



Nestlé Good food, Good life



Creating Shared Value and Sustainability Report 2022

Advancing regenerative food systems at scale

A message from our Chairman and CEO

Standing firm on our commitments.

Facing last year's challenges was difficult, but doing so has only strengthened our resolve. Just as the COVID-19 pandemic began to ease, supply chain disruptions worsened, inflation surged and energy shortages took hold. The invasion of Ukraine and its knock-on effects were also felt around the world. Every business, community and household faced tough choices in navigating our turbulent world.

Nestlé remains committed to nutrition, health and wellness. The company has made great progress in reducing the sodium, sugar and saturated fat in its products over the past decade and that work continues. At the same time, we are working to advance regenerative food systems and help address food security. Drawing on our strong foundation in Creating Shared Value we focus our energy and resources to make a positive impact at scale.

Our greenhouse gas emissions have fallen below our 2018 baseline even as we have grown, demonstrating that we are making progress on our Net Zero Roadmap. This journey is not without challenges – we source raw materials from hundreds of thousands of smallholder farmers who need customized technical assistance at a local level to help them stay deforestation-free and make the transition to regenerative practices. We are supporting farmers through initiatives like the Nescafé Plan 2030 and our income accelerator program for cocoa-farming families.

After years of progress, the recent rise in food insecurity is deeply concerning. Our commitment to maintaining everyday basic food supplies and providing affordable nutrition is unwavering. In 2022, we delivered approximately 130 billion servings of affordable nutrition fortified with at least one of the "big four" micronutrients: iron, iodine, vitamin A and zinc.

With this report, Nestlé becomes the first company to disclose the nutritional value of its entire global portfolio. We have benchmarked all in-scope products using the Health Star Rating (HSR) system – a nutrient profiling system applied by the Access to Nutrition Initiative (ATNI) – and we have also disclosed sales from our wide range of specialized nutrition products, which are not covered by the HSR system.

As a global company, we have a role to play in international efforts to combat societal issues. In 2022, Nestlé experts participated in discussions in support of the UN Treaty on Plastic Pollution, the UN Climate Change Conference (COP27) in Egypt, the UN Biodiversity Conference (COP15) in Montreal and World Water Week, to name just a few. While some may doubt our motives and question the level of corporate influence in international negotiations like these, in reality, we are there to push for policymakers to make faster progress, raise standards and drive change across our industries.

Our advocacy work is carried out in a responsible manner. We are pleased to rank first among 25 food and beverage



Nestlé CEO Mark Schneider (left) and Chairman Paul Bulcke (right) in Vevey, Switzerland.

companies benchmarked in ATNI's Spotlight on Lobbying scorecard, released in December 2022. We aim to lead the way, and do so in part, through our continued support for initiatives that seek to drive change, such as the UN Global Compact.

After the invasion of Ukraine, our focus has been on keeping our employees and their families safe, maintaining our Ukrainian operations wherever possible and supporting the Ukrainian people. Nestlé has committed more than CHF 55 million to the people of Ukraine, including our recent CHF 40 million investment in a new production facility, underlining our commitment to helping the country rebuild.

New regulations mean that from 2024, our sustainability reporting will no longer be a voluntary exercise. We are proud to have been a leader in sustainability reporting

Paul Bulcke
Chairman

U. Mark Schneider
Chief Executive Officer

Contents

- 3 Our progress against our commitments**
- 4 Our approach**
- 10 On the road to net zero**
- 15 Looking at the whole landscape**
- 19 More regenerative practices on farms**
- 23 Protecting biodiversity**
- 25 Regenerating the water cycle**
- 29 Ingredients produced sustainably**
- 33 Human rights and resilient communities**
- 37 Supporting tasty and balanced diets**
- 42 Food safety and quality**
- 43 Packaging and circularity**
- 47 Opportunities for young people**
- 51 Our diverse and inclusive culture**
- 55 An employer of choice**
- 59 The foundations of ethical business**
- 63 About this report**

Welcome to the Nestlé Creating Shared Value and Sustainability Report 2022.

We report on the topics that are most material to our stakeholders and our business. In this report we cover our approach and performance on each topic, supported with expert voices and case studies.

Our progress against our commitments



We are aiming for our coffee supply chain to be assessed deforestation-free by 2025.



2022 data for KPIs on this page are EY assured.

The EY limited assurance report and conclusion can be found at www.nestle.com/assurance-statement

Our Reporting Scope and Methodology for ESG KPIs document provides details and definitions and can be found [here](#)

[Read more about independent assurance of this report on page 63.](#)

1. Our current KPI compares our GHG emissions in 2022 with a business-as-usual scenario. We will report reductions against our 2018 baseline and progress toward our commitments in future reports.

2. A significant change in our calculation methodology in 2022 means data for 2021 and 2022 are not comparable.

3. In 2022, only the following sources are included in regenerative agriculture volumes: fresh milk, Ecuadorian cocoa, green coffee and Libby's vegetables sourced through direct procurement/ Farmer Connect or for Nespresso, Nestlé Nutrition cereals and vegetables that are traceable back to a farm/cooperative level and raw materials that are covered by the Living Soils initiative with Earthworm Foundation for Nestlé France. The denominator includes all raw materials in scope.

4. Key ingredients refers to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume: cereals and grains; cocoa; coconut; coffee; dairy; fish and seafood; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

5. Change in definition in 2022 means year-on-year data are not comparable. See [Ingredients produced sustainably](#).

6. Number corrected to adjust for some products that were reclassified.

7. As per Ellen MacArthur Foundation definitions.

About Nestlé

275 000

Employees across all our operations

188

Countries we sell in

94.4

Billion Group sales in CHF

COMMITMENT	KEY PERFORMANCE INDICATOR	2020	2021	2022
We aim to reduce our greenhouse gas (GHG) emissions by 20% by 2025 and 50% by 2030 from 2018 levels, on the road to net zero by 2050 at the latest	Million tonnes of CO ₂ e reductions compared with business-as-usual scenario ¹	N/A	-4.0	-6.4²
We aim to achieve and maintain 100% assessed deforestation-free primary supply chains (for meat, palm oil, pulp and paper, soy and sugar) by 2022 and 2025 for cocoa and coffee	Percentage of our primary supply chains for meat, palm oil, pulp and paper, soy and sugar assessed as deforestation-free (%)	N/A	97.2%	99.1%
We aim to source 20% of key ingredients through regenerative agriculture methods by 2025 and 50% by 2030	Percentage of key ingredients sourced through regenerative agriculture methods ³ (%)	N/A	N/A	6.8%
We aim to reduce water use in our factories by 6 million m ³ between 2021 and 2023	Water use reduction in factories (million m ³)	-1.69	-2.30	-2.38
We aim for 100% of key ingredients volumes to be produced sustainably by 2030 ⁴	Percentage of key ingredients produced sustainably (%)	N/A	16.3%	22%⁵
	Number of servings of affordable nutrition with micronutrient fortification (MNF) (billions)	120.0	128.6 ⁶	129.2
By 2025, we aim to design above 95% of our plastic packaging for recycling and continue to work toward 100% being recyclable or reusable	Percentage of plastic packaging designed for recycling ⁷ (%)	74.8%	74.9%	81.9%
By 2025, we aim to reduce virgin plastics by one third, versus our 2018 baseline	Percentage virgin plastic reduction (versus 2018 baseline) (%)	-4.0%	-8.1%	-10.5%
By 2030, our ambition is to help 10 million young people around the world have access to economic opportunities	Millions of young people around the world with access to economic opportunities since 2017	2.45	3.89	5.62
We aim to increase the proportion of women in our top 200+ senior executive positions to 30% by 2022	Percentage of women in the top 200+ senior executive positions (%)	25.6%	27.2%	30.2%

Our approach



At Nestlé, we are making it our business to advance regenerative food systems at scale – our own resilience and success depend on it.

Advancing regenerative food systems



Rob Cameron
Global Head of Public Affairs
and ESG Engagement, Nestlé

As 2023 began, much of the northern hemisphere was gripped by extreme weather. Across North America a so-called “once in a century freeze” spelt death and destruction for some, and chaos and disruption for many. In Europe, extraordinary warmth triggered a welcome fall in gas prices but saw meteorological records tumble throughout the continent. Meanwhile, countries from Australia to Nigeria and Pakistan were still recovering from the devastating floods experienced in 2022. Climate change is now a lived experience, not a future projection. For a company as dependent on agriculture as Nestlé, this matters – greatly – and is why we are so determined to play our part by reaching net zero no later than 2050.

In last year’s report, we set out the case for action to advance regenerative food systems. Of course, 2022 saw many unexpected and extreme challenges. Notwithstanding these,

we stayed true to our course and, as we survey our progress to date, it is even clearer that we are on the right path. Indeed, it is the only truly pragmatic course to take.

Climate achievements

In terms of achievements during the year, our greenhouse gas emissions fell below our 2018 baseline for the first time, despite company growth. Our emissions fell by 6.4 million tonnes compared with a business-as-usual-scenario, and we will endeavor to further reduce them, even as we grow.

At Nestlé, we recognize that immediate actions and reductions are needed so we have taken steps to reduce our Scope 1 and 2 emissions. However, the greater part of our emissions is from Scope 3 and this is where our promise to advance regenerative food systems at scale is coming to life. We recognize that achieving net zero is not possible unless there are actions taken to fight deforestation and to restore degraded forests and plant new trees.

This is why we are so committed to our *Forest Positive* strategy. This strategy puts people at the center, with concern for livelihoods, land rights and human rights. For maximum and long-lasting impact, our actions must be taken in a context that goes beyond the farmgate and into our broader sourcing landscape.

We also know that it is not possible for us to achieve net zero without fully scaling up regenerative agriculture practices. We are adopting a similar, people-centric approach as we have for forests by supporting farmers to make the transition to regenerative agriculture. During 2022, we worked closely with farmers around the world to help them adopt practices that will help store carbon in soil while improving soil health, biodiversity, and water

security and quality. In an external context, the concept of a “just transition” was frequently discussed during 2022 and at Nestlé we are playing our part in the move from concept to delivery.

No stone left unturned

Of course, emissions from some commodities such as dairy are higher than others. We are exploring – and deploying – a wide variety of tools to make deep and rapid cuts in methane emissions. Some stakeholders would have us diversify from dairy altogether. That is not our way. The atmosphere makes no distinction between who owns the source of emissions and simply transferring ownership somewhere else will not help. We are committed to driving those emissions down and that is what we are doing.

There was some welcome progress in the international arena in 2022. While progress at the COP27 Climate Conference was less than hoped for, it was far better than many had feared. And the UN Biodiversity Conference agreement to protect and preserve 30% of the planet and 30% of degraded ecosystems by 2030 showed that international agreement is possible, and we look forward to playing our part in delivering on this goal. The Uruguay round of talks in pursuit of a legally binding global plastics treaty was another important step forward on a highly complex issue. As a final note, our presence at such international events, along with many other like-minded businesses, is to encourage policymakers to act. We want to see a “high-level playing field” and we will continue to raise our voice in pursuit of a just transition to a net zero and regenerative food system. All of our advocacy activities are carried out in line with the aims and ambitions of the Paris Climate Agreement.



Strategy overview

Our purpose is to unlock the power of food to enhance quality of life for everyone, today and for generations to come. Creating Shared Value is the way we set out to achieve this purpose. It is an approach to business that seeks to be good for us, our shareholders, society and the planet. Our [value creation strategy](#) builds from this foundation in our product portfolio.

A climate-centered approach

The climate crisis is exacerbating the global food crisis. An unsustainable food system – responsible for up to a third of the world's emissions – is making the problem worse. We must move rapidly to a better way of nourishing our growing population, equitably, affordably and sustainably.

This is why we want to accelerate the shift to regenerative farming in this decade. By 2030, we expect half of our key ingredient volumes will come from farms engaged in practices that enrich the soils, replenish natural water cycles and/or soak up carbon. Building on actions that ensure our key supply chains are deforestation-free, we are applying this same regenerative mindset to help local communities protect forests and restore ecosystems. We want to help preserve the natural resources that all aspects of life, food and our business rely on.

The shift to regenerative farming will only succeed by putting farmers' needs and aspirations at the center – this is not only fair, we believe it's a condition for success. This means partnering with the more than 600 000 farmers in our supply chain to share, develop and embed new approaches together, while backing them up where needed with the technical and financial help they need to start and sustain the journey. It also means respecting the rights of communities and indigenous peoples in the places our ingredients come from. And we must go further – helping farmers in the most climate-vulnerable regions to increase their resilience, adapt to adverse weather, while paying them more for products they grow regeneratively, so their families and communities also prosper from helping to build a better food system.

