 g serving as the source of fiber.

In 2019, whole grain was the main ingredient in over 99% of our ready-to-eat breakfast cereals for children and teenagers, and in 100% of our cereals carrying the green banner are made with a minimum 8 g of whole grain per serving, achieving our objective.

Although we have achieved our two objectives for 2020, we continue to work toward our overall commitment of increasing vegetables, fiber and whole grains. As an example, our Nesquik breakfast cereals contain over 50% whole grains as well as being a source of vitamins\*\*\*\*, iron\*\*\*\*, calcium\*\*\*\* and fiber.

[Read more about this commitment](#)

\* A portion of fiber-rich grains is the amount of grain product (variable, depending on the type of grain, type of product, etc.) that contains 16 g of whole grains

\*\* All products that carry 3 g or more of fiber per 100 g on pack nutrition table

\*\*\* Having a minimum of 8 g of whole grain per serving

\*\*\*\*Except in countries in which fortification is not permitted



## Satisfying consumers with healthier pizza

To satisfy the needs of health-conscious consumers looking to consume more vegetables, our *California Pizza Kitchen* business is leveraging on-trend ingredients to create a cauliflower crust.



# Simplifying ingredient lists

## Our commitment

### Simplify our ingredient lists and remove artificial colors

#### Our objectives

By 2020: Continue removing unfamiliar ingredients



By 2020: Remove all artificial colors from our products\*



#### Why it matters

Increasingly, people want to know what is in the foods and beverages they consume – and whether the ingredients are nutritious, fit into a healthy lifestyle and are sustainably sourced and manufactured. We can meet these expectations by being clear about what our products contain, how we express this on packs and by getting rid of ingredients that may be unfamiliar to consumers.

#### What we are doing

We are transforming products by removing artificial colors and ingredients that consumers do not recognize. We also provide simpler labels with clear information.

#### Removing artificial colors

In 2019, we continued to remove artificial colors from our food and beverage recipes. Currently, 1.67% by weight of the colorants used in our foods and beverages is defined as artificial.

We continue to seek non-artificial color solutions that are acceptable in both performance and cost. However, there are challenges. Sometimes it is difficult to change to non-artificial colors that provide the same consumer experience and meet demands for affordable pricing. Wherever this is an issue, we work with suppliers to find suitable solutions.

#### Simplifying ingredient lists

We continued simplifying our recipes in our beverage, dairy, food, professional, waters, confectionery, ice cream, nutrition and Nestlé Health Science businesses.

We have set up and reinforced an internal cross-disciplinary team to consider how products can be simplified by only using 'kitchen cupboard' ingredients – ingredients that people know and love and are likely to find at home. Our entire Maggi portfolio in Nestlé Russia is now made with 'kitchen cupboard' ingredients. We are continuously working to reformulate and innovate our products to contain more instantly recognizable ingredients.

Among the products launched in 2019 using simple, natural ingredients and flavors were Nestlé Coffee-Mate Natural Bliss plant-based Half and Half (half almond milk and half coconut cream) and Nestlé Coffee-Mate Natural Bliss Oat Milk creamers. Nescafé Coffee Protein Smoothie, launched in the US, is made from real coffee and contains no artificial flavors, carrageenans (a seaweed extract) or sweeteners. Nestlé Cold Whipped Latte, also launched in the US, includes seven all-natural ingredients.

[Read more about this commitment](#)



#### Launching a simplified, natural cocoa powder in Europe

Launched in Europe in 2019, Nesquik All Natural offers a cocoa beverage with a simplified ingredients list containing just five natural ingredients. The powder also uses less sugar and is sold in recyclable paper packaging.

[Read more online](#)

\* This objective does not currently apply to our pet food products



# Micronutrient fortification

## Our commitment

### Address under-nutrition through micronutrient fortification

#### Our objectives

**By 2020:** Reach millions of children and families with fortified foods and beverages

●●○ In progress

**By 2020:** Initiate or support collective action to reduce micronutrient deficiencies in 10 countries

●●○ In progress

**By 2020:** Continue to develop the supply chain for biofortified crops and expand our fortified portfolio

●●○ In progress

#### Why it matters

Around one-third of the world's population lacks essential vitamins and minerals ([Global Nutrition Report](#)). This can lead to serious health issues, such as impaired growth and physical and intellectual development, as well as compromised immunity.

It is estimated that by 2025, the nutrition crisis will cost society around USD 3.3 trillion (CHF 3.12 trillion) per year ([Global Access to Nutrition Index](#)). Nestlé is helping tackle this by fortifying foods and beverages with micronutrients that are unavailable or lacking in local diets, focusing particularly on children and families in developing and high-priority countries.

#### What we are doing

Micronutrient deficiencies are a serious public health challenge. We believe we can help tackle it by fortifying a significant proportion of our nutritious foods and beverages. Collective action is key to achieving more. We work with governments, non-governmental organizations (NGOS), the professional nutritional community and retailers to:

- Raise micronutrient fortification (MNF) on the agenda at political, research or consumer levels.
- Advocate the inclusion of MNF in national nutrition plans.
- Build multi-stakeholder platforms in support of MNF.
- Develop education or social marketing campaigns with governments and other bodies.
- Further research into MNF deficiencies.

- Increase micronutrient accessibility through partnerships, new routes to market and affordability strategies.

In 2019, we focused our activities in our Zone AOA (Asia, Oceania and sub-Saharan Africa), running projects in eight countries.

#### Delivering solutions

We are continuing to fortify relevant foods and beverages with the micronutrients most commonly lacking in local diets. In 2019, we delivered 185.4 billion fortified servings (including 9 billion from our joint venture Cereal Partners Worldwide (CPW)), incorporating at least one of the [Big 4 micronutrients](#) (iron, iodine, vitamin A and zinc, as defined by the WHO) in 64 countries with higher vulnerability to micronutrient malnutrition.

Of our popularly positioned products for lower-income consumers, 87% were fortified with at least one of the Big 4. As a result of our global efforts, we ranked first out of the 22 largest food and beverage manufacturing companies assessed by the 2018 Access to Nutrition Index (ATNI) in the category of Addressing Undernutrition. The next assessment will be in 2020.

We aim to use more biofortified maize in cereal products, particularly in Nigeria. In addition to using as much biofortified maize as possible, we actively participate in workshops and forums on [biofortified crops](#).

[Read more about this commitment](#)



#### Tackling iron deficiency in Sri Lanka

At the request of the Sri Lankan Government, we implemented a series of multi-pronged initiatives in the country to raise awareness of iron deficiency, supporting health professionals in the field and using chat bots to speak with consumers.

[Read more online](#)



# Inspiring people to lead healthier lives



## Our commitments to inspiring people to lead healthier lives

- 14 Apply and explain nutrition information on packs, at-point-of-sale and online
- 15 Offer guidance on portions for our products
- 16 Leverage our marketing efforts to promote healthy cooking, eating and lifestyles
- 17 Empower parents, caregivers and teachers to foster healthy behaviors in children
- 18 Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly
- 19 Inspire people to choose water to lead healthier lives
- 20 Partner for promoting healthy food environments

Our work on inspiring people to lead healthier lives contributes to the following SDGs:



[How we map our material issues to the UN SDGs and their targets](#)

## Why it matters

Approximately 1.9 billion adults globally are obese or overweight, with 462 million more underweight. Adding to the problem, 52 million children under the age of 5 have low weight for their height and 40 million are overweight or obese ([WHO](#)).

Regardless of demographic, there has been a clear upward trend in the levels of refined grains and sugars in global diets and a decrease in nutrient-rich foods such as fruit, vegetables and whole grains ([Global Nutrition Report](#)). At Nestlé, we want to help consumers live healthier lives by providing transparent nutrition information and inspiring them with healthier recipes and lifestyle tips.

## Our contribution

We are on track to meet most of our commitments by 2020. We have been able to achieve this by developing a range of programs to promote healthier lives globally, in line with the SDGs related to zero hunger, good health and reducing inequalities.

Through our brands, we promote healthy cooking and eating as well as active lifestyles to encourage adults and children to lead healthier lives, while we continuously work to provide clear and easily understandable nutrition and portion information both on packs and online.

This strategy helped us to progress faster in implementing our commitment to double outreach by 2020 by focusing the communication actions of our bigger brands for more impact.

We support individuals and families throughout their lives, from conception to old age. Our dedicated R&D teams create healthy products that address a range of nutritional requirements. Additionally, we run a variety of campaigns and collaborate with other industry partners to offer information on topics such as healthy hydration and infant nutrition, encouraging people to live healthier lives.



# Providing nutritional information

## Our commitment

### Apply and explain nutrition information on packs, at point-of-sale and online

## Our objective

**By 2020:** Continue providing detailed product nutrition facts with daily value percentages, ingredients and allergens, and add special diet information, nutrition labeling explanations and healthy eating tips on all our relevant packs, as well as on our websites and e-retailer sites, to better enable informed choices



## Why it matters

Our consumers want to make informed decisions about their food and beverage choices. We have a responsibility to communicate about our products transparently and comprehensively, including ingredients and nutritional values.

It is important that we provide consumers with easy-to-understand information. We align with external front-of-pack labeling initiatives to ensure the nutritional information of our foods and beverages is visible and clear.

## What we are doing

### Improving nutrition information on packs

As regulations for front-of-pack nutrition labeling vary from market to market, there are challenges associated with identifying a global approach that is quickly and easily understandable for consumers. We started implementing Guideline Daily Amount (GDA) in 2014, which is now present on 88% of our products, as part of our wider commitment to provide consumers with transparent information about the nutritional value of our products.

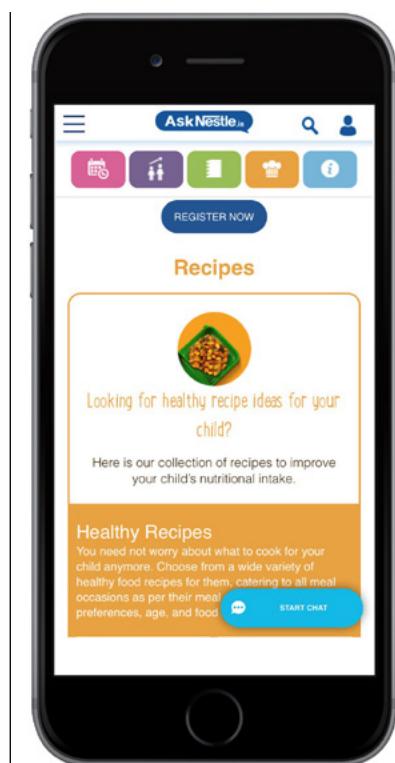
Governments around the world are increasingly endorsing interpretive front-of-pack labeling initiatives, such as the Health Star Rating in Australia, the color-coded initiative in the UK and Ireland, and warning labels in some Latin American countries. In such cases, we are committed to implementing local initiatives across our relevant product portfolio.

In June 2019, we announced our support for Nutri-Score as the preferred front-of-pack labeling initiative for food and beverage products in Continental Europe. We are committed to implementing it at scale, starting in countries that already support the initiative. Nutri-Score is a color-coded system that classifies products according to their nutritional profile, with a scale from A (healthier choices) to E (less healthy choices). Read more about [Nutri-Score on our website](#).

### Updating the Nestlé Nutritional Compass

The *Nestlé Nutritional Compass* has been displayed on our product packaging since 2005 and is now featured on 96.4% of packaging. The Compass brings together nutritional information, explanations of what this information means for consumers and how the product fits into a balanced and healthy diet. [Research performed by the Consumer Goods Forum](#) found that 55% of consumers want more information on social, health, environmental and safety issues related to products. We are now in the process of investigating how best to display this on our packaging.

[Read more about this commitment](#)



## Developing Ask Nestlé in India

Helping parents better understand the unique nutrition requirements of their children, we developed *Ask Nestlé* in India. The online portal provides information on nutritional needs as well as an easy-to-understand recipe directory.

[Read more online](#)



# Offering portion guidance

## Our commitment

### Offer guidance on portions for our products

#### Our objectives

**By 2020:** Continue providing guidance on portions globally on all children's and family product packs and add frequency of consumption indications on relevant products

● ● ○ In progress

**By 2020:** Extend our guidance on portions to our consumer recipes, and relevant teenager and adult products

● ● ○ In progress

**By 2020:** Gradually increase the proportion of guidance on portions provided through product form, pack design, serving device or dispenser to make it even more intuitive than on-pack messaging

● ● ○ In progress

#### Why it matters

Globally, there is a lack of understanding about what a good food portion looks like. Although sizes in general are increasing, intake of nutrient-rich foods such as vegetables and whole grains are simultaneously declining – which can contribute to adverse health outcomes ([Cochrane](#)).

We are well placed and committed to contributing to solutions through our *Nestlé Portion Guidance* initiative, designed to help consumers make informed food choices as part of a balanced diet.

#### What we are doing

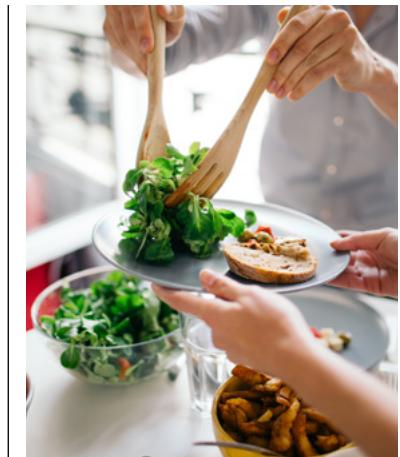
##### Expanding on-pack portion guidance

Currently, *Nestlé Portion Guidance* is provided on 61.9% of our products.

The intention of the *Nestlé Portion Guidance* initiative is to engage consumers on considering responsible portions, right at the point-of-sale and moment of usage – in other words, when their decision about foods and beverages quantity is made.

In addition, we strive to provide our consumers with nutrition information per portion of product in the nutritional information table. In countries where portion guidance is closely regulated, we follow the local regulations deemed relevant to our consumers.

[Read more about this commitment](#)



#### Partnering for portion sizes in Australia

In Australia, we are chairing an Industry Best Practice Guide Working Group, as part of the Government's Healthy Food Partnership strategy. This collaborative initiative is designed to tackle the numbers of overweight and obese in the country.

[Read more online](#)



# Marketing healthy choices

## Our commitment

### Leverage our marketing efforts to promote healthy cooking, eating and lifestyles

## Our objective

**By 2020:** Double the outreach of our efforts to promote healthy cooking and eating and healthy lifestyles for individuals, families and their pets

● ● ○ In progress

## Why it matters

Our expertise is in making nutritious foods and beverages that support a healthy lifestyle. We want to share it with consumers worldwide. Through the scope and power of our marketing, we are promoting more nutritious options to consumers – responsibly and transparently.

We target our marketing efforts toward parents and caregivers, helping them to make informed decisions on how to keep their children and families healthy. We have also developed robust guidelines to restrict marketing that targets children.

## What we are doing

### Implementing standards for marketing to children

In 2017, we implemented a robust standard on marketing products to children with the development of our [Policy on Marketing Communication to Children](#), one of the strictest policies of its kind in our industry. In line with this policy, we have further committed not to advertise to children under the age of 6, and to only market products to children between the ages of 6 and 12.

Products that we do market to children must meet the [Nestlé Nutritional Profiling System](#).

In 2019, we audited our Indian operations for marketing to children compliance, with the [results of this review made publicly available](#). This was identified as a best practice for the industry by ATNI in their India spotlight, which was released in June 2019.

## Partnering with the Global Alliance for Responsible Media

To guide our online marketing efforts this year, we continued our participation in the World Federation of Advertisers (WFA). Through the WFA, we are partnering with 16 other advertisers, including global companies such as Unilever, Adidas and P&G, to form the [Global Alliance for Responsible Media](#). The Alliance will work with publishers and platforms to ensure safe online environments. It also forms part of Nestlé's wider strategy of being safe, transparent and accurate in our advertising on digital platforms.

## Leading the industry in marketing compliance

Since making our commitment to market healthy choices in 2016, we have stepped up efforts to promote healthy cooking, eating and lifestyles. This represents a 67% increase in marketing expenditure in 2019 (versus 2016) toward products that actively support healthy lifestyles.

[Read more about this commitment](#)



## Encouraging cooking with Maggi in Thailand

Maggi's Mum and Me cooking club in Thailand helps children learn cooking skills from their parents.

[Read more online](#)



# Promoting healthy behaviors in children

## Our commitment

### Empower parents, caregivers and teachers to foster healthy behaviors in children

## Our objective

**By 2020:** Support 50 million children through our nutrition education and behavior change programs, an important milestone toward our wider 2030 ambition



#### Why it matters

Adopting good nutrition and exercise practices from an early age gives children a better chance of growing up to be fit and healthy. Malnutrition continues to grow as an issue on a global scale: more than 340 million children and teenagers are overweight or obese ([WHO](#)), and many others suffer from under-nutrition.

We bring together current public health data with findings from Nestlé research to create products and offer services that support the healthy growth of children.

#### What we are doing

##### Supporting children to live healthier lives

The Nestlé for Healthier Kids initiative brings together several programs that promote healthy eating in children as well as programs designed to equip parents with all the information they need to reach their child's nutritional requirements. It drives actions supporting our global ambition to support 50 million children every year by 2030.

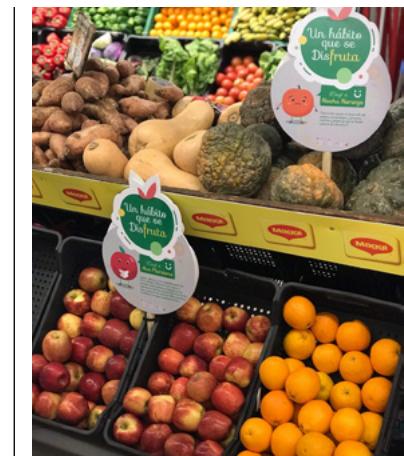
The initiative also acts as a platform from which we continue to research and develop more nutritious products for kids. This includes reducing the amount of sugars, saturated fat and salt in our products while increasing the nutrient, fiber and vegetable content. Read more about how we are [developing healthier products](#).

In 2019, two communication campaigns across 40 markets highlighted the progress made in the nutritional improvement of our portfolio. It also provided an opportunity to raise awareness of the importance of cooking together with children to improve their eating

habits. The campaign reached more than 200 million parents worldwide.

Through increased efforts, in 2019, we supported 27.2 million children through the program in over 84 countries around the world. This contributes to our objective of reaching 50 million children cumulatively from 2016 to 2020, and is a milestone toward our wider 2030 ambition to help 50 million children every single year. Read more about how we are [partnering with retailers](#) through *Nestlé for Healthier Kids* on our website.

[Read more about this commitment](#)



#### Adopting a fruit or vegetable in Argentina

Encouraging children to eat more fruit and vegetables, Nestlé launched the *Adopt a Fruit, Adopt a Vegetable* initiative in Argentina. The initiative was a collaborative effort with the supermarket Carrefour.

[Read more online](#)



# Supporting breastfeeding

## Our commitment

**Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly**

## Our objectives

**By 2020:** Advocate for a breastfeeding-friendly environment by supporting the set-up of breastfeeding rooms in communities where we operate

● ● ○ In progress

**Ongoing:** Ensure the practices of the Nutrition business consistently meet the FTSE4Good Index Breast Milk Substitutes criteria

● ● ○ In progress

**Ongoing:** Continue to strengthen our policy and procedures to maintain industry leadership on the implementation of the WHO Code

● ● ○ In progress

**Ongoing:** Continue to report publicly on our progress on the implementation of our policy on the WHO Code

● ● ○ In progress

## Why it matters

Good nutrition in the first 1000 days, from conception until two years old, is essential for mother and baby. We support the WHO's recommendation that mothers (who can) should exclusively breastfeed infants for the first six months of life, followed by the introduction of adequate nutritious foods alongside breastfeeding up to two years and beyond.

However, some new mothers may be unable, or choose not, to breastfeed or decide to offer mixed feeding. We want to support these mothers with breast-milk substitutes (BMS) that address infant nutritional needs, as well as science-backed information about what is best for early infant nutrition.

## What we are doing

### Ensuring compliance throughout our business

We developed our [Nestlé Policies and Procedures for the Implementation of the WHO International Code of Marketing of Breast Milk Substitutes](#) to ensure the Code is implemented throughout our organization. In 2019, 1428 Nestlé employees completed training on breastfeeding, the WHO Code and Nestlé policies and procedures.

In 2019, we launched the [Code of Interaction with Healthcare Professionals and Institutions for Nestlé Nutrition Business Units](#). This document sets out the principles for engaging with healthcare institutions and professionals on BMS and the types of interactions our employees can have with healthcare professionals to avoid conflicts of interest.

## Marketing BMS responsibly

We are committed to implementing the WHO Code as outlined by national governments as well as our own policies and procedures, whichever is stricter. We audited 33 countries on WHO Code compliance in 2019. We aim to retain our FTSE4Good score in the 2020 review. We also want to encourage the entire BMS industry to work toward achieving the highest level of marketing compliance. We strive to be industry leaders in applying the WHO Code, even when stricter than our own policies.

## Supporting new mothers

We want to do everything to help ensure mothers have comfortable, secure areas where they can breastfeed. In 2019, we provided breastfeeding rooms in all our facilities with more than 50 female employees. We also installed 5912 rooms for public use in countries where we operate.

[Read more about this commitment](#)



## Launching Materna Opti-Lac

In 2019, we launched *Materna Opti-Lac* in Hong Kong to support breastfeeding. *Materna Opti-Lac* contains a patented probiotic strain, *L. fermentum LC40*, naturally found in the breast milk of healthy mothers.

[Read more online](#)



# Encouraging healthy hydration

## Our commitment

### Inspire people to choose water to lead healthier lives

## Our objective

**By 2020:** Launch national campaigns promoting healthy hydration with public and private partners in 10 countries

● ● ● Achieved

## Why it matters

The water intake recommendation for the average adult is about 1.5 liters each day, a level that many people do not reach.

Water is necessary for a whole host of body functions. We want to ensure people get enough hydration each day as part of a healthy lifestyle. We know good hydration habits need to start early. That's why we have made it a priority to develop programs that encourage children to drink enough water daily.

## What we are doing

### Launching national campaigns

The majority of children do not drink the recommended daily amount of water, a statistic that Nestlé is committed to improving. We continue to develop campaigns to encourage better hydration. 55 countries now formally include the *Choose Water* module in their *Nestlé for Healthier Kids* initiatives. In 2019, these countries launched 99 programs that address the module, including *TummyFish*, an app released in the United Arab Emirates to get children excited about drinking water. Find out more about our healthy hydration app on our website.

In 2019, we ran a social media campaign across nine key markets, including Mexico and China, promoting the benefits of healthy hydration. The campaign also served to highlight the results of studies done by market research organizations IPSOS and Kantar on the hydration behaviors and habits of adults and children around the world.

## Gathering global information on hydration

In 2018, we achieved our objective to release an open-access platform where anyone can download information on global drinking habits. We have also put together easy-to-understand information summarizing our global research into children's attitudes to drinking water and preferences for water compared to sugary drinks. Find out more about global hydration on the Nestlé Waters website.

[Read more about this commitment](#)



## Wild About Water: making water a fun choice for children worldwide

The majority of children do not drink the daily recommended amount of water, and this is, in part, because they find it boring to drink. Our global *Wild About Water* campaign was designed to get children excited about drinking water, with bottles specially designed to look like animals and with exciting facts about animal hydration.

[Read more online](#)



# Health-promoting food environments

## Our commitment

### Partner for promoting healthy food environments

## Our objective

**By 2020:** Partner with retailers and food professionals to foster environments that promote healthier diets and lifestyles

In progress

## Why it matters

Knowledge of the importance of proper nutrition is on the rise globally. At the same time, greater accessibility and availability of nutritious products mean the healthy choice is increasingly the easier one. We believe that we, and the wider food and beverage industry, have a role to play in supporting people to make informed choices to lead healthier lives.

Partnering with retailers represents an opportunity to inspire behavior change and promote healthier lives. Through offering brands and services that are good for consumers, their families and the planet, manufacturers and retailers can encourage more healthy and sustainable shopping patterns in consumers.

## What we are doing

### Engaging with industry professionals

In 2019, we maintained our commitment to engaging with professionals in the food industry to share current information on out-of-home nutrition. Through our [Nestlé Professional LinkedIn](#) page, we engage with over 84 000 people globally. Our page acts as a platform through which we can share information on developments in the food service industry as well as tips from chefs about healthy eating with relevant audiences. Learn more about [how we leverage this platform to widen our reach on our website](#).

Expanding our reach further, we continue to connect with professionals through our *Worldchefs Academy* and through International Chefs Day, an event held on October 20 each year. The theme for 2019 was How Healthy Food Works, and events focused on teaching children how food

affects our bodies. Through our outreach efforts, we have engaged with approximately 70 000 industry professionals to date.

### Collaborating for Healthier Lives

In 2019, within the retail sector, we partnered with 18 retailers, 58 manufacturers and 27 stakeholders (public health authorities, academia, NGOs, and city officials) through the [Consumer Goods Forum Collaboration for Healthier Lives](#) global program. Through joint action, in stores (including digital) and communities, we work to promote healthy diets and lifestyles. The program is being deployed in the following markets: Colombia, the US, Japan, Turkey, Central America, the UK, France, Mexico and China.

Nestlé actively participated in all the country initiatives, offering a range of products, services and consumer information.

Additionally, we are contributing to research to define metrics to measure initiative results. This will supplement a global learning tool that will allow the learning to be disseminated and to scaling up the Consumer Goods Forum Collaboration for Healthier Lives program.

[Read more about this commitment](#)



## Inspiring people to cook

Our *Worldchefs Academy* is an online learning portal that provides free foundational-level culinary information to anyone interested in pursuing a career in the culinary industry. In 2019, 5177 young people were trained globally through the academy.



# Building, sharing and applying nutrition knowledge



## Our commitments to building, sharing and applying nutrition knowledge

- 22** Build and share nutrition knowledge from the first 1000 days through to healthy aging
- 23** Build biomedical science leading to health-promoting products, personalized nutrition and digital solutions

Our work on building, sharing and applying nutrition knowledge contributes to the following SDGs:



[How we map our material issues to the UN SDGs and their targets](#)

## Why it matters

The foods and beverages babies and children consume play a vital role in shaping their future health and development, both mentally and physically. In the same way, what we consume as adults can influence our health later in life. However, many babies, children and adults worldwide suffer from under-nutrition or over-nutrition, with potentially serious consequences, both for themselves and for society. By understanding more about these issues, we can develop products that help consumers of all ages to enjoy healthier, more nutritious diets.

## Our contribution

Through our global network of research and development centers, we study everything from maternal and children's health to healthy aging and pet care. We take a holistic approach that focuses on nutrition and physical activity, and their combined impact on health. This includes expanding our personalized nutrition work, which enables consumers to find the right nutritional solutions for their particular circumstances. Our work is helping us build a deep understanding of nutritional science and develop products that enable us to fulfill our purpose: enhancing quality of life and contributing to a healthier future.

Today, we have the most advanced science and innovation network in the food industry, with around 23 R&D locations and more than 3900 employees. In 2019, we invested CHF 1.7 billion in our research activities. We also collaborate with leading universities, research organizations, start-ups and other innovation partners. These partnerships help us widen our scope by generating new ideas that can help us address key public health challenges and much more.

We also continue to engage with, and support, healthcare and nutritional professionals around the world, providing training, disseminating information and learning, and facilitating the sharing of best practice.



# Sharing nutrition knowledge throughout life

## Our commitment

### Build and share nutrition knowledge from the first 1000 days through to healthy aging

#### Our objectives

**By 2020:** Build knowledge on the associations between nutrition and lifestyle, and biomarkers of health in mothers and children through the EpiGen collaboration

●●○ In progress

**By 2020:** Build further knowledge on dietary intake, eating behaviors and lifestyles in infants and children

●●○ In progress

**By 2020:** Develop a deeper understanding of dietary intake, preferences and lifestyle habits during aging

●●○ In progress

## Why it matters

It is well known that what we eat and drink as children sets the foundation for our adult lives. However, as we get older our nutritional needs change. At Nestlé, we carefully study the links between health and nutrition throughout all the stages of life – from babies and children to expectant mothers and healthy aging.

## What we are doing

Nestlé believes healthcare professionals are best placed to advise consumers on nutrition. We support and engage healthcare professionals (HCPs) around the world through communications, training, courses, workshops, websites and other initiatives.

Through our not-for-profit Nestlé Nutrition Institute (NNI), we share our cutting-edge, science-based nutrition content with HCPs, while our Medical Affairs division engages healthcare professionals and brings this knowledge to clinical practice.

**Improving the health of mothers and babies**  
We continued our work with the [EpiGen Global Research Consortium](#) on the NiPPeR (Nutritional Intervention Preconception and During Pregnancy to Maintain Healthy Glucose Metabolism and Offspring Health) metabolic health study in 2019. NiPPeR aims to establish whether specific combinations of nutrients and probiotics can improve the health of mothers and babies. Recruitment of study participants is now complete: more than 550 babies will be followed until they are

2 years of age. In 2019, we presented our study at two international congresses – the 10th International Symposium on Diabetes, Hypertension, Metabolic Syndrome and Pregnancy in Florence, Italy, and the International Diabetes Federation Congress in Busan, Korea.

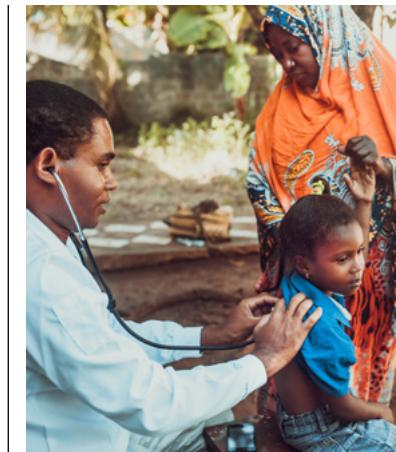
## Contributing to the knowledge of healthcare professionals

In 2019, in addition to our global [NNI website](#), we operated 18 local websites, reaching 373 653 registered healthcare professionals, scientists and nutrition practitioners across 178 countries. These included websites developed in French to make scientific knowledge accessible to French-speaking doctors in the Central and West Africa Region, a region where we have many projects to support local communities.