Consumer appetite for change is accelerating, too. Our reach means we have a unique opportunity to deliver on and drive up demand for sustainable, nutritious diets. This is why we are reformulating our products, rapidly expanding our portfolio of plant-based choices and working with farmers to rethink every dimension of dairy to become net zero. Good food is at the center of our business, so we want to use the breadth of our products and brands to make sustainable choices available and attractive to everyone, everywhere.

Even as we grow, we will continue to endeavor to drive down our emissions and get to net zero. We aim to halve our carbon footprint this decade from 2018 levels and will report our progress, transparently. To achieve that, we are working on transforming every aspect of our business – from switching our trucks to alternative fuels and our factories to renewable electricity, to improving circular packaging solutions that reduce plastic and can be more easily recycled or reused. These transformations are not just good for the climate: becoming a business that puts regeneration at the core of our company reduces our costs and makes us more resilient – and this is good for Nestlé, too.

Our B Corp-certified brands

In April 2022, Nespresso became [B Corp-Certified](#), joining a global community of businesses that meet the highest standards of sustainability and social responsibility. Nestlé Health Sciences North America also achieved this certification in November. The move means that approximately 10% of Nestlé global sales are now B-Corp certified.



Nestlé viewpoint

The impact of our brands



Maureen Kingston
Global Marketing Strategy Lead

How our brands are contributing to our strategy.

Our brands play a critical role in delivering our global sustainability commitments. Each brand's contribution is unique, reflecting the differing sustainability challenges and opportunities that each category faces. Yet collectively, their efforts cumulate in our corporate sustainability impact.

With this in mind, we have developed the Brand Contribution Framework, to help each brand identify the role they will play in helping us achieve our corporate goals. Our brands identify how they can best contribute across three commitment areas: **People, families and pets**, **People and planet**, and **People in communities**. Once they have identified the topics within each area to focus on, each brand makes a sustainability promise, with supporting actions and indicators for measuring progress, and selects minimum one area where they want to lead the way in comparison with their peers. The brands' actions are then brought to life through our packaging and communications, to inform our consumers who increasingly are seeking to make sustainable choices.

Brands in action

There are plenty of examples among our well-known brands. Purina PetCare has been working with farmers in France to improve soil health and sequester carbon since 2020. Nestlé Waters is working at a local level, from national parkland in Spain to farmlands in Pakistan, to help regenerate the local water cycle. The Nestlé Waters brands don't see regenerative practices as one element of their sustainability promise, but as central to the entire effort.

Elsewhere, Gerber is taking action to deliver waste-free factories and carbon-neutral recipes, while Ceralac aims to source 100% of its key ingredients through regenerative agriculture methods by 2030 – well ahead of our global commitment of 50%.

It is exciting to see our brands taking ownership of their sustainability journeys and delivering meaningful impact.



Governance

Sound governance is integral to building trust and maintaining our license to operate. It is a cornerstone of our ability to create shared value.

Our governance structure reflects [our purpose](#), enables our strategy, and supports our [commitments](#). Our environmental, social, governance (ESG) and sustainability strategy is at the heart of our decision-making. Our sustainability agenda and performance is reviewed by the [Sustainability Committee](#) of the [Board of Directors](#).

The Board of Directors, which includes 12 independent members, along with the Chairman, CEO and Executive Board, is responsible for supervising our Creating Shared Value strategy and program. Executive Board remuneration is linked to ESG indicators. ESG objectives (15% of the target) are annually set by the Compensation Committee and reflect selected performance measures from the Nestlé ESG/Sustainability agenda. For 2022, they relate to

Sound governance underpins sustainability performance. Shown here, our Chairman addressing stakeholders for our 2022 AGM.



deforestation, plastic packaging designed for recycling, reduction of water use in factories, affordable nutrition with micronutrients and the global youth initiative. Full details of board-level remuneration and bonuses are available in our [Compensation Report](#).

The ESG and Sustainability Council oversees our sustainability strategy. The Council is chaired by our Executive Vice President (EVP) Head of Strategic Business Units and Marketing and Sales. The Council has the following workstreams: 2050 Net Zero, Sustainable Packaging, Water, Sustainable Sourcing and Communications and Advocacy. The structure helps to accelerate and standardize decision-making on a global level.

In 2022, the Council welcomed three new members – the Head of Zone North America and the Head of Zone Greater China, as Nestlé added two new geographical Zones to its management structure, and the Deputy EVP and Chief Communications Officer. The Council meets every month and regularly reports to the full Executive Board.

We monitor our Creating Shared Value and sustainability performance against key performance indicators using an internal dashboard. Performance data are generated on a quarterly basis and progress is reviewed by the ESG and Sustainability Council.

For full details of our governance structure, see our latest [Corporate Governance Report](#).

Our governance structure

BOARD OF DIRECTORS

The board is responsible for the company's strategy and organization, including financial and non-financial reporting. This comprises identifying and enforcing both statutory and internal disclosure rules on ESG matters, particularly where ESG risks may affect the Company's performance.

EXECUTIVE BOARD

The Company's Executive Board is responsible for the execution of the Company's sustainability strategy, which includes the handling of the mandatory reporting obligations, with delegation to the ESG and Sustainability Council.

ESG & SUSTAINABILITY COUNCIL

The ESG and Sustainability Council provides strategic leadership and execution support, and drives the implementation of Nestlé's sustainability strategy, including our [2050 Net Zero Roadmap](#), ensuring focus and alignment.

Five workstreams:

- 2050 Net Zero
- Sustainable Packaging
- Water
- Sustainable Sourcing
- Communications and Advocacy

ESG STRATEGY & DEPLOYMENT UNIT

Ensures execution, monitors external developments, and defines KPIs in support of Nestlé's sustainability strategy. Coordinates sustainability activities and has the oversight of internal ESG data and external disclosures. It also advises Nestlé's ESG and Sustainability Council.

BOARD COMMITTEES

Sustainability Committee (SC)

The SC reviews the Company's sustainability agenda including the measures which ensure the Company's long-term sustainability strategy and its ability to create shared value.

Audit Committee (AC)

The AC is informed of the content of our non-financial reporting and audit process of selected assured metrics.

CREATING SHARED VALUE (CSV) COUNCIL

The CSV Council is an external advisory body that advises senior management on a range of sustainability issues.

ZONES & MARKET MANAGEMENT

Management is responsible for ensuring the provision of relevant data for the Group non-financial reporting, and for complying with the non-financial reporting obligations at local level.

Key:

- Board level
- Nestlé executive
- External advisory
- ▶ Approves
- ▶ Reports
- ▶ Advises

Stakeholder engagement

Considering external feedback is fundamental to our approach.

We engage with stakeholders at a local, regional, national and international level. When doing so, we apply the [Nestlé Corporate Business Principle](#) of "transparent interaction and communication" to foster collaboration, knowledge sharing, open discussion and deep dialogue.

[Our stakeholder universe](#) is large and varied and we engage with our stakeholders in many different ways. However, each project, launch, collaboration, campaign and event has a common purpose: to help advance regenerative food systems at scale.

Throughout the year, we also consult regularly with our CSV Council, an external advisory council established in 2009 and formed of a group of experts from a broad range of fields, from corporate responsibility, strategy and sustainability to nutrition, water and rural development. The Council has an advisory role. In 2022, topics discussed included implementation of the Nestlé packaging vision and commitments, progress on our [Net Zero Roadmap](#) and regenerative agriculture commitments, the roll out of our income accelerator program and our commitment to provide transparency on the nutritional value of the Nestlé portfolio. The Council also discussed how to develop our sustainability reporting in light of incoming regulatory requirements.

In 2022, we were pleased to be ranked first among 25 food and beverage companies benchmarked in the ATNI's Spotlight on Lobbying scorecard, released in December 2022. Nestlé received the highest score for its policy commitments and management systems, and the second highest score for disclosures.



Nestlé employees speaking at a workshop at COP27 in Egypt in November 2022, on efforts to advance regenerative food systems at scale.

Examples of engagement in 2022

Employees

How did we engage?

- Regular internal communication campaigns
- Regular forums and panel events
- Regular surveys and webinars
- Periodic performance and development reviews
- Collective action for employees

Key topics covered?

- Corporate strategy and workplace culture
- Employee and management performance, staff welfare and benefits
- Sustainability and regeneration
- Internal and external reporting of non-compliance concerns and questions

What did we do?

- Ran Employee Resource Groups focused on people with disabilities, such as THRIVE
- Continued to create an open culture and dialogue around disability with our *NestAbility* network
- Promoted the inclusion of people with disabilities through membership of the ILO Global Business and Disability Network and signing The Valuable 500 commitment to elevate disability inclusion to our leadership agenda
- Continued to raise awareness of *Speak Up*, our internal and external reporting channel for non-compliance concerns and questions. The global rollout of the channel was completed during the year

Suppliers

How did we engage?

- Periodic supplier meetings and workshops
- Regular safety training for contractors
- Annual conferences
- Periodic audits and assessments

Key topics covered?

- Advancing regenerative food systems at scale
- Human rights and labor rights
- Internal and external stakeholder performance

What did we do?

- Piloted the Child Risk Assessment Framework toolkit with a supplier in 2021 and completed the pilot in 2022
- Took part in and sponsored the Sustainable Brands Conference in San Diego, United States, where we shared our progress on advancing regenerative food systems at scale, focusing on our *Nescafé*, *Libby's* and *Gerber* brands in particular
- Launched the *Nescafé Plan 2030* as an online webinar. Over 1000 registrants were in attendance – including suppliers
- Worked with an independent third party to interview 55 internal and external stakeholders as part of our materiality assessment. These included suppliers and customers
- World Water Week panel event and engagement with suppliers

Consumers

How did we engage?

- Brand campaigns
- Key opinion leader labs
- Site visits and open days
- Annual Nestlé CSV & Sustainability Report
- Interaction via social media channels

Key topics covered?

- Connecting brand sustainability plans with key opinion leaders
- Company performance and strategy
- Sustainability performance and strategy

What did we do?

- Held a stakeholder engagement initiative with key opinion leaders before the launch of the *Nescafé Plan 2030* – the feedback was used to refine the final details
- Engaged consumers, media and partners to amplify a dialogue around diversity and inclusion with Nestlé Canada, *KitKat Chocolatory* and Friends of Ruby
- Communicated [Generation Regeneration](#) proof points related to our promise to advance regenerative food systems at scale

Customers

How did we engage?

- Regular leadership meetings
- Nestlé Net Zero Roadmap communications
- Forum and panel events
- Workshops on joint sustainability roadmaps

Key topics covered?

- Nestlé Net Zero Roadmap and commitments
- Brand and category sustainability strategies
- Recyclable or reusable packaging
- Alternative delivery systems (refill and reuse)
- Plant-based and "Better for you" options

What did we do?

- Responded to sustainability requests including through EcoVadis and CDP
- Nestlé Professional organized a LinkedIn webinar about *Nescafé Plan 2030* for its out-of-home customers and provided a specific social media toolkit and website banners; over 500 people attended the webcast
- Nestlé was recognized as a Giga-Guru partner – a supplier with a SMART goal and publicly reported emissions reductions – under Walmart's Project Gigaton
- Built joint roadmaps and action plans together with customers, unlocking synergies.
- Continued partnership testing of refill-and-reuse delivery systems and scalable business models

Investors and analysts

How did we engage?

- Annual General Meeting
- Regular investor meetings and investor days
- Regular analyst calls
- Periodic Chairman's Roundtables
- Annual Nestlé CSV & Sustainability Report

Key topics covered?

- Company performance and results
- Business development, goals and forecasts
- Company sustainability strategy performance, development and outlook, including environmental, social and governance issues and commitments

What did we do?

- Engaged with the investment community through our Annual General Meeting and regular investor meetings and analyst calls
- Held Chairman's Roundtables virtually and face-to-face during the year with investors in Germany, Japan, Singapore, Switzerland and the United Kingdom



Governments, international organizations, NGOs

How did we engage?

- Participation at the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) and the United Nations Biodiversity Conference (COP15) event in Montreal
- Supporting the UN Treaty on Plastic Pollution negotiations
- Participation at UN General Assembly Week in New York

Key topics covered?