## Sharing knowledge with nutrition scientists

Nestlé actively participates in conferences, such as the 2019 Asian Congress of Nutrition, held in Bali, Indonesia. The conference attracted more than 3000 scientists from all over the world. Nestlé hosted three symposia and one plenary session, which included presentations from distinguished academics with whom we collaborate. Topics covered in the symposia included nutrient profiling of food, the double burden of malnutrition, and nutritional needs for Indonesian children.

[Read more about this commitment](#)



## Contributing to the knowledge of healthcare professionals

The NNI has supported fellowships for doctors from developing countries. For example, we have almost tripled the number of fully certified pediatric gastroenterologists we have trained in African countries, from 9 in 2011 to 27 in 2019.

[Read more online](#)



# Enhancing biomedical science

## Our commitment

### Build biomedical science leading to health-promoting products, personalized nutrition and digital solutions

## Our objectives

**By 2020:** Develop digital nutrition profiling for calculating nutrient intakes, as well as for making recommendations for nutritional balance, into a comprehensive tool to assist individuals and families to lead happier and healthier lives

● ● ○ In progress

**By 2020:** Develop new interventional nutritional solutions driven by studies and diagnostic profiling. These programs will focus on key areas such as metabolism, gastrointestinal and brain health, healthy aging, skin health and pets

● ● ○ In progress

## Why it matters

Around the world, people are living longer. However, healthcare systems may not be able to provide the support an older population requires. Biomedical science – which focuses on how cells, organs and systems function in the human body to help healthcare – enables us to understand, treat and help prevent disease at all stages through life. Our work also helps us see the role nutrition, as well as genetics, family history, environment and lifestyle, has in health and well-being.

## What we are doing

We are developing our work in nutritional profiling to enable more personalized solutions for consumers. Cellular nutrition – which uses plant nutrients to support cells in the body – and its potential benefits for health are also a key focus area. In particular, we are exploring its role in tackling aging.

## Developing personalized nutrition

In 2019, Nestlé Health Science expanded its operations into personalized nutrition with the acquisition of Persona, a leading US-based personalized vitamin business. Persona uses a proprietary algorithm, taking into account a consumer's lifestyle, history and individual needs, to develop a customized nutritional assessment. This enables consumers to discover the right nutritional solutions for their specific needs. Persona is expanding globally as Nestlé Health Science looks to increase its overall personalization portfolio.

## Developing a nutritional score for Nestlé website recipes

To help consumers prepare nutritionally balanced, home-cooked meals, we've developed a meal nutritional score for recipes on our website. Each recipe is rated based on daily nutritional requirements using a scientifically validated algorithm developed by Nestlé Research. Consumers can see how nutritionally balanced recipes are and, where needed, get suggestions for complementary dishes.

In late 2019, the system was piloted in Mexico and went live. To date, 96% of all recipes (more than 5000) on our Mexico website have a meal nutritional score. We plan to roll out the rating system to at least five more Nestlé recipe websites in 2020.

[Read more about this commitment](#)



## Combating aging through a new class of nutrition

Nestlé Health Science has invested in and partnered with Swiss-based Amazentis, licensing the rights to cutting-edge technology that uses nutrition to revitalize mitochondria, boosting cellular health.

[Read more online](#)



# For our communities

## Helping develop thriving, resilient communities



## 2030 ambition: To improve 30 million livelihoods in communities directly connected to our business activities

As demand for resources increases, we need to ensure a secure, long-term supply chain to safeguard the future of our business and local communities. That's why we work with farmers and suppliers across the world to develop thriving, resilient communities and sustainable agricultural techniques. To support our efforts, we divide our focus between the following three key areas.

### Enhancing rural development and livelihoods

Globally, demand for food is growing and eating habits and behaviors are changing, with increasing preference for plant-based, natural products. At the same time, agriculture faces many challenges, from an aging farming population to the effects of climate change. We want to help build a sustainable, long-term supply of ingredients. Through initiatives such as *Farmer Connect*, we aim to help farmers improve their livelihoods and increase their incomes, while our agripreneurship program trains a new generation of farmers and shows that agriculture can offer a viable career path for young people ([pages 25–30](#)).

Our global youth initiative, *Nestlé needs YOuth*, helped over **900 000 young people access economic opportunities** in 2019

### Respecting and promoting human rights

Respect for human rights is fully embedded in our company's purpose and values. There is no place for human rights abuses in our business or our supply chains. Upholding the human rights of everyone who works for or with us is essential to make our business activities and supply chains more resilient, stable and sustainable ([pages 31–35](#)).

### Promoting decent employment and diversity

A business thrives when it has a healthy, diverse and engaged workforce that reflects society. Cultural diversity makes businesses stronger, as it brings innovation and encourages different ways of thinking. We have a particular focus on gender balance and empowering women, while our new [Nestlé Global Parental Support Policy](#) extends gender-neutral support to primary and secondary caregivers. Through our *Nestlé needs YOuth* initiative, we tackle the serious global issue of youth unemployment, equipping young people with the skills they will need in tomorrow's workplace ([pages 36–39](#)).



# Enhancing rural development and livelihoods



## Our commitments to enhancing rural development and livelihoods

- 26** Improve farm economics among the farmers who supply us
- 27** Improve food availability and dietary diversity among the farmers who supply us
- 28** Implement responsible sourcing in our supply chain and promote animal welfare
- 29** Continuously improve our green coffee supply chain
- 30** Roll out the *Nestlé Cocoa Plan* with cocoa farmers

Our work on enhancing rural development and livelihoods contributes to the following SDGs:



[How we map our material issues to the UN SDGs and their targets](#)

## Why it matters

Demand for food is growing, but an aging farming population, climate change, poor agricultural practices, and old or diseased plants all present threats to sustainable supply chains. Many farmers and their families and communities live on low incomes and often have periods without sufficient food to sustain themselves. At the same time, not enough young people see agriculture as an attractive, viable option. These challenges must be overcome to meet demand and secure long-term supplies of the raw materials we use.

## Our contribution

As a major global food and beverage company, we can make a difference. By working closely with farming communities, civil society, industry peers and governments, we can identify the root causes of the challenges farmers face. Armed with this information, we can apply our [Theory of Change model](#), which enables us to focus our activities where they matter most and measure our impact against desired long-term outcomes.

Through *Farmer Connect*, we work directly with more than 550 000 farmers, helping them to grow and thrive. We place a special focus on agripreneurship, to identify and develop the most talented, progressive

farmers. Agripreneurship grows and improves key farming skills. It also plays a major role in making farming more attractive to young people as a viable career choice, helping to ensure a stable, long-term supply chain.

Encouraging farmers – especially smallholders in developing countries – to grow more protein-rich crops can be an important step in helping improve their own nutrition intake and diversifying income, as well as mitigating the effects of climate change. We have programs and training in place to help farmers and their families learn more about ways to improve their nutrition. Few companies in the food business are taking this kind of holistic approach to nutrition provision.

Consumers are also increasingly aware of issues around responsible sourcing in supply chains, wanting to ensure that the products they buy have been sourced ethically. This is particularly relevant to ensure human rights are upheld and the environment protected throughout our supply chain. Our policies and activities are intended to ensure that Nestlé sources ingredients only where workers' rights are protected and children have not been exploited. We also aim to ensure all animals in our supply chain are healthy and stress-free.



# Delivering impact through Farmer Connect

## Our commitment

### Improve farm economics among the farmers who supply us

#### Our objective

**By 2020:** Improve farm economics in seven priority sourcing locations based on the results of the *Rural Development Framework* baselines

In progress

#### Why it matters

Around the world, the farming population and the rural communities in which they live are aging. We can increasingly expect to see this impact our supply chain. Many farmers also face economic pressures resulting from historically low food prices and are dealing with the effects of climate change. We support farmers to meet these challenges. Our initiatives help make agriculture an attractive career choice for young people, which is essential to ensuring the long-term sustainability of our supplies.

#### What we are doing

Our *Farmer Connect* program, through which we work directly with more than 550 000 farmers, helps us to improve farm economics and ensure viable agriculture. To identify and prioritize local issues and suitable interventions, and measure the outcomes, we have adopted a Theory of Change (ToC) approach. Applied in our coffee and dairy supply chains, ToC enables us to address these issues and develop bespoke solutions.

At the heart of our activities is agripreneurship, our program for developing farmers – especially young farmers – who have the dynamism, skills and mindset to make their farms strong and sustainable businesses.

#### Improving farm economics around the world

Based on rural development assessments carried out to understand the needs of farmers who supply us, we are implementing programs to support them in seven priority locations. Having had results from four of the locations in 2018, we obtained results from the three remaining countries – China, India and Pakistan – in 2019.

#### Developing agripreneurs

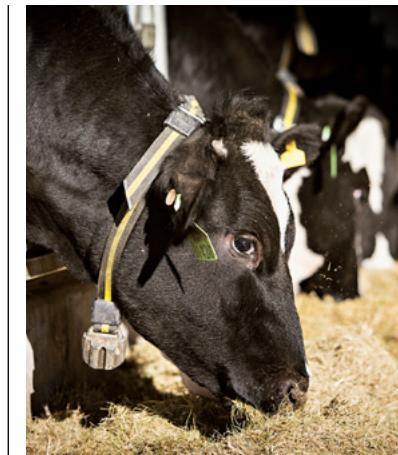
Each year, we provide training to more than 400 000 farmers. Around 20 000 are identified as potential agripreneurs – those with the progressive attitudes necessary to grow and develop their farms as successful future businesses. As well as developing their own farms, they can pass their training on to other farmers, empowering them and supporting wider communities.

This will also help build generations of loyal, successful farmers, creating stability in farming practices and supply chains, and high-quality produce.

#### Creating sustainable farming methods

Today, sustainable, economically viable farming must also address material issues such as soil health, biodiversity and water. Agripreneurship trains farmers in methods to mitigate the impacts of climate change on these issues, especially through reducing greenhouse gas emissions and reducing their carbon footprint.

[Read more about this commitment](#)



#### Ensuring healthy dairy cows in Brazil

Animal welfare is essential, and we want to source ingredients only from stress-free, healthy animals. In Brazil, our *Nido* brand is piloting an initiative called *CowSense* that uses sensors to assess the movement, contentment and stress levels of dairy cows so we can implement measures to eliminate elements that cause stress.

[Read more online](#)



# Improving farmers' diets

## Our commitment

### Improve food availability and dietary diversity among the farmers who supply us

## Our objective

**By 2020:** Improve food availability and dietary diversity in five priority sourcing locations, based on the results of the *Rural Development Framework* baselines

● ● ○ In progress

## Why it matters

Our *Rural Development Framework* assessments showed that shortage of food can be a major problem for many farmers and their families – up to 70% may spend up to three months each year without enough food. Moreover, many farmers lack diversity in their diets, with insufficient protein and nutrient-rich foods like dairy, fruit and vegetables. A stable, long-term supply chain requires healthy farmers and farming communities, and improving their diets is an important contribution to achieving that.

## What we are doing

### Our priority locations

Nutrition and food security for farmers is a complex problem with no easy solutions. We have initiated tailored pilot programs to address challenges in Kenya, Mexico and the Philippines, with further programs in Indonesia and Côte d'Ivoire either in place or in development.

### Boosting kitchen gardens in Kenya

In Kenya, we continue to train farmers and their partners in better nutrition. In 2019, we developed plans to help connect farmers with local markets and reduce waste and improve food availability through better food preservation methods. We are also fostering the use of kitchen gardens, providing seeds to farmers to help them grow nutritious vegetables that are more resilient to climate change and dry seasons, as well as providing nutrition and cookery advice.

## Supporting coffee communities in Mexico

We are working with the Bancos de Alimentos de México (BAMX) to extend its food bank operations into the rural coffee communities and to implement an Impact Evaluation to measure results, particularly on mothers and young children. In 2019, 8553 households benefited from this work.

## Providing clean water in Indonesia

Poor sanitation must be addressed alongside nutritional interventions. The Indonesian community empowerment program is focused on providing clean water to communities. We have built 8 clean water access points in 4 districts (cocoa and dairy), reaching 2123 households.

## Empowering women in Côte d'Ivoire

In Côte d'Ivoire, women often do not have access to economic opportunities. We are working with the [FarmStrong Foundation](#) to help women set up their own businesses, improving their livelihoods and their household incomes.



[Read more about this commitment](#)



## Tackling food insecurity in the Philippines

Our assessments found that 77% of farmers in the Philippines experience food shortages at some point each year. To help address this, we train farmers in more productive farming practices, such as diversification and increasing yields. Among the initiatives are developing the keeping of poultry for consumption and implementing our [Nestlé for Healthier Kids](#) program to help ensure children eat well.



[Read more online](#)



# Implement responsible sourcing

## Our commitment

### Implement responsible sourcing in our supply chain and promote animal welfare

#### Our objectives

**By 2020:** For Tier 1 suppliers, over 80% of the total spend and volume sourced from audited and compliant suppliers

● ● ○ In progress

**By 2020:** For upstream, 80% of the spend and volume of our priority categories to be traceable and 70% to be responsibly sourced

● ● ○ In progress

## Why it matters

A secure supply of high-quality agricultural ingredients is essential to ensuring the long-term sustainability of our business. Our responsible sourcing program plays a key role toward achieving this. It helps us to know where our ingredients come from and how they are produced, and to address environmental and social issues such as deforestation, human rights and animal welfare. Through responsible sourcing practices, we can have a positive social and environmental impact on the communities with which we work.

## What we are doing

We work with our suppliers and partners to address supply chains risks. However, real transformation requires working beyond our own supply chains. We are collaborating with NGOs and industry peers to create sector-wide approaches, share know-how and bring solutions to scale.

## Driving transparency

We believe that disclosing information about the sourcing of high-risk commodities is essential to build trust and ensure accountability. We have published a list of direct suppliers, upstream locations and countries of origin, as well as total volume sourced, for our [15 raw materials](#). We also advocate increased transparency, and harmonized disclosure and reporting at industry level.

## Tackling deforestation

Over the past 10 years, we have invested in ending deforestation across our supply chain. We have developed an integrated approach, combining supply chain mapping, certification, on-the-ground verification, satellite monitoring and landscape projects.

By the end of March 2019, 76% of our raw materials, including soya, sugar, meat, pulp and paper, and palm oil, were verified deforestation-free. While we will not be able to meet our target of raw materials being completely deforestation-free by 2020, primarily due to not wanting to exclude smallholders and small-scale farmers from our supply chain, we do expect the figure to be above 90%. We will continue to work with smallholder farmers and large suppliers to be close to 100% deforestation-free within the next 3 years. Read more about [our work to eliminate deforestation from our supply chains](#).

## Promoting human rights in our supply chains

Human rights abuses have no place in our business activities; respect for human rights is embedded in our values, activities and policies. However, some of the most pressing human rights challenges are found in global agricultural supply chains. We have developed a set of salient issues to help us maximize our impact and are training all our employees on human rights. By taking action to respect and promote the rights of workers in our supply chains, we can transform the lives of the most vulnerable. Read more about [how we assess and address human rights impacts across our business](#).

## Promoting animal welfare

We made good progress in 2019 on our commitment to source only cage-free eggs in Europe by 2020 and are on track to meet our target of 100%. We are working with the [Global Coalition for Animal Welfare](#) to explore how this commitment could be expanded to the rest of the world.



[Read more about this commitment](#)

## Raw materials that are responsibly sourced, % of the volume of our priority categories



## Raw materials that are traceable, % of the volume of our priority categories





# Responsible coffee sourcing

## Our commitment

### Continuously improve our green coffee supply chain

#### Our objectives

**By 2020:** 70% of the total Nescafé coffee supply to be responsibly sourced

In progress

**By 2020:** Nescafé to improve the quality, quantity and sustainability of its coffee supply chain by distributing 220 million coffee plantlets

In progress

**By 2020:** Nescafé to improve coffee farm economics in at least four coffee-sourcing countries

In progress

**By 2020:** Nescafé to monitor and improve labor rights in at least two coffee-sourcing countries

In progress

**By 2020:** Source toward 100% of the coffee for Nespresso's permanent range through its AAA Sustainable Quality Program on coffee sourcing

In progress

## Why it matters

Coffee is one of Nestlé's most important commodities. Globally, demand for coffee continues to rise, but with limited arable land available and with other crops competing with coffee for space, there are considerable challenges for producers. Further significant challenges include low coffee prices, primarily resulting from temporary oversupply, and the effects of climate change in coffee-growing regions across the world.

## What we are doing

As per the [Coffee Barometer report 2018](#), Nestlé's program to responsibly source coffee and improve farmer livelihoods and coffee landscapes is the largest in the world. Our Nescafé Plan and Nespresso AAA Sustainable Quality Program represent a CHF 78.2 million investment in 2019.

We remain on track to meet our 2020 targets. In 2019, 65% of our total coffee supplies was responsibly sourced, with some major markets, such as Brazil, Japan and Thailand, making significant advances. During the year, we also passed the milestone of 200 million improved coffee plantlets distributed to growers.

The share of coffee in Nespresso's permanent range sourced through the Nespresso AAA Sustainable Quality Program reached 95% in 2019, keeping us on track to achieve our 2020 objective. We are also positioned to meet our target of planting 5 million trees in AAA coffee farms and landscapes to combat climate change.

## Improving farmer economics through the Nescafé Plan

Our field programs, which we have developed through the *Nescafé Plan*, support measurable improvements in productivity and quality. Together with our partners on the ground, we continue to train farmers in best agricultural practices, cost management and business skills. In 2019, 7228 farmer training sessions were carried out.

Thanks to our partnership with the Rainforest Alliance, we measure our impact in 12 countries, enabling us to support the revitalization of coffee farms and achieve better results for farmers and the environment.

## Improving labor rights in Mexico and the Philippines

We worked with two NGOs, [Verité](#) and [Certificadora de Productos Sustentables](#) (PPS), in 2019 to improve workers' labor rights in Mexico, and partnered with coffee certifier [4C Services](#) to conduct a scoping study in the Philippines. PPS then visited 293 medium to large farms during harvest time to carry out specific labor rights assessments. Nine farms within, or related to, our supply chain were identified with Child Labor risks at the time of the visits. From these nine farms, we requested our suppliers to remove five from our value chain. For the remaining four, corrective actions were undertaken and followed up locally as a condition for these farms to continue supplying us coffee. In the Philippines, 4C Services identified issues including noncompliance with local minimum wage legislation and a low level of school enrolment. We are assessing the situation and identifying root causes and potential solutions to address and rectify this.

[Read more about this commitment](#)



## Reviving coffee growing in Zimbabwe

Through its *Reviving Origins* program, *Nespresso* invests in reviving coffee production in regions that have been blighted by conflict, economic hardship or environmental disasters. In 2019, we launched two new coffees, *Zimbabwe* and *Cafécito de Puerto Rico*, bringing to life the work carried out with farmers in these regions.

[Read more online](#)



# Nestlé Cocoa Plan

## Our commitment

### Roll out the Nestlé Cocoa Plan with cocoa farmers

## Our objectives

**By 2025:** Source all cocoa for Nestlé confectionery through the *Nestlé Cocoa Plan*

● ○ ○ **New**

**By 2020:** Source 230 000 tonnes of cocoa through the *Nestlé Cocoa Plan*

○ ○ ○ **Discontinued\***

## Why it matters

The *Nestlé Cocoa Plan* aims to help farmers address the challenges they face through three pillars – better farming, better lives and better cocoa. Activities such as training in better agricultural practices, distributing higher-yielding plants, promoting gender equality and tackling child labor help farmers to improve the quality of their products as well as their income and livelihoods.

## What we are doing

Through the *Nestlé Cocoa Plan*, we have announced we intend to source 100% of the cocoa for Nestlé confectionery – around 300 000 tonnes – by 2025 and so will continue our tonnage growth. This renewed objective was introduced as we will not meet our previous 2020 objective of sourcing 230 000 tonnes of cocoa through the *Nestlé Cocoa Plan*.

### Tackling deforestation

Deforestation remains a major issue in cocoa regions, and Nestlé continues to be part of the Cocoa & Forests Initiative to combat this. We distributed over 420 000 shade trees globally in 2019 and completed the mapping of all *Nestlé Cocoa Plan* farmers in Côte d'Ivoire and Ghana. Read more about [our approach to deforestation](#).

### Better farming

#### Improving farming practices

We continued our focus on farmer coaching and pruning. So far, 729 farms have been pruned, which will result in increased yields and incomes. Farmer demonstration plots have shown up to a threefold productivity increase.

We made further progress on distributing new, higher-yielding cocoa plants to farmers in Ghana, but in Côte d'Ivoire the government does not allow companies to distribute planting material.

## Better lives

### Tackling child labor

In 2019, we released our second [Report on Tackling Child Labor](#), providing further insights into the progress made by our Child Labor Monitoring and Remediation System (CLMRS).

The number of children leaving child labor – being free from carrying out hazardous tasks across two inspection visits in six months – increased to 2459 (29% of children who have received two visits) in 2019. Our focus on education saw four more schools refurbished or built, and we maintained our cooperation with the [Jacobs Foundation](#) on bridge schools, helping at-risk children reintegrate into normal schools.

## Better cocoa

### Certification challenges

Some of our co-operatives failed certification audits in 2019 and despite assistance were unable to pass re-audits. This is unfortunate both for the farmers and for Nestlé, but is a result of more rigorous auditing, which is in the long-term interest of the credibility of certification.



[Read more about this commitment, including detailed information on the \*Nestlé Cocoa Plan\* KPIs](#)



## Helping cocoa communities save

The Village Savings and Loans Association (VSLA) program enables communities to save, invest and loan to those needing assistance. Currently, 2773 farmers within the *Nestlé Cocoa Plan* participate in VSLAs.

[Read more online](#)

\* Despite significant progress, we will not meet our 2020 objective and so have revised our plans and announced a renewed objective for 2025



# Respecting and promoting human rights



## Our commitments to respecting and promoting human rights

- 32** Assess and address human rights impacts across our business activities
- 33** Improve workers' livelihoods and protect children in our agricultural supply chain
- 34** Enhance a culture of integrity across the organization
- 35** Provide effective grievance mechanisms to employees and stakeholders

Our work on respecting and promoting human rights contributes to the following SDGs:



[How we map our material issues to the UN SDGs and their targets](#)

## Why it matters

Human rights abuse has no place in all our activities. We take our responsibility to ensure human rights are respected and upheld throughout our value chain very seriously. Safeguarding the people who work for or with us helps build a resilient, stable and sustainable supply chain. It is an essential part of how we as a business live our values.

## Our contribution

Our human rights work is embedded in our activities and policies, supported by training on key topics for all employees. Our biggest challenges are found in our supply chains, and we have a particular focus on addressing these issues.

Tackling human rights abuses requires a collaborative effort with suppliers, governments, NGOs and other stakeholders. In particular, we work closely with expert organizations such as the [Danish Institute for Human Rights](#) (DIHR), the [Fair Labor Association](#) (FLA), the [International Cocoa Initiative](#), [Verité](#), [Issara Institute](#), [Earthworm Foundation](#) and [Proforest](#). These collaborations help us understand the challenges and their underlying causes. Together, we design and implement interventions that have a real impact.

Issues around human rights go far beyond any company's supply chain, and solving them is a long-term challenge. In 2019, the FLA created a new committee dedicated to agricultural supply chains to coordinate efforts on these issues. As a business that has been working with the FLA and others to lead on human rights for many years, Nestlé has been appointed to chair this new committee, enabling us to drive its future work across the industry.



# Assess and address human rights impacts

## Our commitment

### Assess and address human rights impacts across our business activities

#### Our objectives

**By 2018 (2020):** Carry out six human rights impact assessments in our upstream supply chain\*

● ● ○ In progress

**By 2019:** Have a functioning governance structure in place in all markets that looks after human rights risks and opportunities

● ● ● Achieved

**By 2020:** Train all Nestlé employees on human rights

● ● ○ In progress

## Why it matters

Our values embed respect for the human rights of everyone who works for or with us, throughout our business activities. We believe that upholding the human rights of everyone who works for or with us is essential to making our business activities and supply chains more resilient, stable and sustainable.

## What we are doing

Working with the Danish Institute of Human Rights (DIHR), we have identified a set of 11 salient human rights issues. These are the issues that carry the risk of the most severe negative impact (defined by the scope, scale and remediability of the impact) on rights holders through our activities and business relationships, and that have the highest likelihood of occurrence.

We are currently reviewing these issues, determining how we can focus our activities for the biggest positive impact. We are developing a list of sites, commodities and geographies where our salient issues arise, to ensure the risks are measured and tangible action plans are in place.

## Rolling out human rights training

Throughout 2019, we continued to roll out our human rights training program, developed with the DIHR. 23 708 additional employees received this training in 2019. We will continue to train as many employees as possible; however, we will not meet our objective of training all Nestlé employees on human rights by 2020. While the program was initially developed as an online training tool, two-thirds of our employees do not have access to computers, so an offline platform has also been developed.

## Implementing action plans

We have continued to work with partners to implement action plans. We have made much progress on child labor in Côte d'Ivoire and Ghana, as well as in our hazelnut supply chain in Turkey.

## An effective governance structure

A toolkit for Market Compliance Officers to support the establishment of a governance structure to manage risks and opportunities associated with human rights at market level was launched in 2018. As of 2019, all markets have the structure in place.

[Read more about this commitment](#)



## Tackling child labor in our cocoa supply chain

All chocolate for *KitKat* is sourced through the [Nestlé Cocoa Plan](#). Through our *Cocoa Plan* we work to improve the lives of farmers and address the root causes of child labor in our cocoa supply chain.

[Read more online](#)

\* Our partner the [Fair Labor Association](#) has an ongoing program of assessments in our upstream supply chain, which will inform our human rights work. Because of this, we have extended this objective to 2020



# Protecting workers and children

## Our commitment

### Improve workers' livelihoods and protect children in our agricultural supply chain

## Our objective

**By 2020:** Start reporting on the number of workers in agricultural supply chains having benefited from our interventions on all salient labor rights issues

● ● ○ In progress

## Why it matters

Nestlé is opposed to all violations of human rights, including breaches of labor rights. In total, 7 of our 11 salient issues involve labor rights and are associated with our agricultural supply chains. We have a particular focus on protecting children so they can gain an education to help them and their communities have better futures.

## What we are doing

### Tackling child labor

Our second [Report on Tackling Child Labor](#) confirms that our Child Labor Monitoring and Remediation System (CLMRS) is working well. By the end of 2019, we had identified more than 20 000 cases of child labor, issues we could not have identified before the CLMRS was implemented. The high number of cases illustrates the deep-rooted nature of the issues, which go far beyond our own supply chain. It also demonstrates the effectiveness of our system in identifying them – without which they cannot be addressed. This information provided through our CLMRS means we are able to address incidences of child labor more effectively.

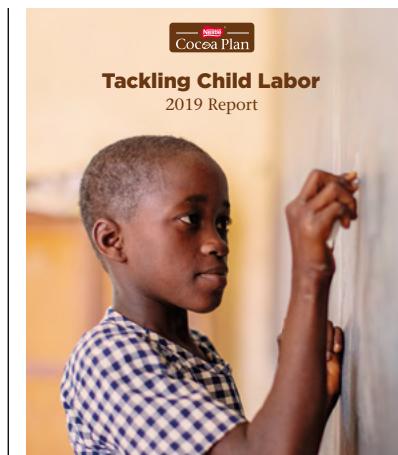
The report also details our remediation activities, such as providing birth certificates and access to education. CLMRS means that Nestlé can assess the magnitude of the issue of child labor in the supply chain. Our child labor report is part of our efforts to be as transparent as possible about the issue, the causes and the actions we take to address it. [Read more about our work in the cocoa supply chain.](#)

## Providing effective grievance mechanisms

We work with suppliers and partners to ensure workers in our supply chain have access to effective grievance mechanisms, and we are using new technology to strengthen this. In 2019, we piloted a project reaching nearly 6000 workers at Sime Darby Plantation, a palm oil supplier in Malaysia. The system uses a cutting-edge mobile platform to assess human rights risks, deliver mitigation plans and track progress, while workers can access communication channels in the form most appropriate for them. In Thailand, we are working with the [Issara Institute](#) to give workers access to a smartphone app that provides them with shared information, advice and support. [Read more about our work to promote human rights.](#)



[Read more about this commitment](#)



## Reporting on child labor

Our second [Report on Tackling Child Labor](#) in our cocoa supply chain was published in December 2019. Covering sourcing in Côte d'Ivoire, the report highlights the scale and root causes of child labor, and our efforts to provide remediation for children and families.



[Read more online](#)



# Our culture of business ethics and integrity

## Our commitment

### Enhance a culture of integrity across the organization

#### Our objectives

**By 2019:** Markets reinforcing compliance as a leadership responsibility based on a corporate toolkit for training managers on business integrity



**By 2020:** A proactive review is conducted for our compliance activities and policies in light of our evolving product portfolio



#### Why it matters

A strong culture of business ethics and integrity is an enabler for our business and operations, enhancing and strengthening a mindset of 'doing the right thing for the right reason'. Through this, we continuously foster creating shared value for our business and activities, as well as for our consumers, shareholders and communities.

#### What we are doing

We believe there are two key elements for compliance:

1. Enabling and protecting: our *Compliance Program* is an enabler for Nestlé's business and operations and protects Nestlé's reputation.
2. Doing the right thing, for the right reason, based on respect and mutual trust.

We encourage employees and external stakeholders to report any practice or behavior at Nestlé that is inappropriate or illegal. We believe that businesses only thrive when they are ethically sustainable and reflect stakeholder needs.

We also continually foster a culture of compliance, including statements from Market Heads, Compliance Officers' annual messages to employees, campaigns, posters and newsletter articles. This reinforces a 'speak up' culture and awareness, as well as trust in the *Nestlé Integrity Reporting System*.

#### Reinforcing compliance through leadership

Our corporate toolkit is now available to all managers, encouraging them to reflect on their role as leaders. This toolkit can be accessed globally through an e-learning platform and by new employees as part of their induction program. Developed in English, the materials can be translated by markets according to their needs.

The toolkit includes actual (adapted) case studies, as well as press articles and videos of further examples and discussions. The training reinforces the roles and responsibilities of leaders to do the right thing.

#### Measuring compliance through CARE audits

Our compliance audit program, CARE, independently assesses compliance with key principles. [Detailed information on the audit findings](#).