- Food system issues and climate change
- Regenerative agriculture
- “Water positive” development
- Plastics pollution
- Biodiversity

What did we do?

- Worked with the Government of Egypt to help journalists understand food systems issues ahead of COP27. We also sponsored pavilions and stands. Nestlé’s Head of Operations spoke on [accelerating the transition to resilient food systems](#)
- Took part in a panel event during World Water Week in Stockholm, where the UN Water Mandate and the “water positive” concept were discussed
- Called for leaders to create a global framework to tackle plastic pollution through the World Economic Forum ahead of the UN Environment Assembly

Global partnerships

How did we engage?

- Developed new partnerships
- Participated in global events

Key topics covered?

- Plastics use and tackling pollution
- Corporate responsibility, strategy and sustainability
- Nutrition, water and rural development
- Emergency relief

What did we do?

- Entered a global partnership with World Central Kitchen, a non-profit organization that specializes in providing meals for people who have been affected by catastrophic events.
- Entered the Business Coalition for a Global Plastics Treaty, to support the development of an ambitious, effective and legally binding UN treaty to end plastic pollution. The coalition is convened by the Ellen MacArthur Foundation and WWF and supported by strategic NGO partners

Industry associations

How did we engage?

- Development initiatives
- Regular forums and panel events
- Annual conferences
- Regular communication campaigns

Key topics covered?

- Corporate climate action
- Safeguarding natural resources
- Employee health and well-being

What did we do?

- Continued to work with the World Business Council for Sustainable Development on corporate climate action
- Provided ongoing support to the International Chamber of Commerce and Business for Nature in calling for strong action by policymakers to safeguard natural resources
- Continued to work with the Consumer Goods Forum, as a member of the Employee Health and Well-being working group.
- Worked with the CEO Water Mandate and WASH4Work

Academia and the science community

How did we engage?

- The World Food Forum
- Regular stakeholder consultations
- [Nestlé International Nutrition Symposium](#)

Key topics covered?

- Transforming food innovation through science and collaboration
- Present and future nutrition challenges
- Preserving nutritional goodness from farm to fork

What did we do?

- Co-organized with Swiss Food & Nutrition Valley an official side event during the FAO Science and Innovation Forum. The focus was transforming food innovation through science and collaboration
- Continued to work with the Consumer Goods Forum, as a member of the Employee Health and Well-being working group.
- Worked with the CEO Water Mandate and WASH4Work
- Launched our innovative income accelerator program, with a digital stakeholder event, attended by 470 participants from 44 countries
- Continued to offer farmers close agronomy support and worked directly with them on various pilot projects. This includes our international network of 14 R+D Accelerators
- Carried out consultations with global health experts to gather insights on present and future nutrition challenges and inform our nutrition approach
- Hosted more than 20 leading scientists at the *Nestlé International Nutrition Symposium* to assess scientific evidence on preserving nutritional goodness from farm to fork
- Hosted the Youth Entrepreneurship Platform, or YEP, a single, online location where young people can discover the wide range of help we can offer to bring innovation to life



Nestlé sponsored stands and pavilions at COP27.

Our global partnership with World Central Kitchen helps provide meals for people facing catastrophic events.

Community engagement

Nestlé has been engaged in giving programs since our foundation over 150 years ago. Today, improving access to healthier foods, as well as providing relief to people and communities during disasters, helps support what we do. In 2022, we donated more than CHF 120 million, and most of our contributions were related to food access.

In Ukraine, since the invasion, our focus has been on keeping our employees and their families safe, maintaining our operations wherever possible, as well as supporting the people of Ukraine. In 2022, Nestlé committed a CHF 40 million investment for a new production facility and more than CHF 14 million in contributions to the people of Ukraine, together with the International Federation of Red Cross and Red Crescent Societies. We have provided more than 4200 tonnes of food donations through various local and international partner organizations. With the UkraiNEST Foundation, we organized an employee fundraising to restore the homes of our colleagues in the country.

In June 2022, Nestlé entered a global partnership with World Central Kitchen, a non-profit organization that specializes in providing meals for people who have been affected by catastrophic events. Nestlé has supported World Central Kitchen in an initial one-year agreement and with a CHF 1 million donation to its Climate Disaster Fund. During the year, we engaged with World Central Kitchen to support various communities stricken by extreme weather events related to the climate crisis, including those affected by floods in Pakistan, as well as hurricanes Fiona and Ian in Puerto Rico and the United States.

Our offices and 344 factories around the world support their local communities in many ways, including through job creation and economic growth. They also organize charitable activities, including support for events in and around Vevey, Switzerland, home to our headquarters.

On the road to net zero

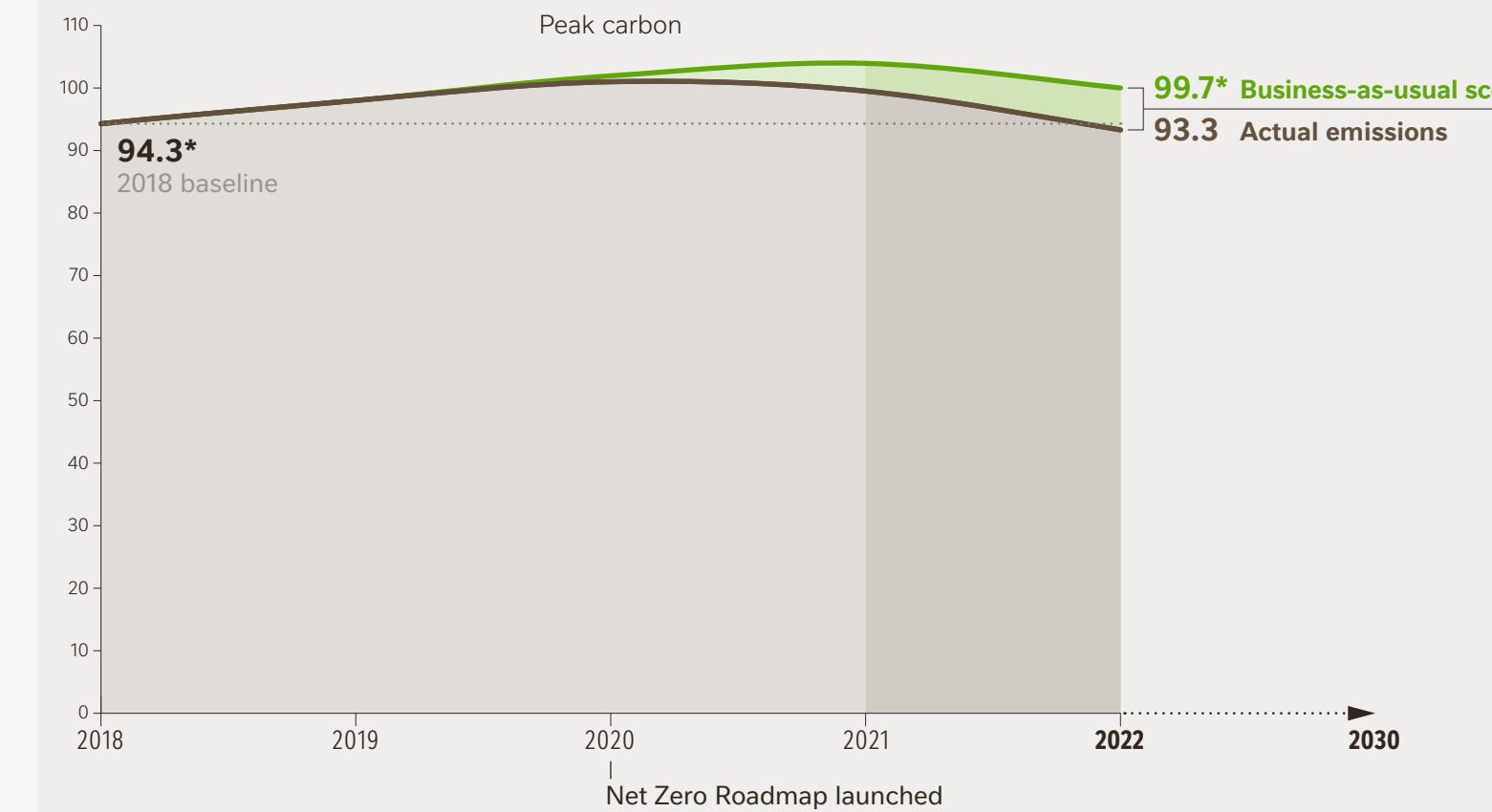


Climate change is already here. Urgent action is needed. At Nestlé, we have put peak carbon behind us and are driving down emissions in our operations and supply chain.

NET ZERO ROADMAP

Progress on our roadmap to 20% reduction in greenhouse gas emissions by 2025 and 50% reduction by 2030 and net zero by 2050

2018 baseline (million tonnes of CO₂e)



6.4

Million tonnes of CO₂e reductions compared with business-as-usual scenario

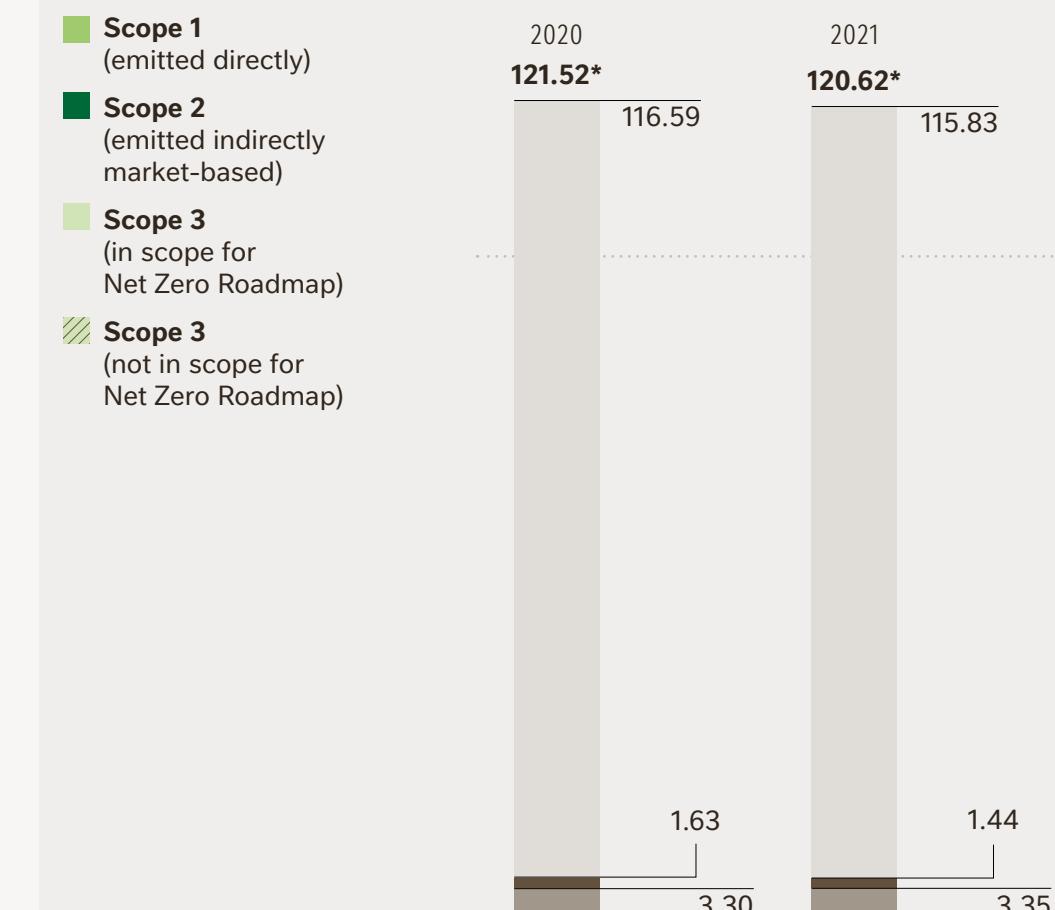
68% Ingredient sourcing
28% Manufacturing
4% Packaging



GHG EMISSIONS

Total Scope 1, 2 and 3 GHG emissions

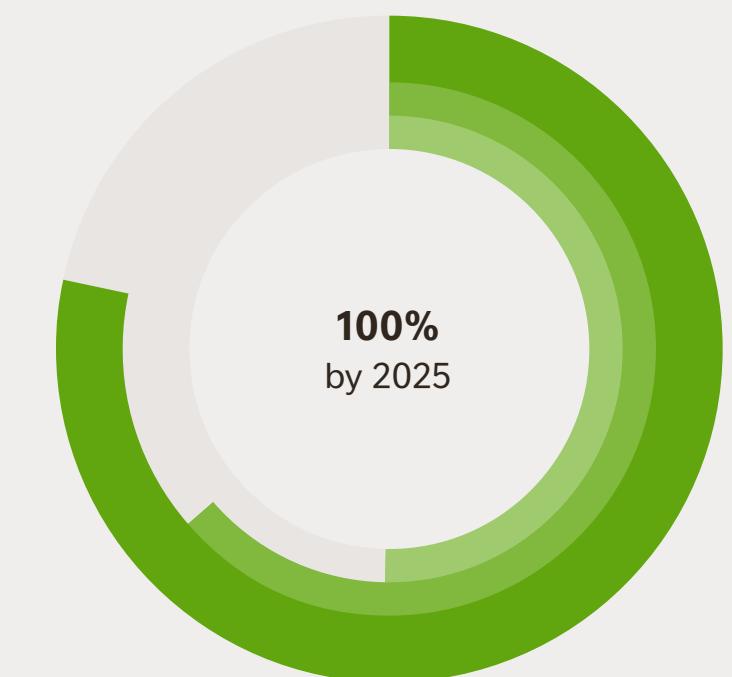
(million tonnes of CO₂e)



RENEWABLE ELECTRICITY

Renewable electricity sourced in all our sites at year end (%)

50.5% in 2020
63.7% in 2021
78.4% in 2022



SDG CONTRIBUTIONS



* Restated due to acquisitions, divestitures, emissions factor restatements and adjusted scope.