[Read more about this commitment](#)

#### CARE audits 2019

<b>Audits carried out</b>	<b>198</b>
<b>Locations covered</b>	<b>362</b>
<b>Improvement opportunities (gaps) identified</b>	<b>293</b>
<b>Gaps closed in year</b>	<b>125</b>

[Read more online](#)



# Grievance mechanisms and remediation

## Our commitment

### Provide effective grievance mechanisms to employees and stakeholders

## Our objectives

**By 2019:** Review grievance systems' effectiveness with internal and external stakeholders to define improvement opportunities



**By 2020:** Grievance systems improvements implemented in pilot markets



## Why it matters

To uphold mutual trust and respect and ensure a sustainable supply chain, it is essential that employees and other stakeholders have access to safe, effective grievance mechanisms. These mechanisms must ensure remediation for any violations that are substantiated.

## What we are doing

In 2019, we carried out a major review of the effectiveness of our external (*Tell us*) and internal (*Nestlé Integrity Reporting System*) grievance mechanisms, including a three-year trend analysis of grievances.

The review confirmed the systems' overall effectiveness, with some learning points. For example, while there is active use of the systems in some countries, others have low volumes of complaints. We are working to understand this and build sufficient trust in the system. There is also a potential lack of knowledge and awareness of the *Integrity Reporting System* in some countries. To address this, we reinforced a 'speak up' culture and communication around the *Nestlé Integrity Reporting System* in some countries in 2019.

In all cases, we have effective remediation processes, including action plans and communication back to employees on actions taken. We use benchmarks for the number of messages received and substantiation rates.

## Engaging employees on our internal reporting system

In 2019, we received 1740 messages through the *Integrity Reporting System*, covering issues including abuse of power and/or mobbing/bullying, labor practices and discrimination. We also received 1360 questions from employees seeking compliance advice, demonstrating that employees are engaging with the system.

## Raising awareness of our external reporting channel – Tell us

*Tell us* is an independently operated system available to all stakeholders. We have been scaling up awareness of the program through the [Nestlé website](#).

In 2019, we worked closely with Nestlé's Public Affairs and Nestlé Waters' Sustainability teams to incorporate *Tell us* into *Customer Relation Program* guidance and questionnaires used by Nestlé Waters. Communication pilots are currently planned for Nestlé Waters factories in five countries, using existing channels. In collaboration with our Responsible Sourcing team, we are working on the visibility of the existing systems in our value chain. Our aim is to build an overall picture of the various grievance mechanisms in use, review their effectiveness and evaluate the way forward.

[Read more about this commitment](#)

## Nestlé Integrity Reporting System (2019)

Number of messages received	1740
Number of cases closed	1496
Number of cases substantiated	474

## Tell us (2019)

Number of messages received	1178
Number of cases closed	907
Number of cases substantiated	53

[Read more online](#)



# Promoting decent employment and diversity



## Our commitments to promoting decent employment and diversity

- 37** Roll out our *Nestlé needs YOuth* initiative across all our operations
- 38** Enhance gender balance in our workforce and empower women across the entire value chain
- 39** Advocate for healthy workplaces and healthier employees

Our work on promoting decent employment and diversity contributes to the following SDGs:



[How we map our material issues to the UN SDGs and their targets](#)

## Why it matters

Nestlé employs more than 291000 people around the world, from over 150 nationalities. Our products are sold in 193 countries, and we have more than 400 factories in 85 countries across the globe.

A business thrives when it has a healthy, diverse and engaged workforce that reflects society. Cultural diversity makes businesses stronger, bringing innovation and encouraging different ways of thinking. However, women continue to be under-represented across the world, in business management and agricultural communities alike. At the same time, levels of youth unemployment are high, contributing to global poverty and damaging communities and their futures. For businesses like Nestlé, supporting young people to find employment, training and skills is essential to securing a pipeline of future talent to ensure long-term success.

## Our contribution

Diversity and inclusion are embedded in our practices at all levels throughout our operations. They were defined as being among our priorities for 2019 and included as a topic at the [Nestlé stakeholder convening](#) in March for the first time. Nestlé was also included in the [Bloomberg Gender-Equality Index](#).

We have a particular focus on gender balance. Through our [Nestlé Gender Balance Acceleration Plan](#), we aim to increase the

proportion of women in top senior executive positions to 30% by 2022, championing equality throughout our business. We also run programs and initiatives designed to empower women throughout our value chain.

Youth unemployment is a priority issue for Nestlé. We participate in a number of initiatives across the world to help tackle youth unemployment, part of our ambition to help 10 million young people access economic opportunities by 2030. We believe this is very much an issue where the private sector can make a significant contribution. As a major employer globally, we are in a position to provide training and skills development to help equip young people for the workplace of the future.

Our [Nestlé Global Parental Support Policy](#), launched in 2019, is a progressive policy that recognizes the diverse structures of modern families. The new policy provides gender-neutral parental support for all employees. Primary caregivers will be entitled to 18 weeks' support (an increase from 14), and secondary caregivers, who previously had no entitlement to leave, are now guaranteed 4 weeks' leave.



# Opportunities for young people

## Our commitment

### **Roll out our Nestlé needs YOuth initiative across all our operations**

## Our objective

**By 2020:** Nestlé needs YOuth initiative commits to deliver:

- 45 000 to 50 000 apprenticeship and traineeship opportunities
- Continued readiness-for-work events globally, with an increasing number of employees involved in such events
- Enhanced collaboration with external partners to motivate them to join and to increase impact
- 20 000 to 25 000 job opportunities for people under 30 years of age every year

● ● ○ In progress

## Why it matters

Around the world, more than 170 million people are unemployed ([International Labour Organization](#)), of whom more than one-third are aged between 15 and 24. We believe that the private sector has an important role to play to equip young people for their future. Nestlé, as a major employer, can make a positive difference, providing employment, training and skills development opportunities. Through apprenticeships, training programs and other initiatives, we equip young people with essential skills for the workplace.

## What we are doing

Nestlé needs YOuth, our [global youth initiative](#), focuses on three Action Areas:

- Employment and employability, providing apprenticeships, internships, training and job opportunities for young people.
- [Agripreneurship](#), aimed at developing the next generation of farmers.
- Entrepreneurship, which supports young people to become entrepreneurs and sponsors sustainable entrepreneurial projects.

In 2019, Nestlé needs YOuth helped 900 000 young people around the world.

## Launching the Global Alliance for YOuth

Over the past three years, the Alliance for YOuth has offered more than 215 000 jobs, apprenticeships and traineeships to young people in Europe and, more recently, South America. In 2019, it expanded worldwide with the launch of the Global Alliance for YOuth at the World Economic Forum in Davos, Switzerland.

The Global Alliance for YOuth is a business-driven movement, with 20 founding members: ABB, Adecco, BBVA, Cargill, Cemex, Engie, EY, Facebook, Firmenich, Mercer, Mastercard, Microsoft, Nestlé, Nielsen, Publicis, Rockwell Automation, SAP, Starbucks, Vodafone and White & Case. These organizations are passionate about working together to help young people around the globe get the necessary skills to thrive in the world of work, today and tomorrow. The Alliance has so far supported 10 million young people to build employability skills and aims to help 15 million by 2022.

[Read more about this commitment](#)



## Developing tomorrow's entrepreneurs

Working with [Ashoka](#), the world's leading social entrepreneurs network, as well as [SociaLab](#), which supports socially oriented businesses, and UNESCO, we organized the 'Comprometidos' Challenge for young entrepreneurs in Latin America. Teams were invited to find solutions to issues such as sustainable packaging, education and digital transformation, with more than 700 entries from 19 countries. Ten finalists took part in a week of training in Buenos Aires to accelerate their ideas and received online mentoring. The winning team will be announced in 2020.



# Empowering women

## Our commitment

**Enhance gender balance in our workforce and empower women across the entire value chain**

## Our objective

**By 2020:** The livelihoods of women have been improved in five priority sourcing locations

● ● ○ In progress

## Why it matters

From under-representation and a lack of equal pay in business management to restricted access to training, tools and finance for agricultural workers, women continue to face challenges throughout the global workplace. Building gender equality and supporting women's rights, education and empowerment are critical to creating shared value for our business. Throughout our value chain, we work to tackle the challenges women face, with particular focus on our five priority sourcing locations – Brazil, India, Iran, Kenya and Rwanda.

## What we are doing

### Accelerating gender balance in our business

Having achieved our 2018 objective of increasing the managerial positions in Nestlé held by women, we launched our [Gender Balance Acceleration Plan](#) in March 2019. The plan aims to increase the proportion of women in the group's top 200 senior executive positions to 30% by 2022. Read more about how Nestlé is supporting [women's empowerment](#).

## Improving women's livelihoods

We remain on track to achieve our 2020 objective to improve women's livelihoods in the priority locations.

In Brazil, Iran and India, we are surveying farmers to assess the levels of equality in our supply chain. The surveys explore issues such as the tasks carried out by men compared to those carried out by women and pay differences. We are also working to improve the livelihoods of women in our hazelnut supply chain in Turkey. Find out more about our work in our [hazelnut supply chain](#).

Many [more examples](#) of our activities and [initiatives](#) across our business and value chain to empower women can be read online.

[Read more about this commitment](#)



## Empowering women in coffee communities

Through the [Nescafé Plan](#), we are working with our partner [Coffee Management Services](#) to empower 5000 women coffee farmers in Kenya and a further 1800 in Rwanda. Having trained participants in co-operative leadership, coffee production, confidence building and self-development, we are now focusing on supporting them on sustainable, efficient coffee growing. In all, we aim to support more than 18 000 coffee farmers over three years.



# Workplace health and safety

## Our commitment

### Advocate for healthy workplaces and healthier employees

## Our objectives

**By 2020:** Offer our employees education, early screening and programs that support healthier lifestyle choices

● ● ○ In progress

**By 2020:** Continue leading through industry forums

● ● ○ In progress

## Why it matters

Nestlé's purpose of 'enhancing quality of life and contributing to a healthier future' begins with each and every one of us. Our aim is to inspire our employees to make informed decisions about their health and safety.

## What we are doing

### Supporting employees' health

We made good progress toward our commitment in 2019 through our three major global programs – *Know Your Numbers* (KYNP), #*HealthyLives* and *Stress and Resilience*.

KYNP is designed to help us better understand our employees' health profile and the impact of health issues on productivity so we can design evidence-based interventions. The program includes an initial screening (biometrics and health risk assessment), followed by professional guidance leading to targeted health support. By the end of 2019, KYNP was available to 73% of employees, who can choose whether or not they wish to participate. The program has been particularly successful in Brazil, where there are already 13 421 participants (92%), and in Turkey, with 1321 employees (79%) taking part. Read more about [KYNP](#), [#HealthyLives](#) and [Stress and Resilience](#).

Nestlé's proactive approach to health includes participating in key external forums and networks. In 2019, we:

- Continued to be part of the [Consumer Goods Forum](#), as a member of the Employee Health & Wellbeing working group, with other food and beverage companies. Participants share expertise and best practices, producing resources such as guidelines and toolkits to support members in the implementation of health and well-being initiatives for employees.
- Hosted the European Health Network conference, enabling industry experts to exchange best practices and to drive the employee health agenda forward.
- Participated in Mental Health and Well-being – Impact on Business, a conference in Barcelona, where Nestlé was invited to present its approach to mental health.

### Promoting safety in the workplace

In early 2019, we developed and deployed *Caring Leadership in Safety* (CLiS) to simplify and improve safety effectiveness; within 5 months, 13 markets had adopted CLiS. This program will continue to be deployed in all markets.

During the year, we incorporated data on near misses with high-risk potential into our safety and health performance analysis, enabling us to identify preventative measures across the value chain.

[Read more about this commitment](#)



### Encouraging employees to eat healthier

Through our #*HealthyLives* training program, we are encouraging our employees to make healthier food and drink choices at work. To support this, 96% of our canteens now offer a healthy meal option.



## For the planet

### Stewarding resources and the environment



## 2030 ambition: To strive for zero environmental impact in our operations

Our business must contribute to ensuring that society lives within planetary boundaries. This means protecting biodiversity and natural resources while encouraging others to act responsibly. Our ambition is to strive for zero environmental impact in our operations. We have public commitments to use responsibly sourced ingredients and renewable resources, operate more efficiently, eliminate waste and manage water responsibly.

It is important that we target our efforts to tackle the most pressing environmental issues, including the impact of plastic packaging, deforestation, the use of resources and the loss of biodiversity. These specific focus areas are all part of our broader environmental ambitions and the following three impact areas.

### Caring for water

Water is a precious resource that we are committed to protecting. We believe access to water is a basic human right. Through our *Caring for Water* initiative, we are upgrading our facilities to reduce water use while also working with suppliers, especially in our agricultural supply chains, to improve water use efficiency. We engage with key stakeholders in communities where we operate to improve access to potable water and hygiene services ([pages 41–45](#)).

A third of our factories (189) now use **100% renewable electricity**

### Acting on climate change

Climate change cannot be addressed without driving transformative action. In 2019, we committed to achieve zero net greenhouse gas (GHG) emissions by 2050. We are speeding up the transformation of our product portfolio to include more climate-friendly ingredients. We are also focusing on scaling up renewable energy use and developing agricultural initiatives for carbon storage, reforestation and biodiversity protection. Taking these steps will help us to cut our GHG in line with the ‘Business Ambition for 1.5°C’ pledge we signed ([pages 46–48](#)).

### Safeguarding the environment

Our business relies on healthy forests, soils and oceans for the supply of ingredients. As such, we are committed to protecting natural resources and biodiversity and minimizing our environmental impact. We work with industry partners to address biodiversity loss and we are committed to achieving deforestation-free supply chains. As part of our vision for a waste-free future, our packaging institute is instrumental to achieving our 2025 aim of 100% recyclable or reusable packaging ([pages 49–53](#)).



# Caring for water



## Our commitments to caring for water

- 42** Work to achieve water efficiency and sustainability across our operations
- 43** Advocate for effective water policies and stewardship
- 44** Engage with suppliers, especially those in agriculture
- 45** Raise awareness on water conservation and improve access to water and sanitation across our value chain

Our work on caring for water contributes to the following SDGs:



[How we map our material issues to the UN SDGs and their targets](#)

## Why it matters

As the climate changes, water-related issues will continue to grow in importance. While this is a global issue, the impacts are felt on a very local level, with droughts in some localities and flooding in others. Farmers rely on water to grow the crops we source for our ingredients, making water-related risks a critical issue for us – one that we want to alleviate.

The uneven distribution of water availability worldwide is compounded by demographic changes such as population growth and urbanization. These factors are putting increasing strain on available water sources, with only 7 in 10 people able to access safely managed drinking water services and 4 in 10 having access to safely managed sanitation services ([WHO/Unicef](#)).

## Our contribution

Preserving water resources is not something one company can do alone. Reducing strain on water requires the collaboration of a range of partners, from suppliers to governments and civil society. To target our actions, we launched in 2018 a flagship initiative, *Caring for Water*. We have created a playbook that outlines all the tools and information needed to implement and deliver on water stewardship

as a company. Our efforts are externally reviewed, and we received a score of 100 in the Water-Related Risks section of the 2019 Dow Jones Sustainability Index.

We are driving change within our operations, investing in technologies to improve the water efficiency of our manufacturing processes. However, our efforts do not stop at our own operations. We engage actively with suppliers, stakeholders and local communities to develop and implement collective actions to address water scarcity. In 2019, we extended an existing partnership with the International Federation of Red Cross and Red Crescent Societies to bring drinking water infrastructure to more communities in the Ashanti and Eastern regions of Ghana.

## Caring for Water

By 2030, the global demand for water will exceed supply by 40% ([UN Environment](#)). Through our flagship *Caring for Water* initiative, we are addressing the issue in four areas:

- Agricultural supply chains
- Communities
- Factories
- Watersheds

[Read more about our \*Caring for Water\* global initiative](#)



# Improving water efficiency

## Our commitment

**Work to achieve water efficiency and sustainability across our operations**

## Our objectives

**By 2020:** Reduce direct water withdrawals per tonne of product in every product category to achieve an overall reduction of 35% since 2010



**By 2020:** Carry out 40 new Water Resource Reviews in selected manufacturing facilities in all greenfield sites



## Why it matters

Water is vital to Nestlé's operations, and we are aware of our responsibility to use it as efficiently as possible. We annually assess the water-related risks at our facilities – combining the level of water stress in the regions where we operate and our water use – to determine the factories where water issues matter most.

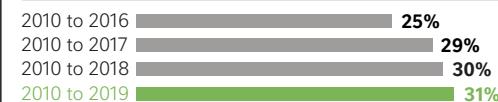
As many of our facilities are located in water-stressed areas, we are permanently working to preserve local water resources through robust auditing processes and technology improvements to ensure best-in-class water efficiency in our operations.

## What we are doing

### Improving water use efficiency

To ensure the constant improvement of our water use efficiency, all factories apply the 'reduce, reuse, recycle' approach. We continually invest in innovative technologies and initiatives to reduce water use within our facilities and to improve the efficiency of our processes. By the end of 2019, we had achieved an overall reduction of water withdrawal per tonne of product of 31% since 2010, with a total withdrawal of 121 million m<sup>3</sup>. Considering the growth and changes in our product portfolio, this is a significant achievement.

#### Direct water withdrawal reduction, % variation since 2010 per tonne of product in our manufacturing operations



## Reducing water use in our facilities

We are on track to meet our 2020 commitment for *Water Resource Reviews* of our facilities, with six completed in 2019. These audits are key to the continuous improvement in our operations, leading to actions in areas where efficiency and water management can improve. Additionally, water stewardship plans have been implemented at 27 factories, with all 27 certified by the Alliance for Water Stewardship by the end of 2019, including three sites in Pakistan.

In 2019, we implemented 371 water-saving projects at our factories, saving 3.5 million m<sup>3</sup> of water. We are also applying some of these technologies to other areas of our business to increase the percentage of water being recycled and reused.



[Read more about this commitment](#)



## Preserving water with Nestlé Pure Life

Nestlé Waters has been engaged in long-term collaborative solutions, at both factory and watershed level, to preserve the quantity and quality of local resources.



# Water stewardship advocacy

## Our commitment

### Advocate for effective water policies and stewardship

## Our objectives

**By 2020:** Continue to build the 2030 Water Resources Group public-private partnership by adding one more state or country per year



**By 2020:** Continue supporting the Alliance for Water Stewardship Standard by implementing it in five new locations



## Why it matters

Water is a shared resource. Protecting it must be a shared effort as well, especially in areas of scarcity. That is why we participate in partnerships and long-term projects to develop and evaluate solutions to the challenges we face with regard to water stewardship.

## What we are doing

### Addressing water scarcity together

Reducing strain on global water sources cannot be achieved by one person or even one company. It must be a collaborative effort. Multi-stakeholder platforms (MSPs) bring together companies, local governments and other relevant stakeholders to create water solutions. Targeting our efforts in areas where we operate, Nestlé is a member of MSPs in countries such as Bangladesh, Peru and South Africa. Learn more about [how these MSPs are driving changes](#) in water efficiency.

### Expanding our commitments

Nestlé participates in several MSPs, including the 2030 Water Resources Group (WRG), the UN CEO Water Mandate and the Alliance for Water Stewardship (AWS). These platforms provide a strong support network for local stakeholder engagement.

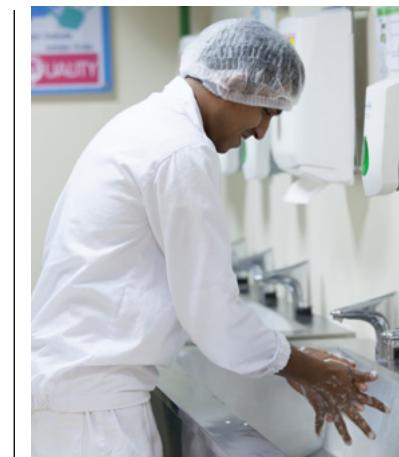
To date, the 2030 WRG has [projects in 14 locations](#). Since 2018, the 2030 WRG has been hosted by the World Bank, moving from the International Finance Corporation. This relocation has enabled the group to scale up efforts.

We continue to support the AWS Standard and have implemented it in 27 locations. Using the AWS Standard and targeting third-party certification of our manufacturing facilities, we can demonstrate that we have best practices in place for water management and conservation. We have committed to have all our Nestlé Waters factories certified by AWS by 2025. Other relevant food and beverage factories will also follow the same process.

### Engaging with employees

Advocating for better water stewardship is a business-wide endeavor. That is why we engage employees in what Nestlé is doing to improve industry standards. In 2019, we hosted an internal livestream seminar on our *Caring for Water* initiative. Around 350 employees followed the seminar, with senior members of Nestlé Waters, Operations and a CSV Council member answering their questions on Nestlé's water use.

[Read more about this commitment](#)



## Joining WASH4Work

2019 saw us formally join the [WASH4Work](#) initiative, encouraging greater private sector engagement in SDG efforts. Through this initiative, we will improve access to water, sanitation and hygiene (WASH) in the workplace, in communities where our employees live and across supply chains.



# Engaging with our suppliers

## Our commitment

**Engage with suppliers, especially those in agriculture**

## Our objective

**By 2020:** Implement all action plans defined for improved water management in our upstream supply chain for coffee, sugar, dairy and cereals in high-priority locations

● ● ○ In progress

## Why it matters

Most of our impact on water sources comes from agricultural activities in our supply chains. It is by focusing our efforts here that we can have the greatest impact. We work with our suppliers to improve the water efficiency of their activities, tailoring efforts to address the specific water management needs of various locations.

## What we are doing

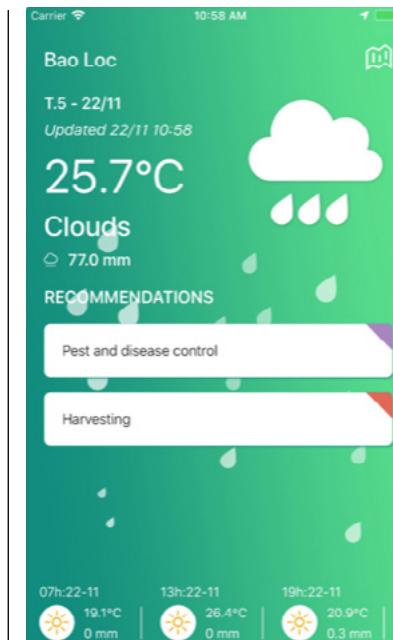
We take pride in the close, hands-on relationships we have built with our suppliers, and we work with them across our agricultural supply chains to ensure water is used as efficiently as possible. As of 2019, we have established 10 projects in 9 water-stressed areas.

We work closely with farmers to improve the water efficiency of their practices. In 2019, we collaborated with the Swiss Government and the Neumann Foundation to identify long-term solutions to water use efficiency during times of drought in Vietnam and Brazil. Read more about [how we are collaborating to save water](#).

## Making irrigation more accessible to farmers

Monitoring soil moisture before irrigating farms can improve water use efficiency by 10–15%. However, often the technology designed to do this monitoring is highly expensive, meaning it is not a viable option for many farmers. We partnered with the Institute of Water Informatics at [LUMS University](#), Pakistan, to develop a more cost-effective irrigation smart sensor. It produces the same results but at a 10th of the price, costing between USD 200 (CHF 193.8) and USD 250 (CHF 242.25). The sensors can help farmers to reduce water use by up to 12% while increasing crop productivity by 15%. Read more about [this technology](#).

[Read more about this commitment](#)



## Improving irrigation efficiency in Vietnam and Brazil

Water availability is a critical issue for coffee farmers in Vietnam. Through our [More Coffee with Less Water](#) project, in partnership with the Swiss Government and the Neumann Foundation, we have worked with 50 000 coffee farmers to improve irrigation efficiency, resulting in water savings of around 50 million m<sup>3</sup> of water since 2013 with no loss in product yield. The project included the development of [WeGAP](#), an app that provides farmers with advice on water requirements.

[Read more online](#)



# Access to water, sanitation and hygiene

## Our commitment

**Raise awareness on water conservation and improve access to water and sanitation across our value chain**

## Our objectives

**By 2020:** Implement detailed guidelines on human rights to water and sanitation due diligence in all Nestlé markets and key agricultural supply chains



**By 2020:** 600 000 beneficiaries in local communities have access to water, sanitation and hygiene projects around our manufacturing facilities and key agricultural supply chains



## Why it matters

Access to safe water, sanitation and hygiene (WASH) is a basic human right, and yet only 7 in 10 people have access to safely managed drinking water services and 4 in 10 to safely managed sanitation services ([WHO/Unicef](#)). As a global business, we recognize our ability to help address the situation and to contribute to providing clean, potable water to people based on local needs and resources.

## What we are doing

### Developing tools for due diligence

We want to direct our efforts to best address the needs of our communities. To improve dialogue and engagement with the communities surrounding our factories, we developed a dedicated Community Relations Process tool in 2019 and piloted it in five countries: Colombia, Iran, Mexico, Pakistan and South Africa. With this tool, factory managers and local staff can identify key stakeholders in the communities where we operate and start a dialogue with them. Concerns from local communities can be identified and addressed if necessary. The tool will be rolled out throughout our markets in 2020.

## Introducing WASH for business

We achieved our target to provide access to WASH to 600 000 beneficiaries in 2017, three years ahead of time, but that does not mean we will stop there. Encouraging people in local communities to take ownership of their access to water, sanitation and hygiene facilities, we have continued to develop water delivery systems. At the end of 2019, 896168 people around the world were benefiting from our WASH programs.

[Read more about this commitment](#)



## Bringing WASH services to Ghana

In August 2019, we expanded our partnership with the International Federation of Red Cross and Red Crescent Societies to develop a safe WASH project in Ghana. The project will provide relief from strain on current potable water sources, which are insufficient for local communities.

This development is part of our commitment to reaching 60 000 people in communities from where we source cocoa.

[Read more online](#)



# Acting on climate change



## Our commitments to acting on climate change:

- 47** Provide climate change leadership
- 48** Promote transparency and proactive, long-term engagement in climate policy

Our work on acting on climate change contributes to the following SDGs:



[How we map our material issues to the UN SDGs and their targets](#)

## Why it matters

Climate change impacts are already apparent in shifting weather patterns, extreme weather events and reduced resource availability. Everyone, globally, will feel the effect of these changes, from the farmers who supply Nestlé to the consumers who enjoy our products.

Under current forecasts, global temperatures could rise by 3–4°C, an increase that would drastically impact people and the planet alike. Interventions and business initiatives must be developed with increased urgency to deliver global reductions in greenhouse gas (GHG) emissions and higher levels of resilience throughout the value chain.

## Our contribution

In 2019, we scaled up our efforts to reduce our environmental impact, as well as that of our suppliers. We announced a new ambition to achieve [zero net GHG emissions by 2050](#), in line with the UN climate pledge. To guide our efforts, we have identified several key actions: fight deforestation in partnership with other organizations; reduce food loss and waste; work with dairy farmers to reduce GHG emissions; develop alternative packaging solutions; and help suppliers manage soils through regenerative agriculture and tree planting. We are also investing more in renewable energy in our factories.

We have received external recognition for our efforts, achieving a score of 94 in the Environmental dimension of the 2019 Dow Jones Sustainability Index and of 100 for Water, the highest possible score. We disclose our efforts to the CDP annually, and in 2019 maintained our position in the A list in the Climate Change section.

We were also named as a Global Compact LEAD company in 2019 for our ongoing commitment to the [Ten Principles](#) of the UN Global Compact and support of the SDGs.

We know that climate change cannot be resolved without collaboration. We will continue to develop more robust and wide-reaching initiatives as we move into the final year of our 2020 commitments and work toward 2050 ambitions. In 2019, we worked with Lancaster University to assess the impact of various climate change scenarios on our business and how we can disclose the results in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.



# Climate change leadership

## Our commitment

### Provide climate change leadership

#### Our objectives

**By 2020:** As a member of RE100, aim to procure 100% of our electricity from renewable sources with the shortest practical timescale

● ● ○ In progress

**By 2020:** Reduce greenhouse gas (GHG) emissions (Scope 1 and 2) per tonne of product in every product category to achieve an overall reduction of 35% in our manufacturing operations versus 2010

● ● ○ In progress

**By 2020:** Reduce GHG emissions per tonne of product by 10% in our distribution operations versus 2014

● ● ○ In progress

**By 2020:** Reduce GHG emissions per tonne of product by 10% in the 100 major warehouses we use versus 2014

● ● ● Achieved

**By 2020:** Expand the use of natural refrigerants, which do not harm the ozone layer and have a negligible impact on climate change, in our industrial refrigeration systems

● ● ○ In progress

## Why it matters

Climate change is already having a global impact. Food and agriculture is one of the sectors that will be most impacted by climate change, and it is imperative that we act to limit GHG emissions and build resilient farming systems so we can continue to provide food for the world. This is, however, a systemic issue, and collaboration between businesses, consumers and governments is needed to safeguard the climate and environment for future generations.

## What we are doing

### Increasing our renewable energy procurement

In 2019, we continued our commitment to procuring 100% of electricity from renewable sources. 189 of our factories (approximately one-third) now purchase 100% renewable electricity, including our facilities in Western Europe and most facilities in Latin America. Progress is underway to bring biomass boilers to some of our facilities in Spain and Malaysia, replacing current natural gas installations. Learn more about [our renewable energy procurement](#).

### Cutting our emissions

Innovation is key to achieving significant reductions in GHG emissions. More than 100 new projects have been identified in the Europe, Middle East and North Africa (EMENA) area, including upgrading to LED lighting, optimizing energy consumption during non-production times, increasing biomass steam usage versus gas usage and recovering heat energy.

In 2019, overall Scope 1 and 2 emissions per tonne of product fell by 34% versus 2010,

while emissions from distribution operations fell by 10.6%. In 100 major warehouses, emissions have been cut by 35% to date versus 2014, exceeding our 2020 target. This was achieved through sourcing renewable energy, improving vehicle capacity utilization, and creating and rigorously monitoring action plans.

## Setting a 1.5°C target

As climate science has developed, so has our ambition to reduce our operational impact. In September 2019, we announced plans to accelerate our commitment to tackle climate change. With the expiration of our 2°C science-based target at the end of 2020, we have committed to achieving zero net GHG emissions by 2050 and aligning our efforts with the ambitious 1.5°C target outlined in the [most recent Intergovernmental Panel on Climate Change report](#).