Background

Climate change is no longer a future concern. It is already here. In 2022, much of the northern hemisphere experienced extreme heat, drought and wildfires. Hurricanes battered North America and the Caribbean. Devastating flooding hit Nigeria and Pakistan and [Asia was affected by heavy typhoons](#). Meanwhile, data from NASA shows that global temperatures have increased by up to 1.01°C since pre-industrial times. What is less well known perhaps – sea levels are over 10cm higher than in 1993, the ocean is more than three times as hot as it was in 1980 and [arctic sea ice](#) has shrunk by an average of 12.6% every decade since 1979.

[Food system topics](#) such as land-use change, agricultural production, packaging and waste management are linked to up to one-third of global greenhouse gas emissions. At the same time, the effects of climate change have already begun to impact food systems. Altered weather patterns are affecting growing seasons and making crop yields less predictable, while increases in extreme weather such as droughts and floods are threatening food security.

We must continue to act to help avoid the worst potential climate scenarios and protect vulnerable communities, including those whose livelihoods depend on agriculture.

Approach

In 2020, we launched our [Net Zero Roadmap](#), a Science Based Targets initiative (SBTi)-aligned plan to reduce Nestlé's emissions. It has enabled us to put peak carbon emissions behind us and make progress toward our greenhouse gas (GHG) emissions reduction targets for 2025 (20% reduction) and 2030 (50% reduction).

Because climate intersects every part of our company, it forms one of the five workstreams of our [ESG Strategy and Deployment Unit](#).

A detailed analysis of our GHG emissions, carried out when setting our 2018 baseline, showed that 95% of our footprint was made up of Scope 3 emissions from activities in our supply chain such as farming and land use, and just 5% was Scope 1 and 2 emissions from our own operations. Dairy and livestock ingredients are our largest single source of emissions – dairy alone accounts for one-third of our total emissions.

To make progress toward our net zero commitment, we focus primarily on our upstream supply chain including our dairy and livestock sourcing. We have developed two main strategic approaches upstream that will help tackle our

Scope 3 emissions: Nestlé's [Forest Positive](#) strategy and [Regenerative Agriculture Framework](#).

Alongside the focus on Scope 3, we are working to systematically reduce emissions in Scopes 1 and 2, by reducing the carbon footprint of our factories and fleet cars.



Production of Brominata™, a red seaweed-based feed supplement with potential to decrease enteric methane production by ruminants.

Innovation to tackle farm emissions

When dairy cows digest their feed they produce methane, which has a far greater global warming potential than CO₂. So-called "enteric fermentation" is the largest source of emissions in fresh milk production, followed by feed production and manure.

Working with external partners, we are exploring the use of novel feed supplements, wearable devices, improved nutrition and immunological approaches that decrease enteric methane production, but do not negatively impact the yield of nutritious and safe milk or animal welfare and health. For example, in the United States, we are facilitating research to assess the efficacy and the human, animal and environmental health and safety aspects of a seaweed-based feed supplement, which has the potential to reduce enteric methane emissions significantly.

In parallel, we are looking at scientific approaches to reduce emissions related to manure management and feed production. We test and validate these innovative technologies in our research farm network prior to rolling them out in our supply chains. For example, in the United States, we are rolling out vermicomposting, which uses worms to naturally degrade manure with lower methane production – replacing the need to capture and store the gas. The worms also remove up to 99% of wastewater contaminants and generate castings that can be used as fertilizer to improve soil health. This practice targets one of the largest sources of emissions on many dairy farms.

Nestlé viewpoint

Climate-smart sourcing



Benjamin Ware
Head of Climate Change and Sustainable Sourcing

How shifts in sourcing can reduce our carbon footprint.

Around the world farmers are at different stages of the transition toward regenerative agriculture practices. One way we can reduce our footprint is by switching more volumes to suppliers, cooperatives and farmers in countries of origin that already have regenerative agriculture practices in place – while helping farmers in other regions to make the shift as well, supporting a just transition.

The bulk of our carbon footprint is already present when we purchase raw materials such as dairy, coffee, cocoa, palm oil and meat. Packaging and shipping are much less significant – only a fraction of the carbon footprint compared with how the raw material is produced. This means selecting ingredients produced using climate-smart practices can make a significant difference, even if they are shipped from further away.

A reward mechanism

Let's take coffee beans as a hypothetical example. Imagine that well-established farmers in country A are already practicing agroforestry, such as intercropping trees for timber with coffee trees and employing smart irrigation techniques. Meanwhile, farmers in country B have focused on amplifying monoculture-intensive coffee production but have not yet embraced sustainable measures.

If the carbon data show that a unit of coffee from country A has a carbon footprint of 3kg, while the same amount from country B has a carbon footprint of 5kg, then by shifting bigger volumes to country A, we can notably reduce our carbon footprint.

This allows us to recognize and reward the more progressive farmers that have already made the necessary transition. At the same time, we recognize the huge challenge farmers in country B face and continue to provide technical and financial support to bring their methods up to where our industry needs them to be. It's a two-fold approach – a fair reward mechanism and a just transition – that underpins how much volume we shift and to where.

Harder in practice

While that sounds simple in theory, in practice it's not straightforward. Our decisions need to be backed up by accurate emissions data mapped at farm level. And while we already collect and validate this with our suppliers for dairy, cocoa, coffee and palm oil, there's still work to do.

Additionally, in many places, we have pre-agreed volume commitments upon which people's livelihoods depend. Clearly, economic viability and security of supply still factor in purchasing decisions. And let's not forget taste – different regions often grow different varieties of a crop that can taste slightly different and impact recipes.

Despite these challenges, shifting sourcing in this way is already underway, as exemplified by the total volume of our commodities now coming from assessed deforestation-free verified origins or certified as sustainably produced. This accounts for 25% of the Scope 3 emissions saved through implementation of our Net Zero Roadmap.

For more information on climate-related risks and opportunities, see our [Climate Risk and Impact report](#).



Sourcing from locations already implementing practices such as agroforestry can reduce our carbon footprint.



Performance

In 2022, our GHG emissions remained decoupled from business growth, as we again achieved higher revenues and lower absolute emissions. Our total absolute Scope 1, 2 and 3 GHG emissions reduced from 120.6 million* in 2021 to 112.9 million in 2022.

As per our SBTi approved roadmap, our in-scope emissions have now reduced by 6.4 million tonnes to 93.3 million tonnes compared with a projected business-as-usual scenario of 99.7 million tonnes. In addition, actual emissions of 93.3 million tonnes have fallen below our 2018 baseline of 94.3 million tonnes for the first time since introducing our Net Zero Roadmap, despite revenue growth over the same four-year period. Emissions reductions are the result of a wide range of projects in our agricultural supply chains, as well as in our factories. All reductions associated with a project meet the accounting principles set out in the GHG Protocol Corporate and Project standards.

We are proud of our progress but know there is more to do to reduce our absolute emissions on our way to net zero by 2050 at the latest. We are still adapting our approach in response to what we learn. Many of our emissions reduction projects will take time to implement but we remain confident they will yield results to keep us on track.

In addition to these emissions reduction projects, we secured 4.3 million tonnes of CO₂e removals by implementing nature-based solutions that transfer CO₂e from the atmosphere into carbon stores. Our net zero commitment does not rely on offsetting. These removals take place within our supply chains and the landscapes where we source our raw materials, and help restore forests, wetlands and peatlands, or improve land management. Secured removals are the total carbon that will be captured and stored (e.g. in trees or soils) over the 20- or 30-year lifetime of a project. Every year, we will track the actual carbon removal and storage across our value chain in the reporting period (known as delivered removals or ex-post carbon accounting). These removals will be reported as progress in line with the SBTi FLAG guidance (released November 2022).

* Restated due to acquisitions, divestitures, emissions factor restatements and adjusted scope.



The Nestlé Waters "glass train", to return Vittel and S.Pellegrino bottles, marks a new step toward more sustainable transport.

6.4

Million tonnes of CO₂e reductions compared with business-as-usual scenario

4.3

Million tonnes of CO₂e removals secured in 2022

10.7

Million tonnes of CO₂e reductions achieved compared with a business-as-usual scenario, and removals secured in 2022

Scope 1 and 2 emissions

All of our Scope 1 and 2 emissions are being addressed as part of our Net Zero Roadmap, and our actions contribute to our absolute emissions reductions.

We continued to make progress toward our commitment to source 100% renewable electricity across our sites globally by 2025, reaching 78.4% renewable electricity sourced in our manufacturing sites in 2022 (2021: 63.7%). Our factories in Australia, India, Indonesia, New Zealand, South Africa, Thailand and Vietnam increased their purchases of renewable electricity this year. In Europe, 93% of our factories were running on 100% renewable electricity. The majority of the renewable electricity we use is generated offsite by third-party suppliers. In addition to the 78.4% of renewable electricity sourced, we currently have onsite generation at nine factories in Europe and the Middle East, and this may expand in the future.

In North America, Nestlé completed its second large-scale solar energy farm investment. Combined, the solar energy farms will represent nearly 50% of Nestlé's electricity in the United States, thereby halving its Scope 2 greenhouse gas emissions.

Some factories are also switching to renewable sources of thermal energy. In Indonesia, one factory has switched from fossil fuels to locally supplied rice-husk-based biofuel. A second factory is expected to complete the switch in 2023. We have introduced industrial heat pumps replacing the use of fossil fuels in La Penilla, Spain, saving 2000 tonnes of CO₂e, per year, and in Konolfingen and Orbe in Switzerland, saving 1000 tonnes of CO₂e per year. Our Nestlé Waters facility in Henniez, Switzerland, works with a third-party biogas plant, which collects manure, Nespresso



coffee grounds (from capsule recycling) and other locally produced industrial organic waste to convert into renewable energy. The electricity produced is injected into the Swiss grid, while part of the heat is valorized at the Henniez factory. The bottling site used 74% of renewable energy in 2022. A liquid by-product of the process serves as a highly efficient and odorless organic fertilizer and is recovered and used by the contributing farmers.

As part of our Net Zero Roadmap, we committed to switching our global car fleet to lower emissions options by 2022. At the end of the year, 41% of our fleet had switched to lower-emissions options. We compensated emissions from the remaining 59% that we could not switch, mainly as a result of a lack of available vehicles and infrastructure in some markets. We will seek to increase the proportion of lower-emission vehicles in our fleet as availability and infrastructure improves.

As part of our ongoing Green Fleet Project, the shift to electric, biofuel, hybrid or plug-in hybrid vehicles continued in 2022, with our Green Fleet increasing from 27.2% in 2021 to 41.0% of our entire corporate fleet. Meanwhile, we rolled out electric trucks in Germany, Italy, Spain, Sweden and Switzerland, along with hydrogen trucks in Switzerland.