More than 90% of our GHG emissions occur along our value chain\*. We will address these through a range of product developments and collaborative actions with our suppliers. Read more about [how we are developing our climate change mitigation strategy](#).

## Replacing synthetic refrigerants

We are phasing out synthetic refrigerants with high global-warming potential, such as hydrofluorocarbons (HFCs) in our industrial refrigeration systems. We are expanding our use of natural alternatives, including CO<sub>2</sub>, ammonia, water, air and hydrocarbons. In 2019, we installed eight new units that use natural refrigerants.

[Read more about this commitment](#)



## Rolling out plant-based products for the planet

By launching more plant-based products with a smaller environmental footprint, we can support our aim to achieve net zero emissions by 2050.

[Read more online](#)

\* Our GHG emissions are estimated following the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard



# Proactive engagement on climate change

## Our commitment

**Promote transparency and proactive, long-term engagement in climate policy**

## Our objective

**By 2020:** Implement the *Guide for Responsible Corporate Engagement in Climate Policy* developed by CDP, the UNGC, Ceres, The Climate Group, the WWF and the World Resources Institute

● ● ○ In progress

## Why it matters

Climate change is a global issue and not one that can be tackled by just one person, one organization or one government. If greenhouse gas (GHG) emissions are to be stabilized, let alone reduced, it is going to take everyone working together to combat damaging practices. Following the redefinition of the 'safe' limit of climate change from 2°C to 1.5°C by the [Intergovernmental Panel on Climate Change](#), policy changes and climate initiatives need to be more ambitious than ever before. As a global company, Nestlé is well positioned to advocate for, and promote, long-term engagement in climate policy, both within and outside our organization.

## What we are doing

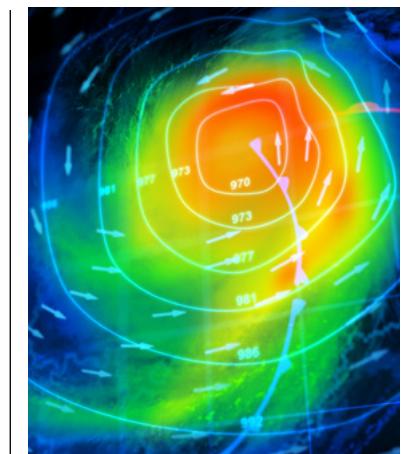
### Assessing our resilience

In June 2019, the Task Force on Climate-related Financial Disclosures (TCFD) released a status report, noting a low level of corporate disclosure on the resilience of business strategies under different climate scenarios. While we already report risks of climate change to our performance under the financial review section of our annual report, in 2020 we are – for the first time – disclosing the risks to Nestlé of climate change in our annual financial report, in line with the recommendations of the TCFD. We are one of six food, agriculture and forest products companies collaborating with the World Business Council for Sustainable Development (WBCSD) to create sector guidance best practice for addressing TCFD requirements and recommendations.

## Engaging with investors

We know our investors want to support companies that act sustainably and are transparent about their activities and developments. We maintain a dialogue with over 360 investors from across the globe through the Climate Action 100+ initiative. The initiative was designed to ensure that 100 systematically important GHG emitters, including Nestlé, take necessary actions against climate change. We also engaged with investors through our collaboration with the WBCSD to understand what information they are interested in seeing reported and areas where we can enhance our disclosures.

[Read more about this commitment](#)



## Assessing our resilience in various climate change scenarios

We have collaborated with Lancaster University, UK, to build a more robust review of the impact of different climate scenarios on three of our key commodities: coffee, wheat and dairy. Our first disclosure on the project was made in our [Annual Review 2019](#) (p65), in line with TCFD requirements.

[Read more online](#)



# Safeguarding the environment



## Our commitments to safeguarding the environment:

- 50** Improve the environmental performance of our packaging
- 51** Reduce food loss and waste
- 52** Provide meaningful and accurate environmental information and dialogue
- 53** Preserve natural capital

Our work on safeguarding the environment contributes to the following SDGs:



[How we map our material issues to the UN SDGs and their targets](#)

## Why it matters

We depend on forests, soil, oceans and the climate – not only for a sustainable supply of ingredients but also to maintain environmental conditions suitable for life. Yet, globally, resources are being used in an unsustainable manner. Indeed, if the whole world consumed at the same rate as the richest countries, we would need between three and five Earths to sustain consumption ([Global Footprint Network](#)). If these unsustainable habits go unchecked, the knock-on effects on people, natural habitats and animals will be drastic. Predictions state that if we take a business-as-usual approach to production, waste and diets, by 2050 the extinction rate could reach 1043 extinctions per million species ([Eat-Lancet Commission report](#)).

While we consume more resources, we are simultaneously producing more waste, with a predicted 3.4 billion tonnes of waste produced annually by 2050 ([World Bank](#)). Each year, approximately 8 million tonnes of plastic is dumped in the ocean ([Plastic Oceans](#)), while a third of all food produced for human consumption is wasted or lost ([FAO](#)).

## Our contribution

In 2018, we announced our ambition to make 100% of packaging recyclable or reusable by 2025 in a bid to prevent any of our packaging ending up as litter in landfill or in the oceans. We made strong progress in this area in 2019, with the roll-out of recyclable and recycled packaging for several of our brands. Our first-in-the-industry packaging science institute is enabling us to accelerate work on sustainable packaging solutions.

The topic of biodiversity is of particular importance for business in 2020, with both the [15th Convention on Biological Diversity Conference of the Parties](#) and the [IUCN World Conservation Congress](#) taking place.

Driven by this, the One Planet Business for Biodiversity (OP2B) coalition, of which Nestlé is a signatory, is an opportunity for Nestlé and other members to demonstrate leadership in biodiversity protection. Through this initiative, we will work with other member companies to accelerate transformational change in food and agriculture systems to protect biodiversity, for the benefit of people and planet alike. In 2019, Nestlé rolled out a new business approach, centered around protecting and restoring natural spaces and working with farmers to diversify their crops and land use.



# Improve packaging performance

## Our commitment

### Improve the environmental performance of our packaging

## Our objectives

**By 2020:** Continue to systematically analyze and optimize our packaging portfolio, avoiding the use of at least 140 000 tonnes from 2015 to 2020

● ● ● Achieved

**By 2020:** Drive alliances with relevant stakeholders to address packaging waste management and marine littering in 10 relevant markets

● ● ● Achieved

## Why it matters

The issue of packaging waste, notably plastic waste, is of particular public concern. However, packaging is necessary for food safety and quality, protecting food in transportation, extending its shelf life and reducing food waste. This makes food and beverage packaging a unique challenge for Nestlé and our industry. We must develop solutions that reduce packaging volume and impact without compromising on protection. We envision a future without waste, and this means not only increasing plastic recycling, but also identifying alternatives, whether in the form of new delivery systems or materials.

## What we are doing

### Achieving our plastic ambition

We have already achieved our 2020 objectives, but we know we must go much further, which is why we are now focused on a new commitment to make 100% of our packaging recyclable or reusable by 2025. This is ambitious, with much work required to achieve it, but we are determined to get there. In 2019, 87% of our packaging was recyclable or reusable. We used 4.6 million tonnes of packaging material in 2019 (2018: 4.7 million tonnes).

We are also working to increase recycled content. In 2019, 26% of packaging used in our operations contained recycled materials. For plastic packaging, we used 2% recycled plastic. Of our packaging materials, 37% were renewable. We have exceeded our commitment to eliminate 140 000 tonnes of packaging by 2020. In 2019, the volume of packaging avoided since 2015 rose to 142 663 tonnes.

## Managing packaging waste and marine littering

Collective action is vital to ensuring packaging stays out of the environment. In 2019, we achieved our commitment to drive alliances with relevant stakeholders in 10 markets. We now have 15 initiatives running across the world, including Project STOP, a collaborative project to prevent leakage of waste into the environment. Read more about [how Project STOP is improving community recycling efforts and infrastructure](#).

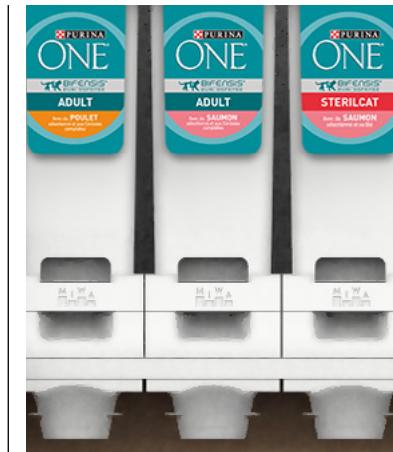
Through our *Nestlé Cares* program, launched in June 2019, 13 000 employees participated in beach cleanups in over 80 countries. With the help of over 900 partners, such as NGOs, local governments and schools, 140 tonnes of waste was collected, separated and recycled.

### Developing our approach to packaging

Several products, including our *Yes!* snackbars and *Poland Springs* water, now come in recyclable or 100% recycled packaging. We are also piloting alternative delivery systems to offer consumers the same products they know without the single-use packaging. To guide our activities beyond 2020, we have developed a three-pillar roadmap. Read more about [our packaging plans](#).



[Read more about this commitment, including information on the global plastic tonnage and use by type](#)



## Developing packaging-free delivery systems and reuse models

In a few selected countries, *Nestlé Purina* now sells dry pet food without packaging to customers who can bring and fill their own containers.

[Read more online](#)



# Reducing food loss and waste

## Our commitment

### Reduce food loss and waste

#### Our objectives

**By 2020:** As a member of Champions 12.3, accelerate progress toward halving food waste by 2030



**By 2020:** Achieve zero waste for disposal in our sites



**By 2020:** Make date labels understandable to our consumers to reduce food waste at consumption stage



## Why it matters

Approximately 1.3 billion tonnes of food is lost or wasted annually ([FAO](#)). Half of this is nutrient-rich foods such as fruit and vegetables ([WWF](#)). Food losses are measured not only by nutritional value losses but also by environmental impact. It has been estimated that, by 2050, greenhouse gas (GHG) emissions from food loss and waste could reach 5.7–7.9 Gt CO<sub>2</sub>e annually ([WWF](#)). Food loss and waste occurs throughout the value chain, from farm production, handling and storage issues to packing and distribution at the factory and, finally, during consumption by the consumer.

## What we are doing

### Cutting supply chain food losses

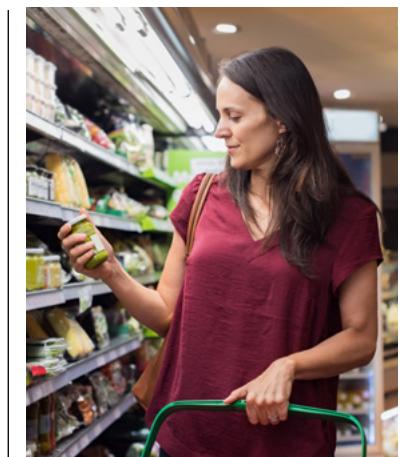
As an active member of [Champions 12.3](#), we continue our work toward target 12.3 of the UN SDGs: by 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses. In 2019, we identified five key commodities upstream in our supply chain where losses were most significant: palm oil, cereals, dairy, fruit and vegetables. Taking this information, we can locate hotspots for food waste and loss and work with farmers to devise solutions. Read more about [how we work with farmers to cut food losses](#).

## Reducing operational waste

Thanks to concentrated efforts, we are on track to achieve zero waste for disposal in all Nestlé sites, achieving absolute reductions of 96% since 2009. In 2012, we began work in our on-site restaurants, engaging employees in cutting food waste. In our headquarters restaurant, we have been measuring and reducing food loss and waste for the same time period. As of 2018, the initiative has resulted in food waste per tray decreasing from 70.32 g per day to 47.25 g, amounting to 838.67 tonnes less food waste annually (between 2012 and 2018). All waste produced is recycled into liquid fertilizer or transformed into biogas. Next year, we will be piloting automated weight technologies to measure daily food waste in different factories.



[Read more about this commitment](#)



## Clarifying what food labels mean

In Europe and North America, per capita waste is 95–115 kg every year ([FAO](#)). Often this is a result of poor meal planning or misunderstanding of food labels. We are simplifying our labels to make it easier to understand the difference between 'best before' and 'use by' to help reduce unnecessary food waste.



# Promoting sustainable consumption

## Our commitment

**Provide meaningful and accurate environmental information and dialogue**

## Our objective

**By 2020:** Improve the availability and consistency of fact-based environmental information for consumers on our digital and other channels

● ● ○ In progress

### Why it matters

Consumers want to act more sustainably. With our international scale and reach, we are ideally situated to provide product information that helps them do so. With direct access to millions of people across the world, we can use our products and platforms to encourage positive change in terms of recycling, energy efficiency and sustainable food choices on a global scale.

### What we are doing

#### Providing consumers with environmental information

We want our consumers to be able to access environmental information easily, which is why 84% of the pages on our corporate website now display fact-based information in a visible and easy-to-understand format. However, we do not want to keep environmental information just online. We are currently looking to update our *Nestlé Nutritional Compass* to allow for sustainability initiatives to be presented on packs as well.

### Cutting waste in the home

Sustainable consumption throughout our value chain is only possible if our consumers feel engaged. That is why we have developed a series of guides, stories and advice on how they can cut food waste in the home. From recipes using leftovers to meal planning to reduce unnecessary food purchases, learn [how we are inspiring consumers](#).

[Read more about this commitment](#)



### Highlighting the benefits of leftovers in Greece

Through an online video series, *Maggi* consumers in Greece are encouraged to explore the benefits of utilizing leftover food in healthy and tasty recipes. The *Change Your Taste* campaign has had 2.5 million views to date over several social media platforms and is having a positive impact on consumers, helping them to get creative with leftovers.

[Read more online](#)



# Protecting natural capital

## Our commitment

### Preserve natural capital

## Our objective

**By 2020:** 70% of the volume of our 15 priority categories of raw materials have been assessed against our *Responsible Sourcing Standard* requirements and are compliant, or improvement plans to preserve natural capital are ongoing

● ● ○ In progress

## Why it matters

We are a business that relies on raw materials. To ensure our success and protect the planet, we must work with suppliers and farmers to help them improve their practices.

Water scarcity is a growing problem globally, while deforestation continues as areas are cleared for agricultural activities. We must make use of the tools and expertise available to us and do what we can to protect these natural resources that are essential for a sustainable supply of our raw materials.

## What we are doing

### Protecting, restoring and diversifying natural capital

In 2019, 70% of the volume of our 15 priority categories of raw materials was responsibly sourced. As we continue to work toward our overall commitment to preserve natural capital we must maintain and improve on this. We have developed a three-pronged approach toward natural capital: protect, restore and diversify. This approach supports our aims to reduce deforestation and minimize our impact on the ocean as well as working with farmers to restore natural environments and support biodiversity. [Read more about our approach.](#)

## Halting deforestation

By the end of March 2019, 76% of our agricultural raw materials are confirmed as deforestation-free. While we will not meet our target of being completely deforestation-free by 2020, we anticipate being above 90% by 2020. We are working with smallholder farmers and large suppliers alike to be close to 100% deforestation-free within the next three years. To this end, we will continue to act on different fronts:

- Using technology developed in partnership with organizations such as Airbus, including satellite monitoring and blockchain, to drive transparency and ensure accountability.
- Supporting smallholder farmers to conserve forests while improving their livelihoods.
- Advocating for greater disclosure and for the creation of sector-wide approaches to share know-how and bring solutions to scale.

[Read more about this commitment](#)



## Monitoring deforestation in our supply chain

Over the last 10 years, we have developed an integrated approach to address deforestation risks in our supply chains through supply chain mapping, certification, on-the-ground verification, satellite monitoring and landscape projects. Satellite imagery from the Starling system, which we developed in collaboration with Airbus and Earthworm Foundation, has also aided our efforts and is now being used to monitor our entire palm oil supply chain.

[Read more online](#)



# Reporting and governance

Our governance systems and approach to business ethics are fundamental to our organization. We publicly share these, as well as our comprehensive reporting processes, as outlined below.

## Doing business right

Ethical principles are fundamental to how we operate. This means zero tolerance for fraud, bribery and corruption and increased efforts in the protection of personal data and open disclosure of tax payments.

[Ethical business](#)

## Being transparent at all times

The tax we pay is an integral part of Creating Shared Value (CSV), and we believe it is good practice to openly disclose information about our taxes as part of being a responsible and transparent organization.

[Taxation](#)

## Putting our values at the heart of what we do

Building our business on clear principles and sound governance maintains the trust in the Nestlé brand and reduces risk in the value chain.

[Governance and policies](#)

## Prioritizing key issues

To ensure our sustainability efforts keep up with a changing world, we conduct a materiality analysis every two years.

[Materiality](#)

## Talking to the right people

We always seek the advice of the best experts and advocates to make our CSV business approach as robust as it can be.

[Stakeholder engagement](#)

## Collaborating for major change

Collaboration is an essential element to tackle global issues like rising obesity, child labor and climate change.

[Partnerships and collective action](#)

## Awarding good work

The Nestlé CSV Prize is awarded every two years to recognize and promote initiatives that address nutrition, water and rural development.

[Creating Shared Value Forum](#)

## Bringing new ideas to life

Through the CSV Prize and our open platform HENRi@Nestlé, we aim to nurture the ideas and innovations that will shape the future.

[Supporting innovative ideas](#)

## Aligning our ambitions and commitments with the UN Sustainable Development Goals (SDGs)

Our commitments and ambitions are closely aligned with the 17 SDGs.

[Contributing to the Global Goals](#)

## Our performance in leading indices

We are not driven by awards and recognition. Nonetheless, we are proud to have our efforts and achievements in sustainability acknowledged by world-leading ratings and rankings agencies:



FTSE4Good

Nestlé has been consistently listed in the **FTSE4Good** responsible investment index since 2011.



Nestlé was ranked 1st out of 22 global food and beverage manufacturers in the 2018 **Access to Nutrition Index (ATNI)**.



Nestlé was rated AA by **MSCI ESG Research** for its performance on environmental, social and governance (ESG) issues.



Nestlé maintained its top scores in the 100th percentile in the categories of Health & Nutrition and Environmental Policy, as well as receiving a score of 100 in the Water category.



Retained our place in CDP's Climate A list and rejoined CDP's Water A list.



# About this report

Our 2019 *Creating Shared Value Progress Report* provides our shareholders and stakeholders with a summary of our 2019 performance against our commitments. We provide further detailed information online.

## Reporting period, scope and boundaries

This report covers our global operations for the calendar year ending December 31, 2019. It contains data for wholly owned companies and subsidiaries but excludes joint ventures and suppliers unless specifically stated. 'Markets' refers to our business and/or activities at a national level, while 'Zone' refers to a geographic group of markets.

This report is focused on progress to date against our commitments and objectives, which are based on the most material issues. These were updated during our most recent materiality assessment in 2018. The process reviewed economic, social and environmental issues that are of most concern to our external stakeholders against those that pose risks or present opportunities to Nestlé. The results have informed the content of this progress report and that of our CSV web pages, in line with the GRI 2016 Standards materiality principle (see Reporting frameworks).

## Data scope and methodologies

Unless otherwise noted, the performance data included in this report corresponds to companies that are consolidated in our financial statements.

Our safety and health data covers 275 557 employees, while our environmental data refers to factories and warehouses, with the exception of some recent acquisitions.

Our climate change disclosures conform with the Climate Disclosure Standards Board framework requirements. We also follow the standards of the Greenhouse Gas Protocol to establish our GHG inventory.

See our response to the CDP Investor Information Request for comprehensive details of our climate change disclosures and performance.

## Reporting frameworks

Our CSV report serves as a transparent tool, outlining our performance in 2019. It has been produced in compliance with several reporting frameworks.

### Global Reporting Initiative

The Global Reporting Initiative (GRI) is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption. This report has been prepared in accordance with the Comprehensive option of the 2016 GRI Standards, and the Food Processing Sector Supplement, and externally assured by Bureau Veritas. See the full GRI Content Index.

## UN Global Compact Communication on Progress

Every year, Nestlé submits its Communication on Progress to demonstrate its commitment to the Ten Principles of the UN Global Compact and support of the SDGs on human rights, labor, environment and anti-corruption.

## UN Guiding Principles Reporting Framework

The UNGP Reporting Framework offers comprehensive guidance for companies to report on salient human rights issues. This is in line with the UN Guiding Principles on Business and Human Rights. Our human rights reporting meets the Tier 1 assurance indicators of the UNGP Assurance Framework.

We address our responses to the Framework in our Index of Answers.

## Audience

We maintain ongoing dialogue with a wide range of stakeholders interested in this report. They include investors, non-governmental organizations, ESG services, consumers and suppliers.

## Currency conversion

All amounts in this report have been converted to Swiss francs (CHF) using the exchange rates reported in the consolidated financial statements of the Nestlé Group 2019.

## Contact us

We hope you find this report engaging and informative, and we continue to welcome your input and views:  
[createingsharedvalue@nestle.com](mailto:createingsharedvalue@nestle.com).

## Where to find more information

This document forms an integral part of Nestlé's UN Global Compact (UNG) Communication on Progress, together with:



[Our Annual Review](#)



[Our CSV web pages](#)

Go to [www.nestle.com/CSV](http://www.nestle.com/CSV), where you can also find more detailed governance information, performance data, case studies and additional audio and video content.

Our Human Rights Index and GRI Content Index are available as separate PDFs.

Our Corporate Business Principles are the basis of our company's culture and are available as a PDF.

### Read more:

[Explore our full GRI Content Index](#)

[See the awards and recognition we have received](#)



# Independent assurance statement

We engaged a third-party organization, Bureau Veritas, to provide independent assurance for this 2019 progress report. This process aims to provide assurance to Nestlé's stakeholders of the accuracy, reliability and objectivity of the reported information and to confirm that it covers our most material issues.

## Summary Assurance Statement from Bureau Veritas UK Ltd

Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Creating Shared Value Progress Report 2019 ('the CSV Report') published on the Nestlé website (<https://www.nestle.com/csv>). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008 with 2018 addendum) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head office based activities where Nestlé consolidates and reconciles data provided by its markets/countries of operation. The assurance was provided over all data and text included in the CSV Report and included an evaluation of the CSV Report's alignment to GRI Standards and the RE100 criteria. It also included a review of Nestlé's human rights reporting against the 'Tier 1' Assurance Indicators of the UN Guiding Principles Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, and a detailed assurance methodology and scope of work.

The full assurance statement with Bureau Veritas' independent opinion can be found at: <https://www.nestle.com/csv/performance/downloads>.

London, March 2020





# Our key performance indicators

Nestlé's key performance indicators (KPIs) provide metrics to measure and report Creating Shared Value, sustainability and compliance. The following performance summary forms part of our Communication on Progress to implement the principles of the United Nations Global Compact (UNG). Unless otherwise stated, performance indicators are for the calendar year ending December 31, 2019.

To provide transparency for our stakeholders, we have indicated the correlation between our KPIs, our commitments and Global Reporting Initiative (GRI) indicators in the table opposite.

The references in the GRI column relate to the applicable indicator from the 2016 GRI Standards. We report against these Standards in line with our material issues, which are identified through our stakeholder engagement process and shape our public commitments.

Nestlé in society and Creating Shared Value key performance indicators	2019	2018	Page	GRI Standards
<b>Economic</b>				
Total Group sales (CHF million) <sup>(a)</sup>	92568	91439	AR p1	
Net profit (CHF million) <sup>(b)</sup>	12609	10135	AR p49	201-1, FP4
<b>Nutrition</b>				
Products meeting or exceeding Nestlé Nutritional Foundation profiling criteria (as % of total sales) <sup>(c)</sup>	80.5	82.5		201-1
Percentage of total sales volume of consumer products which have been changed for nutrition and health considerations	8.4	9.1		FP6, FP7
Products analyzed and improved or confirmed via 60/40+ program (sales, CHF million) <sup>(d)</sup>	34166	32823		416-1
Products featuring <i>Nestlé Nutritional Compass</i> labeling (% of sales worldwide) <sup>(e)</sup>	96.4	95.6	14	417-1
Products with guideline daily amounts (GDA) labeling on front of pack (% of sales) <sup>(f)</sup>	88	87.3	14	417-1
Children's and family products that provide <i>Nestlé Portion Guidance</i> (%)	61.9	65.4	15	417-1
Nestlé television advertising to children under 12 in compliance with policies on responsible marketing (%)	98.6	99.2		417-3
Total number of countries where the Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breast Milk Substitutes practices were audited	33	28	18	417-3
Infant formula marketing staff in higher-risk countries trained on the WHO Code (% of staff) <sup>(g)</sup>	Discontinued	98.5		103-2
Total number of Nestlé employees who had completed training in Breastfeeding and the WHO Code	1428	5883	18	103-2
<b>Rural development</b>				
Farmers trained through capacity-building programs	429800	440000		203-1
Percentage of purchased volume fully compliant with the Nestlé Supplier Code <sup>(h)</sup>	66	61	42	FP1
<b>Water<sup>(i)</sup></b>				
Total water withdrawal (million m <sup>3</sup> )	121	127	42	303-1
Total water withdrawal (m <sup>3</sup> per tonne of product)	2.28	2.33		303-1
<b>Environmental sustainability</b>				
<b>Production volume</b>				
Total production volume (million tonnes)	53	54.2		102-7
<b>Materials</b>				
Raw materials used (million tonnes)	25	24		301-1
Materials for packaging purposes (million tonnes)	4.6	4.7	50	301-1
Packaging source optimization (kilotonnes saved)	24	15		301-1
<b>Energy</b>				
Total on-site energy consumption (petajoules)	87.8	88.1		302-1
Total on-site energy consumption (gigajoules per tonne of product)	1.66	1.63		302-1
Total on-site energy consumption from renewable sources (% total)	20	18.7		302-1
Total direct energy consumption (petajoules)	59.4	60		302-1
Total direct energy consumption from renewable sources (% total direct)	12	12.5		302-1
Total indirect energy consumption (petajoules)	67.9	67.7		302-1

**Nestlé in society and Creating Shared Value key performance indicators**

	2019	2018	Page	GRI Standards
<b>Environmental sustainability continued</b>				
<b>Biodiversity</b>				
Total size of manufacturing sites located in protected areas (hectares) <sup>(i)</sup>	Discontinued	18.8		304-1
<b>Emissions, effluents and waste</b>				
Direct GHG emissions (million tonnes CO <sub>2</sub> eq)	3.3	3.3		305-1, 305-2
Direct GHG emissions (kg CO <sub>2</sub> eq per tonne of product)	62	62		305-1, 305-2
Indirect GHG emissions (million tonnes CO <sub>2</sub> eq)	2.3	2.5		305-1, 305-2
Indirect GHG emissions (kg CO <sub>2</sub> eq per tonne of product)	43	46		305-1, 305-2
Total water discharge (million m <sup>3</sup> )	67	75		306-1
Total water discharge (m <sup>3</sup> per tonne of product)	1.27	1.39		306-1
Average quality of water discharged (mg COD/l)	55	41		306-1
By-products (kg per tonne of product)	31.5	30.6		306-2
Waste for disposal (kg per tonne of product)	0.3	0.6		306-2
<b>Environmental sustainability governance</b>				
Manufacturing sites certified against ISO 14001 (% of total manufacturing sites)	96	96		103-2
<b>Human rights and compliance</b>				
Total number of significant product recalls or incidents of noncompliance	12	6		416-2
Total number of FTSE4Good countries of concern, and number in which human rights impact assessments have been carried out on Nestlé operations <sup>(j)</sup>	Discontinued	12		103-2
Number of employees trained on human rights	125321	101613		412-1
<b>Our people</b>				
Total workforce (number of employees) <sup>(k)</sup>	275628	308301		102-8
Total rate of new employee hires (%) <sup>(k)</sup>	12.6	11.1		401-1
Total rate of employee turnover (%) <sup>(k)</sup>	17.3	15.7		401-1
CARE gaps identified related to Business Integrity <sup>(l)</sup>	49	67		102-17
Of which:				
Minor	25	32		102-17
Major	1	0		102-17
Critical	0	0		102-17
Observation	23	35		102-17
Total number of fatalities (employees, on-site contractors and on-site members of public) <sup>(k)</sup>	5	3		403-2
Average hours of training per year per employee <sup>(m)</sup>	23.8	42.4		404-1
Leadership positions held by women (%) <sup>(n)</sup>	42	43.2	38	405-1
Local Management Committee members native to country in developing countries (%) <sup>(k)</sup>	85.5	83.01		202-2

- a) Does not include joint ventures
- b) Includes Nestlé's share in net result of joint ventures
- c) Total Nestlé (F&B except CPW, NHS, Pharma, Nespresso, CPW and businesses not in GLOBE reporting) excluding non-edible products (78.4% in 2016 with comparable baseline)
- d) In the 60/40+ program, Nestlé products tested with consumers must be preferred over the competitor's. Assessment results are valid for a maximum of three years if all parameters remain equal
- e) PetCare, Gerber Life, Nestlé Health Care Nutrition, Wyeth Nutrition, other Nestlé Health Science businesses and non-Nestlé-branded products in Nestlé Waters are out of scope
- f) Includes all F&B and Nestlé Waters except plain water. It excludes joint ventures, Nestlé Nutrition, Wyeth Nutrition, Nestlé Health Science and specific category/category exemptions
- g) As of 2019, the KPI on infant formula marketing staff in higher-risk countries trained on the WHO Code is no longer reported. Moving forward it will be included in the total number of employees trained in Breastfeeding and the WHO Code
- h) In 2016, scope extended to include service and indirect materials with target of 50%
- i) Nestlé has decided to no longer report the total size of manufacturing sites located in protected areas. As a measure of biodiversity this is now no longer seen as a materially important way to communicate our dependency and impact upon biodiversity
- j) Tracking discontinued in 2019. Nestlé has moved to conducting human rights impact assessments in the upstream supply chain
- k) Covers Nestlé employees registered in HR system (approximately 84% of all employees)
- l) CARE, our global external audit program, is conducted by three audit companies and verifies that all employees and sites we own or operate comply with local legislation, our Corporate Business Principles and Code of Business Conduct. The audits take place every three years
- m) Training hours are based only on information recorded in the Learning Management System (LMS). The numbers would be higher if manually recorded training hours were considered. Training hours per employee covers 100% employees in the system
- n) Nestlé has changed the definition of this KPI and moved from a definition driven of the job catalogue to a definition based on grades