Energy consumption

	2020	2021	2022
Energy consumption (Gigajoules)	81 385 568	82 779 476	80 131 120
Energy consumed that is renewable energy (%)	23.1	25.3	30.6
Energy consumed that was supplied from grid electricity (%)	12.2	10.2	6.0



Dairy is our largest single source of Scope 3 emissions – something we are hoping to tackle with pilot farms.

41.0%

Global fleet switched to lower-emission options (27.2% in 2021, 17.6% in 2020)

Scope 3 emissions

In line with SBTi guidance, our total reported Scope 3 emissions include some categories that are not currently covered by our SBTi-aligned GHG emissions reduction target. These emissions accounted for less than 33% of Scope 3 emissions in the 2018 baseline. These include consumer use of sold products, purchased services, leased assets, capital goods and investments. As a result, our total Scope 3 emissions reported for 2022 (108.9 million tonnes) are higher than the Scope 3 emissions that fall within our SBTi-aligned target (89.3 million tonnes).

Dairy ingredients are our single largest source of Scope 3 emissions. We are working with leading universities and NGOs to support net zero efforts in dairy farming around the world ([see the Making swiss dairy a climate star case study](#)). This includes investing in at least 25 pilot farms in 15 countries to test scalable, low-carbon and regenerative agriculture practices that may help those farms achieve net zero GHG emissions.

Currently, we have one pilot farm in South Africa that aims to achieve net zero in the near future, and another in the United States aiming for net zero by 2025. Twenty-three other pilot farms are investigating exciting possibilities to support net zero efforts. In Spain, we are engaging with more than 200 dairy farmers to implement emission reduction practices, which are aimed at reducing their footprint by 40% by 2026. In the UK, since 2015 we have worked with more than 70 farmers to plant more than 42 kilometers of hedgerows and protected more than 40 kilometers of rivers and streams.

We use the Cool Farm Tool – an external online GHG, water and biodiversity calculator to help companies calculate the environmental footprint of their agricultural raw materials – for key ingredients including dairy. The tool, already being used to capture primary data in Brazil and Colombia, has now been rolled out to seven new origins.

We also continued our work to lower carbon emissions associated with our logistics:

- [Nestlé is investing over CHF 100 million by 2030](#) in low-carbon logistics for our three international water brands: *S. Pellegrino*, *Acqua Panna* and *Perrier*.
- In France, Nestlé Waters launched new rail routes for *Perrier*, saving an estimated 11 400 tonnes of CO₂e per year by the end of 2022. The business is also working with partners to roll out a [hydrogen-powered train route](#) in France by 2025. This route will help reduce CO₂e by an estimated 10 000 tonnes per year – a reduction of 89% of its current emissions.
- Nestlé UK & Ireland designed, built and tested new curtain-sided rail containers with several partners. The containers have a raisable roof and can transport double-stacked palletized products by rail. According to Network Rail, each freight train takes up to 76 heavy goods vehicles off the roads.
- Together with its logistics and fuel suppliers, Nestlé Waters is scaling up the use of biofuels, including bio-LNG (liquefied natural gas made from processed organic waste) in trucks and other types of biofuels in ocean freight logistics to North America. Nestlé UK & Ireland switched 73% of its owned fleet of trucks from diesel to bio-LNG. Partners of Nestlé Waters in Italy and Germany have also started incorporating this technology in their logistic operations.
- In Germany, work on a new distribution center is under way. The aim is for the center to achieve platinum certification from the German Sustainable Building Council. The plan is to reduce both our freight mileage and CO₂ footprint from logistics by around 30% per year.



Video: Road to rail logistics

Along with several partners, Nestlé UK & Ireland developed curtain-sided rail containers with a raisable roof – taking 76 HGVs off the road per train.



Product portfolio and packaging

Our recipe decisions for new and established products are based on GHG emissions-reducing potential as well as nutrition, taste and cost. In 2022, *Garden Gourmet* received the [Solar Impulse Efficient Solution Label](#), marking it as a solution that is good for people, the environment and business.

The Nestlé Professional Future Cup initiative launched a customer-facing lifecycle assessment tool that helps our sales reps improve transparency to customers, allowing them to make more informed sustainable purchasing choices.

In China, we are collaborating with several large retailers. For example, in a collaboration with Alibaba and 18 other consumer goods companies, Nestlé is promoting the *Decarbonization-Friendly Actions* program in an effort to increase carbon reduction actions across the industry. Nestlé is one of the most active companies by providing 26 lower-carbon products in the food and beverage category on the Alibaba platform.

In Poland, Nestlé engaged and educated consumers on food waste by focusing a television commercial of one of the biggest culinary brands in the country – *Winiary*.

The development of environmental footprint labeling schemes in Europe gained significant momentum in 2022. Nestlé is closely following the main initiatives to help push for a harmonized European system. Our actions include:

- France: pilot testing some Nestlé products against Eco-Score and Planet-Score
- Belgium: closely monitoring the roll out of Eco-Score on products for retailer Colruyt
- UK: a nine-month R&D partnership with Foundation Earth has helped develop a UK methodology for measuring carbon, water usage, eutrophication and biodiversity loss from farm to shelf for 12 Nestlé products. An EU Product Environmental Footprint methodology (covering farm to fork) is underway.

Food loss and waste

Food loss and waste are unacceptable, though difficult to tackle in practice. They accounted for around 670 000 tonnes of CO₂e in our 2018 baseline study. While this is a very low proportion of our total emissions, we aim to reduce food loss and waste at every stage of our value chain.

In 2022, we joined an industry-wide pledge in partnership with the Swiss authorities to halve food loss and waste by 2030. We also became a Waste Warrior Brand to help prevent food loss and waste at a consumer level. In the UK, together with major UK supermarkets and organizations, we signed similar world-leading government pledges to help halve food waste by 2030. We make use of agricultural side streams (e.g. in *Nescafé Nativ Cascara*), recover food waste in factories to use as biofuel and work with farmers and consumers to minimize waste.

Total weight of waste generated in Nestlé factories in 2022 and a breakdown of this total by composition of the waste (metric tonnes)

Waste composition	Hazardous waste generated	Non-hazardous waste generated	Total
Biomass	839	1973 909	1974 748
Mixed waste	33 067	926 422	959 489
Total	33 906	2900 331	2934 237



Food waste is an issue we take seriously. For example, spent coffee grounds are burned and used as biogas at our Henniez bottled water plant.

Advocacy

Throughout 2022, we continued to advocate for ambitious government policies and private sector leadership to encourage all sectors to move quickly toward rapid and sustained emissions reductions. Examples include:

- Working with the World Business Council for Sustainable Development on corporate climate action and furthering discussions around issues such as nature and plastics at Climate Week NYC 2022.
- Advocating for the inclusion of food systems at COP27, alongside a range of stakeholders and other companies. We hosted discussions in Sharm El Sheikh on topics such as ensuring a just transition in food and agriculture and encouraging a new generation of farmers into the profession.
- Publicly supporting the Business for Nature campaign for mandatory disclosure of impacts and dependencies on biodiversity by large companies and financial institutions at the CBD COP15 negotiations in Montreal in December.

We are an active member of the Taskforce on Nature-related Financial Disclosures working group, which is aimed at advancing the collective understanding of how to report on double-materiality risks and dependencies related to the natural environment. This complements our membership of the Corporate Engagement Program run by the Science Based Targets Network.

We have taken steps to enhance transparency on our advocacy and lobbying activities, such as publishing our [2022 Climate Advocacy Report](#).

Outlook

We will continue working hard to reduce GHG emissions across our operations and value chain. We aim to accelerate Scope 3 emissions reductions by focusing on actions at the farm level. Actions will include the scaling up of regenerative agriculture practices and the implementation of our Forest Positive strategy.

Helping farmers in higher-carbon origins to improve their practices will be a priority as we begin sourcing higher volumes from origins with lower-carbon footprints.

Additionally, we will seek further opportunities to reduce emissions from our vehicle fleet and third-party logistics, and to source more renewable electricity in our operations.

We will continue our wide-ranging engagement work with governments and international organizations, particularly on reducing deforestation risk and protecting nature. One of our advocacy objectives for 2023 is to encourage the placement of regenerative food systems at the heart of national climate plans and for this to be a central focus for COP28 negotiators in the United Arab Emirates.



Rolling out Nestlé-branded hydrogen-fueled trucks in Switzerland.

Making Swiss dairy a climate star

A partnership to lower emissions in Switzerland.

Dairy and livestock are the single largest source of Nestlé emissions; reducing them is essential for achieving our overall climate ambitions.

Around the world, we are seeking ways to make a difference in each local context. From looking at how cows are fed and how manure is managed, to using silvopasture, cover crops and renewable energy production – no stone is being left unturned.

No two local contexts are the same – but many of the lessons are transferable. This is one of the reasons we are so excited by our *KlimaStaR* project in Switzerland. Partnering with another of the country's leading dairy processors, Emmi, along with the ZMP and aaremilch cooperatives, we have pulled together a coalition that includes local government, the AgroCleanTech platform and two Swiss universities (ETH Zürich and the University of Applied Sciences for Agricultural, Forest and Food Sciences). Our aim is to reduce emissions in Swiss dairy and improve scientific understanding of the processes involved.

The Swiss Federal Office of Agriculture is supporting the project, with GHG emissions in dairy among the country's largest areas after mobility, heating and power.

Thousands of tonnes of emissions reductions

Together, we hope to reduce GHG emissions on up to 300 participating farms by 20% by 2027 – a GHG reduction of 15 000 tonnes of CO₂e. Our four priority areas are optimal feeding, animal longevity, manure management and energy use. Each participating dairy farm will be offered tailor-made solutions for reducing their carbon footprint. Actions will include improving feeding, herd management, energy usage, and fertilizer usage. We also hope to reduce competition between animal feed and food designed for human consumption by 20%. Actions in this area will include improving meadow fodder quality, cross-farm trade in meadow fodder and land exchange.

The project will also include a practical exploration of the conflicting goals of grassland-based, site-adapted and climate-friendly milk production. We also want to test the use of simple, measurable GHG indicators and better understand the relationship between GHG reduction measures and feed-food competition.

The lessons learned can then be shared internally and with our partners to help us all replicate the results in other farms. We believe this project can only help our other efforts around the world to become more effective.

Advanced technology can optimize operations and energy usage on Swiss farms.



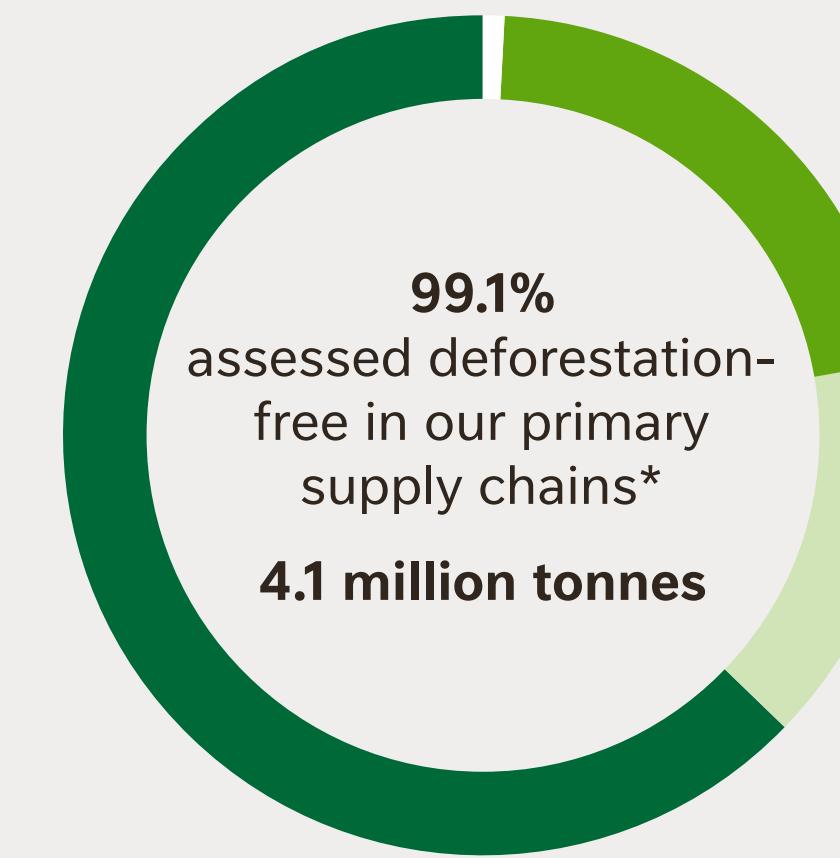
Rudolf Bigler's dairy farm in Mooseedorf, Switzerland – part of a partnership to lower dairy emissions in the country.

Looking at the whole landscape



Conserving and restoring natural habitats within our supply chains is essential. But it's only the start. We are looking beyond the farm level to help positively transform whole landscapes.

100% ASSESSED DEFORESTATION-FREE BY 2022



- 1% Unknown
- 21.5% Assessed from the sky
- 15.1% Assessed on the ground
- 63.4% Traceable to non-very-high-risk origins

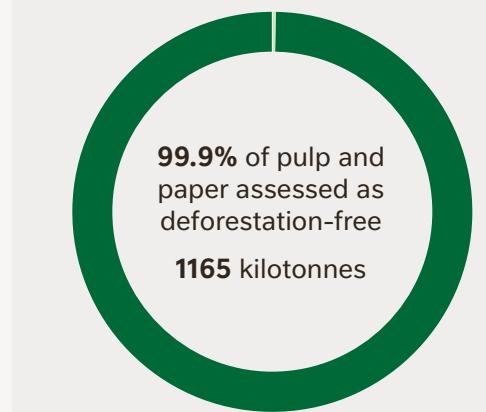
* For meat, palm oil, pulp and paper, soy and sugar

100% PALM OIL ASSESSED DEFORESTATION-FREE BY 2022



- 4% Unknown
- 89% Assessed from the sky
- 6% Assessed on the ground
- 1% Traceable to non-very-high-risk origin

100% PULP AND PAPER ASSESSED DEFORESTATION-FREE BY 2022

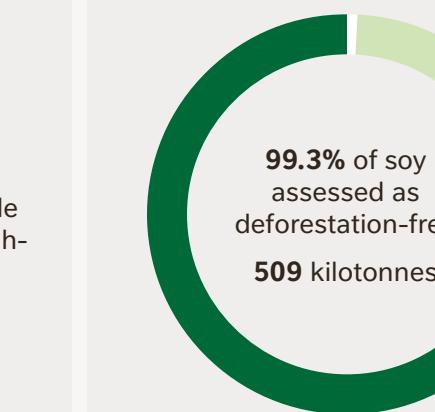


- 0.1% Unknown
- 0.3% Assessed on the ground
- 99.6% Traceable to non-very-high-risk origins

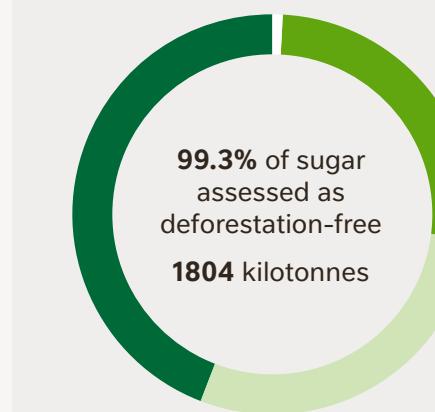
100% MEAT ASSESSED DEFORESTATION-FREE BY 2022



100% SOY ASSESSED DEFORESTATION-FREE BY 2022



100% SUGAR ASSESSED DEFORESTATION-FREE BY 2022



- 1% Unknown
- 26% Assessed from the sky
- 29% Assessed on the ground
- 44% Traceable to non-very-high-risk origins

TREES SECURED FOR PLANTING

Aim to grow 200 million trees by 2030 in our supply chain and sourcing landscapes

2021 24.6m

2022 12.4m 37.0m

2030

200m

Trees secured for planting within the year

Cumulative number of trees secured for planting

SDG CONTRIBUTIONS





Background

Forests absorb approximately 2.6 billion tonnes of carbon dioxide every year. This is the equivalent to one third of the CO₂ released from burning fossil fuels. As home to 80% of land-based species, forests are also critical for the [preservation of biodiversity](#) and provide nutrition, shelter, energy, medicine and livelihoods for around 1.6 billion people.

As the global population grows, and demand for food along with it, remaining forests and other natural ecosystems are at risk of being converted into farmland. Forests are also at increased risk of wildfires.

Efforts are being made to protect the forestland that remains. Provisionally agreed legislative requirements on deforestation-free products, updated by the European Commission in 2022, seek to increase the list of commodities that must prove their deforestation-free status, with increased protections for indigenous rights.

At Nestlé, we believe that a forest positive future depends on a broad approach that includes assessing deforestation risks, conserving and restoring forests, respecting community and land rights, and investing in sustainable production landscapes. We cannot achieve our net zero targets without a forest positive approach.

Approach

Our landscape work is most visible in our [Forest Positive](#) strategy and water initiatives by our [Nestlé Waters](#) business.

The conservation and restoration of forests form an important part of our [Net Zero Roadmap](#). Launched in June 2021, our *Forest Positive* strategy builds on a decade of work to end deforestation in our supply chains. It recognizes the need to collectively move from managing risk to genuinely focusing on how we can achieve a positive impact in the critical landscapes that underpin the food systems in which we are important actors. An [external advisory council](#) of independent experts advises us on the implementation of our strategy.

Our approach has three pillars:

Deforestation-free supply chains

In 2010, Nestlé committed to achieving and maintaining deforestation-free primary supply chains. We aimed to achieve this:

- By 2022 for meat, palm oil, pulp and paper, soy and sugar primary supply chains
- By 2025 for coffee and cocoa

Our Responsible Sourcing Standard is the tool that we use to manage this. Our objective is to ensure that the raw materials we buy do not originate from:

- Areas converted from High Carbon Stock forests
- Areas converted from natural ecosystems such as wetlands or savannas
- Conversion of peatlands of any depth, except where farming practices protect peat
- International Union for Conservation of Nature protected areas categories I-IV
- UNESCO World Heritage Sites and wetlands on the Ramsar List

We map our supply chains to know where the raw materials that we buy come from. In at-risk origins, we take steps to assess that our purchases are not contributing to deforestation or the conversion of natural habitats. The techniques we use include satellite mapping and monitoring, on-the-ground assessments and certification.

Long-term forest conservation and restoration

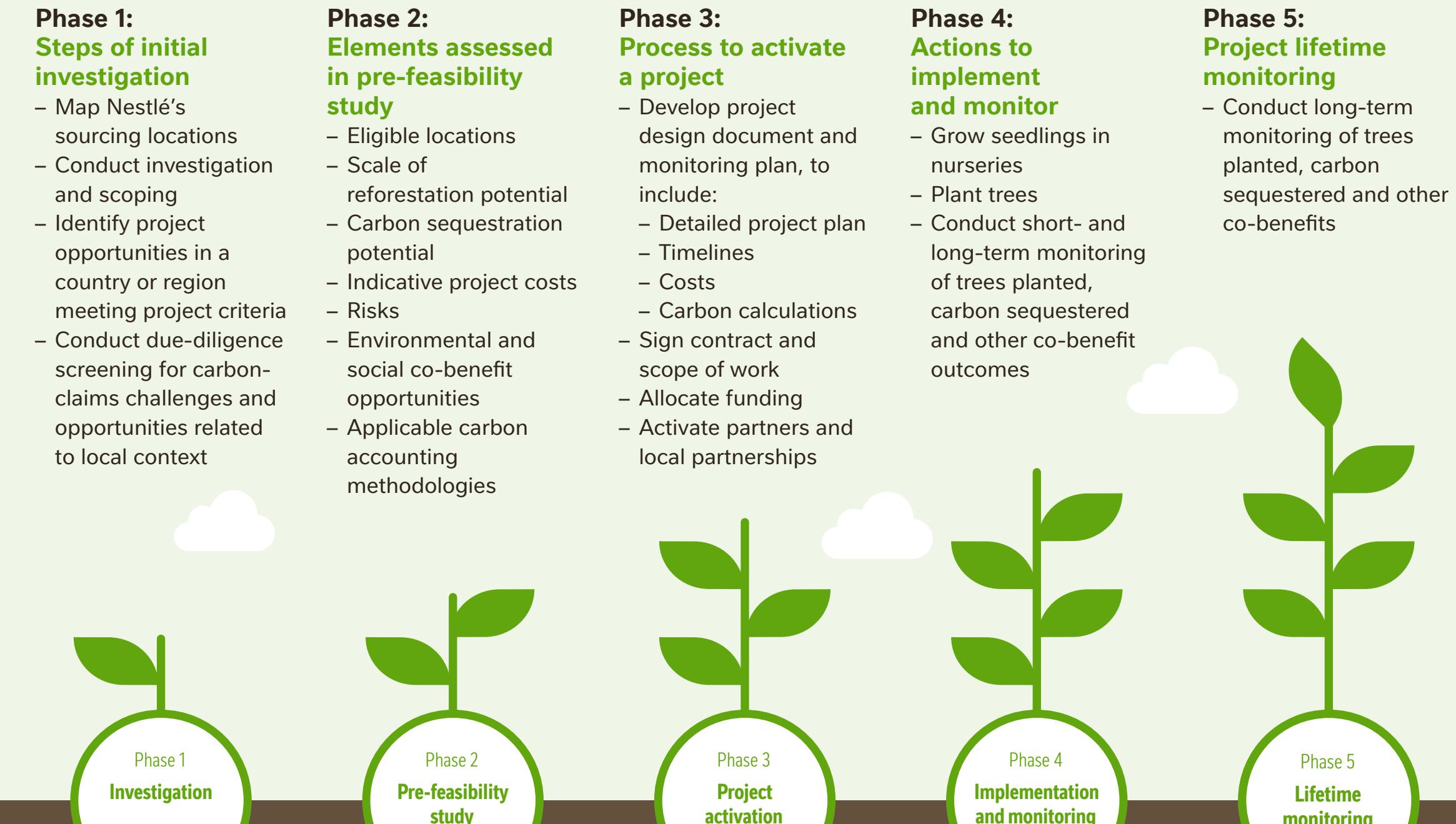
Our [Global Reforestation Program](#) (GRP) is aimed at helping to conserve and restore land and natural ecosystems in our supply chain and sourcing landscapes, while respecting the rights of Indigenous Peoples and Local Communities and promoting sustainable livelihoods. The selected projects are designed to have positive long-term impacts on people, nature and the climate. We aim to grow 200 million trees by 2030.

Sustainable landscapes

Forest conservation and restoration is about much more than keeping trees standing and natural ecosystems intact. It is about reshaping incentives and how people behave to help protect the forests for the long term. We are engaging with key partners and Indigenous Peoples and Local Communities at a landscape level to identify projects that can have a positive impact at a scale we could not achieve alone. Our actions include rewarding suppliers for practices that keep trees standing, helping to regenerate the land and respecting human rights. Our aim is to support 15 sustainable landscape initiatives by 2023.

Global Reforestation Program

Our *Global Reforestation Program* aims to grow 200 million trees by 2030 in our sourcing landscapes to create a positive long-term impact on people, nature and the climate. Projects will help restore natural forest landscapes, introduce agroforestry systems for suitable crops and support other natural ecosystem restoration activities.



External viewpoint

A marketplace for nature-based solutions



Tom Curtis
Founding Partner of 3Keel

A plan to put buyers and sellers of sustainability services together.

Landscape Enterprise Networks – the LENs program – is a methodology for buying and selling nature-based solutions that reduce risk to businesses, while improving the health of a landscape.

LENs began as an extension of sustainable risk management in general (i.e. how does soil loss, biodiversity, deforestation and human rights affect Nestlé’s business), with a specific focus on the dairy farming landscape of a Nestlé factory in Cumbria, north west England. Here, all the milk that is critical for production comes from within a 50 kilometer radius. We quickly realized that if we understood the landscape risks that matter most to Nestlé, we could work out a clear business case for them to invest in and take care of that landscape.

But these risks weren’t unique to Nestlé. There were other sectors with similar interests such as water utility companies and local government, as well as other companies connected to agriculture. We realized that while different businesses had different needs from the landscape, those needs could be delivered by similar sets of land management solutions. These businesses could therefore co-invest and divide the costs between them – increasing commercial efficiency dramatically. This innovation was transformational in making the business case for nature-based solutions.

62

Farmers and land managers funded to introduce nature-based measures in the east of England pilot

>10 000

Hectares of land covered in the east of England pilot

Proof of concept

From a single project in Cumbria, LENs expanded as we put this principle into practice through multiple initiatives across the UK and Europe. For example, LENs was successfully established in the East of England, an important area for sourcing wheat for cereals and pet food, in 2021. Here, *Nestlé Purina PetCare* and *Nestlé Cereal Partners UK* are working with water companies and local authorities, together funding over 62 farmers and land managers to introduce nature-based measures across more than 10 000 hectares of land.

LENs makes this possible by creating a place for buying and selling nature-based solutions. LENs acts as a neutral broker for transactions between investors and groups of land managers, who can implement actions on the ground. Essentially, we built a ‘trading community’.

Trades also represent a profit-making opportunity for land managers and farmers, who can now sell nature-based solutions in addition to their crops. Everything is local and organized within the regional economy so that outcomes make sense for the communities and ecosystems we operate in.

Popular measures in the east of England LENs included planting cover crops, which are intended to protect water quality and reduce soil erosion; reducing cultivation to improve soil health, and planting hedgerows. It’s a win-win for everyone: food and pet food are produced with less negative impact, while helping to halt the decline in biodiversity and regenerate the areas we live in and enjoy.

The success of the program means that LENs will continue to scale up, both in the UK and globally. Projects are already underway in Italy, Hungary and Poland. We are excited by the potential of the model for securing the future of the landscapes that we, our business partners and our communities depend on.

One of our first LENs landscape projects was in East Anglia, England.



A farmer in Côte d'Ivoire harvests his cocoa – a crop that lends itself well to both intercropping and agroforestry.

3.1

Million tonnes

CO₂e secured over a 20-year period through tree-planting projects initiated (9.3m in 2021)

we secured 3.1 million tonnes of CO₂e removals through nature-based solutions in 2022. Secured removals are from projects that were contracted in 2022 but had not necessarily been implemented by the end of the year.

In Colombia, a GRP project delivered more than 310 000 trees. Ultimately, it aims to plant 7.5 million trees in and around farmers’ coffee fields.

In Nicaragua, an ongoing GRP project from 2021 (within the Nescafé and dairy supply chains) reached its 2022 goal of planting one million trees, as part of a 20-year project to plant 8.6 million trees in total. The project has an estimated carbon capture potential of 1.9 million tonnes of CO₂e over 20 years. It is expected to improve biodiversity and forest connectivity, as well as protecting water sheds and creating additional income for participating farmers.

Similarly, an ongoing GRP project in Honduras (within the Nescafé supply chain) reached over 500 000 trees planted by the end of the year. This is part of a 20-year project, aimed at planting 5 million trees over the course of the first six years. The trees will be used as shade trees on coffee farms and for restoring forests in protected areas.

Through the *Nestlé Cocoa Plan*, we distributed 1.47 million forest and fruit trees globally.

Performance

The publication of our Human Rights Salient Issue Action Plan on Indigenous Peoples and Local Communities’ Land Rights in Q1 2023 is a major milestone. Indigenous rights are an important consideration in all three pillars of our *Forest Positive* strategy and this action plan helps reinforce our *Forest Positive* activities.

Deforestation-free supply chains

By the end of 2022, 99.1% of our primary supply chains for meat, palm oil, pulp and paper, soy and sugar were assessed as deforestation-free. Our palm oil supply chain presents the greatest opportunity to improve, with 95.6% assessed as deforestation-free.

From experience, we know that the last percentage points are the hardest to reach, due to the volume sourced from thousands of smallholders who require customized technical assistance at a local level.

Long-term forest conservation and restoration in our supply chains

In 2022, as part of our ongoing *Global Reforestation Program* (GRP), we began work to plant 10 million trees in Australia by 2025 (see the [Reforestation in Australia case study](#)) as well as launching new projects in China, Ghana and Thailand leading up to 12.4 million trees. Overall,

Sustainable landscapes

In line with our ambition to support 15 sustainable landscape initiatives by 2023, we now have active landscape projects in Brazil, Chile, Côte d'Ivoire, Indonesia, Malaysia, Mexico, Peru and Russia.

In 2022, our palm oil team mapped sourcing regions with the greatest land rights risks against volumes of palm oil sourced from those regions. This will improve our understanding of land rights risks. The results are being used to develop a strategy for identifying landscape-level projects that Nestlé can support and/or participate in, and can be duplicated for other raw materials.

In Côte d'Ivoire, the *Nestlé Cocoa Plan* has been working in collaboration with the Côte d'Ivoire Ministry of Water and Forest and Earthworm Foundation to help protect and restore the [Cavally Forest Reserve](#). Activities include working with farmers and supporting patrols of the forest to remove illegal cocoa plantations within the natural reserve.

Work has also been undertaken in the wildlife corridors of Beki and Bossemati forests near the Ghanaian border. On a smaller scale, a 2021 pilot project working with the community of Toa Zèo village to protect around 30 hectares of local and sacred forestland was so successful that in 2022, the model was replicated in other villages. We believe the model of working at a small scale has the potential to be rolled out to other communities in the country, and collectively to make a large impact.

Outlook

We remain focused on achieving our deforestation-free commitment, including progressing toward having our cocoa and coffee supply chains assessed as deforestation-free by 2025.

We will also begin to operationalize our Salient Issue Action Plan on Indigenous Peoples and Local Communities' land rights, which was published in Q1 2023.

We will continue to collaborate and promote best practices through external initiatives including the [Consumer Goods Forum Forest Positive Coalition](#), the [Cocoa and Forest Initiative](#) and the [Tropical Forest Alliance](#). We will also continue to advocate for greater transparency and more collective action from companies, governments and civil society.

Reforestation in Australia

Nestlé has made the ambitious pledge to plant 10 million trees in Australia by 2025.

The project is part of the *Nestlé Global Reforestation Program*, which aims to plant and grow 200 million trees globally by 2030 in the regions we source from, helping to secure our path to net-zero emissions by 2050.

In Australia, the trees will be planted in locations linked to agricultural areas where Nestlé sources raw materials. Working hand in hand with local landholders and communities, the trees will help conserve local biodiversity, improve water quality and restore degraded soils.

Saplings of indigenous Australian trees are prepared for planting.



"Our partnership with Greening Australia and One Tree Planted is designed so that the 10 million trees we plant in Australia will be maintained and cared for until they reach maturity, delivering tangible long-term environmental and economic benefits."



Sandra Martinez
CEO, Nestlé Oceania



Unique challenge

With over 132 million hectares of unique and varied native forests, Australia has the seventh largest forest area in the world, making up 3% of the world's forests. However, Australia is also highly vulnerable to the effects of climate change, having already experienced a rise in average temperatures and long-term changes in rainfall, as well as more intense and damaging storms, longer fire seasons and more extreme weather.

The 10 million trees – a mix of native plant species – will sequester an estimated 2.1 million tonnes of CO₂e over a 25-year carbon crediting period. In fact, averaged over the project lifetime, this is equivalent to fuel emissions from more than 25 000 cars each year, according to Australian government numbers. The project kicked off at the tail end of the 2022 planting season, with over 200 000 trees planted across almost 100 hectares in New South Wales and Victoria.

Around 65 different species were selected, including the *Eucalyptus Strzelecki*, an indigenous plant that is nationally vulnerable to extinction, the *Allocasuarina littoralis*, a key food source for the Yellow-tailed Black Cockatoo and the *Leptospermum lanigerus*, commonly known as the "Woolly Tea-tree", a species that attracts pollinators.

Restoring diverse landscapes

To ensure the project is correctly managed and monitored, Nestlé is partnering with One Tree Planted, Greening Australia and Canopy. These organizations are committed to restoring Australia's diverse landscapes and protecting biodiversity in ways that benefit communities, economies and nature. They will ensure that the trees are monitored across 28 years as they mature, delivering long-term environmental and economic benefits.

More regenerative practices on farms



Regenerative agriculture has the potential to play a critical role in improving soil health, sequestering carbon, supporting food security, restoring water cycles and biodiversity. This is why we are investing in it.

Background

The 20th century saw extraordinary population and economic growth, enabled by an evolution in agriculture. This delivered affordable food to many, but also contributed to an over-exploitation of natural resources and, at times, led to negative social impacts.

We need an agricultural system that sustains and improves the use of resources. Climate and nature-smart agriculture – or regenerative agriculture – will increasingly form the basis for success in achieving this.

The food systems of which we are a part have delivered great benefits to the world and withstood great shocks – not least in recent years. But the multiple threats of climate change, unprecedented biodiversity loss, social inequality and risks to human rights, to name but a few, demand a fresh approach.

Currently, there is no detailed, standard definition of regenerative agriculture – although many organizations are working on one. However, the general principles and practices of regenerative agriculture are aimed at improving soil health and fertility, protecting water resources and safeguarding biodiversity.

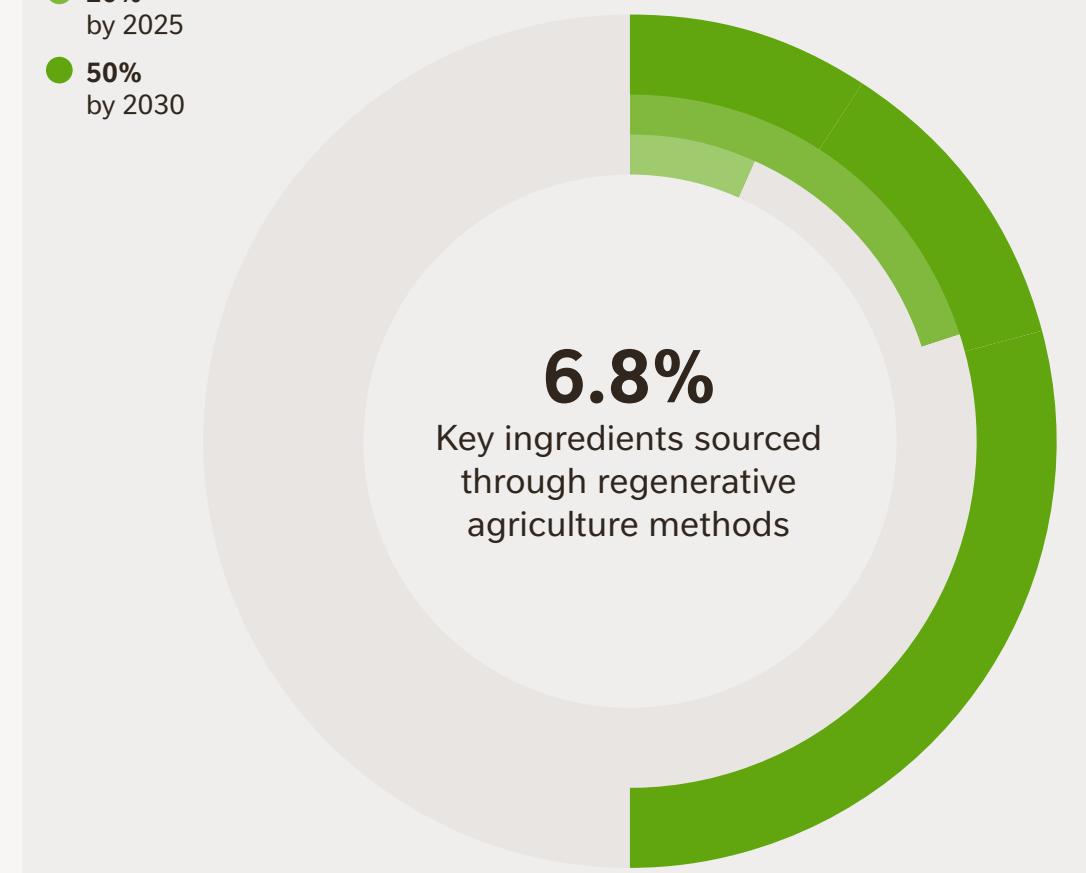
Restoring soil health can also help capture increased levels of carbon in soils and plant biomass. Healthier soils are more resilient to the impacts of climate change and may increase yields, helping to improve farmers' livelihoods in the long term.

For Nestlé, sourcing 20% of our key ingredients from regenerative agriculture methods by 2025 and 50% by 2030 will be important for us to achieve the goals in our Net Zero Roadmap.

REGENERATIVE AGRICULTURE

Progress toward 50% of key ingredients through regenerative agriculture methods by 2030*

- 6.8% in 2022
- 20% by 2025
- 50% by 2030



* In 2022, only the following sources are included in regenerative agriculture volumes: fresh milk, Ecuadorian cocoa, green coffee and *Libby's* vegetables sourced through direct procurement/*Farmer Connect* or for *Nespresso*, Nestlé Nutrition cereals and vegetables that are traceable back to a farm/cooperative level and raw materials that are covered by the Living Soils initiative with Earthworm Foundation for Nestlé France. The denominator includes all raw materials in scope.

See our [Reporting Scope and Methodology for ESG KPIs](#) document for full details.

SDG CONTRIBUTIONS





Nestlé is providing financial and other support to help farmers switch to regenerative agriculture.

Approach

We aim to source 20% of our key ingredients through regenerative agriculture methods by 2025 (and 50% by 2030). In 2022, we launched the [Nestlé Agriculture Framework](#) to better explain our approach to regenerative agriculture. It defines the three key resources of any agricultural system: soil, water, and biodiversity as the focus of collective restoration efforts.

The framework includes key concepts from conservation agriculture, sustainable intensification, climate-smart farming, agroecology, low-input farming, precision farming and others to create an approach that actively helps improve and restore natural resources.

Farmers are at the center of our model. They are the ones managing resources and making decisions on practices depending on their specific individual circumstances. Where introducing regenerative agriculture practices generates initial risks or costs for smallholder farmers, we may provide technical, collaborative or financial assistance to support a just transition.

Nestlé employs more than 700 sourcing specialists and more than 5500 staff to help us purchase fresh ingredients around the world. Our teams work with farmers to manage resources and identify the best agricultural practices for each local context.

As part of our approach, we encourage industry alignment on common frameworks and metrics for regenerative agriculture. Notably, we are members of the SAI Platform, which is one of several bodies working toward a regenerative agriculture definition.

Nestlé's regenerative agriculture model

Diverse cropping systems and livestock integration*



Collective and landscape actions



Soil health



Biodiversity



Water security and quality



* Whenever possible and relevant.

External viewpoint

The human side of regenerative agriculture



Kealy Sloan
Sustainable Food Lab Program Manager, Agriculture & Development

Why companies need to support a just transition.

Global trade can play a powerful role in alleviating poverty. Companies that source raw materials from smallholder farmers have an opportunity – and an obligation – to ensure that their trading terms and sustainability programs enable farmers to afford a decent standard of living, or a “living income”.

When we talk about living income, we’re talking about more than farmer livelihoods. Farmers who can afford a decent standard of living are better able to invest in regenerative agriculture and protect the environment. This in turn provides a more sustainable future for farming and contributes to a healthier planet. The social and the environmental elements are intrinsically linked – to make progress in one, you must support both.

Ultimately, a company’s role is to provide an enabling environment in which farming households can thrive. This is with the understanding that farming households are independent business people who make their own decisions and engage in their own livelihood strategies.

In our work with leading companies and brands such as Nescafé, we’ve come to understand that it’s critical for companies to address the key drivers of income improvement – price, productivity, efficiency, land size and diversified income sources.

There are three main areas of action for a company to consider in relation to these key drivers to create an environment in which households can thrive.

First – and arguably most important – is to ensure that the way the company does business supports farmers. By this, we mean trading practices that provide a stable market and de-risk farmers or ensure a good return on a farming household’s investments. For example, through the use of conditional cash transfers or incentives.

The second is to provide agronomic support that helps farming households to improve productivity and efficiency, which can be achieved via training programs and new materials. The third is to support farming households to build better farm business management and support diversified income generation.

The Nescafé brand and Nestlé more broadly have a long history of working to improve farmer livelihoods and the health of the planet. The brand’s work with farmers has continued to evolve over time, starting with agronomic support and supplemented with business-skill building through “agripreneurship” programs. With the new pilot programs to test conditional cash incentives, the Nescafé program is continuing its evolution, charting new frontiers at the intersection of farmer livelihoods and regenerative agriculture. We look forward to continuing our work with Nescafé to calibrate program components and support learning within Nescafé, across Nestlé and to the broader sector. The work holds important potential for smallholder farming households and the coffee industry at large, and we are excited to be a part of the process.



Brands like Nescafé can support farming households to build better farm business management and support diversified income generation.



Performance

In 2022, we sourced 6.8% of key ingredients from farmers transitioning to regenerative agriculture methods, keeping us on track to achieve 20% by 2025 and 50% by 2030. In 2022, only the following sources are included in regenerative agriculture volumes: fresh milk, Ecuadorian cocoa, green coffee and Libby's vegetables sourced through direct procurement/Farmer Connect or for Nespresso, Nestlé Nutrition cereals and vegetables that are traceable back to a farm/cooperative level and raw materials that are covered by the Living Soils initiative with Earthworm Foundation for Nestlé France. The denominator includes all raw materials in scope. See our [Reporting Scope and Methodology for ESG KPIs](#) document for full details.

The [Nestlé Institute of Agricultural Sciences](#) launched in 2022 to advance technology and research in the field.

In the north of France, Nestlé has been working with farmers on regenerative agriculture methods since 2018. Our work is part of the [Sols Vivants \(Living Soils\)](#) initiative, involving partners such as Earthworm Foundation and supermarket chain Lidl. Our Purina PetCare brand joined the effort in 2020, where they are supporting the transition to regenerative agriculture methods with a big effort on agroforestry. The initiative involves mainly wheat crops but also corn, sugar beet and vegetables. Together, we are supporting farmers technically and financially to make the transition to regenerative agriculture. By the end of 2022, we engaged 180 farmers and 10 suppliers under the Sols Vivants initiative covering around 15 000 hectares in different regions, resulting in 72 000 tonnes of raw materials.

In Colombia, 390 acres of natural woodland have been regenerated.

419 228

Farmers trained through *Farmer Connect* (435 500 in 2021)



Video:
Living Soils initiative

"We're one of the first regions to trial increased use of biofertilization. This is a win-win initiative: good for the planet and good for farmers as it's also more cost-effective than using synthetic fertilizer on crops like maize."

Enrique Vega
Dairy Strategy and Policy Manager Nestlé Chile



In Brazil, Nestlé Ninho now recognizes different levels of regenerative practices by paying tiered premiums on milk prices. These practices reduced and removed 107 000 tonnes of CO₂e in 2022 alone.

In Colombia, a CHF 1.6 million investment in a five-year grassland regeneration project entered its second year. Involving 38 farmers, a total of 390 hectares have been naturally regenerated – by allowing woodland to grow next to the pastureland. A total of 11 970 tonnes of CO₂e have been sequestered.

In Chile, Nestlé Nido has been gradually replacing synthetic fertilizers with biofertilizers in maize, pastures and other supplementary crops. Biofertilizers offer many benefits because of their free-living bacteria, which promote plant growth, improve productivity through the strengthening of root systems, lower production costs and mitigate the emissions of greenhouse gases. In 2022, the project reduced 4 500 tonnes of CO₂e.



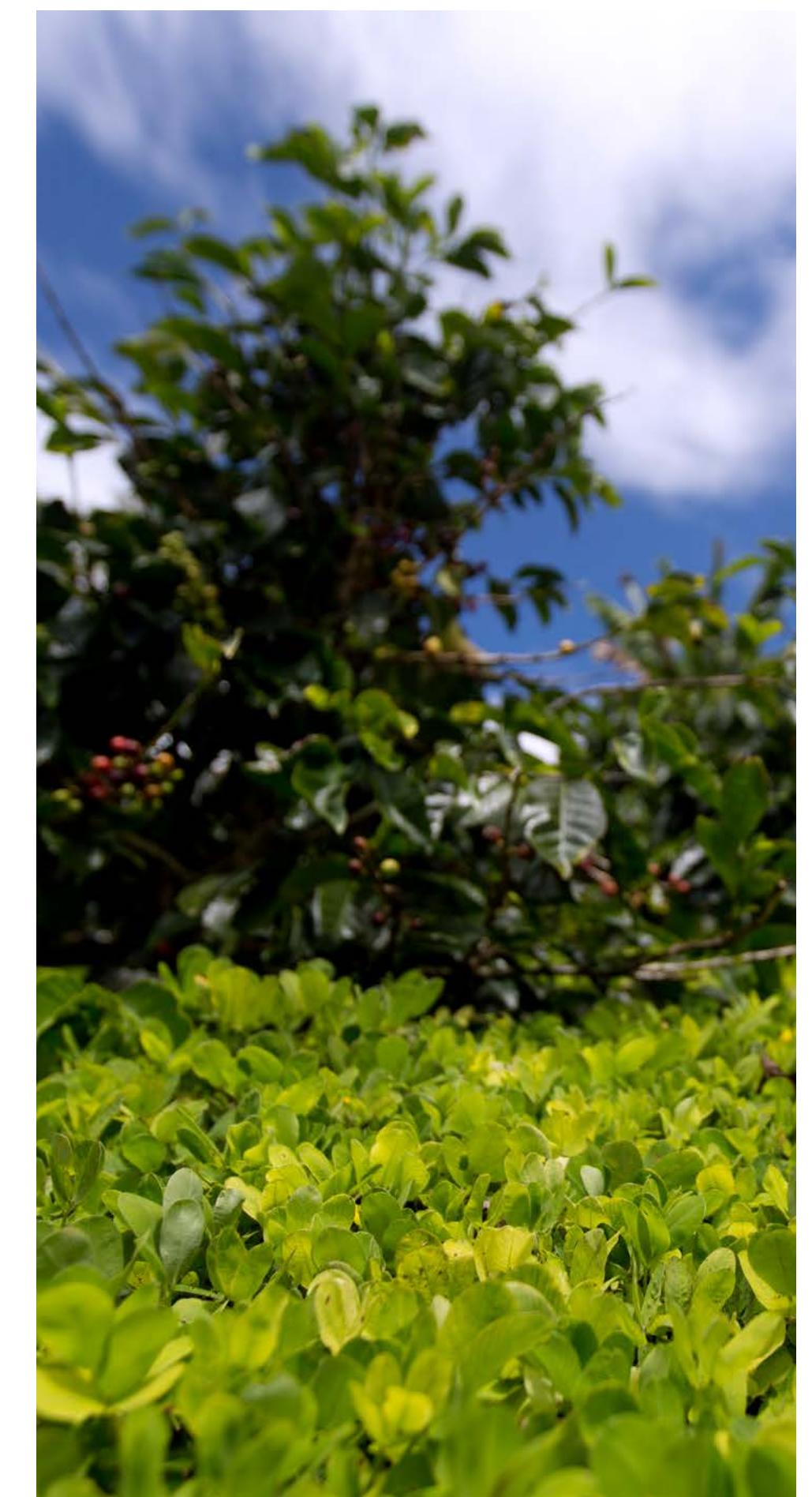
In the United States, we are working with partners to measure the outcomes of regenerative practices used by pumpkin farmers supplying Libby's in central Illinois, covering more than 70 fields and over 6 000 acres. The project has collected in-field data such as tillage type, fertilizer usage, and soil sample data, to help verify and quantify the environmental benefits of the regenerative practices used to grow our pumpkins. The data showed significant gains. Introducing sustainable, reduced tillage practices saves soil from being lost to erosion as compared to conventional crop tillage practices. With the help of cover crops, soil erosion rates are 40% lower than the average for the state. Cover crops have also helped farmers reduce CO₂e by 732 tonnes compared with conventional practices (equivalent to removing 157 cars from the road for a year).

In China, we started a partnership with Syngenta Group to build a regenerative agriculture demonstration farm. This farm is a unique opportunity to promote regenerative agriculture trials and offer training to farmers. It also has the potential to support commercial cooperation in the supply of low-carbon wheat, corn and other raw materials.

As part of the Nescafé Plan 2030 strategy ([see the Uplifting lives and livelihoods case study](#)), we started supporting regenerative agriculture practices for coffee farmers in Brazil, China, Côte d'Ivoire, India, Indonesia, Mexico, the Philippines, Thailand and Vietnam in 2022.

Outlook

By 2025, Nestlé will invest CHF 1.2 billion to spark regenerative agriculture across our supply chains. We will continue to fund pilot projects and scale successful initiatives. We will continue working toward a common regenerative agriculture framework. We will also continue to co-invest with farmers to help them transition to regenerative agriculture, as well as pay premiums for regenerative agriculture goods. Our brands and markets will seek to develop more opportunities to launch regenerative agriculture activities around the world.



A Nescafé agronomist works with local coffee growers in Indonesia.

A coffee plantation in Indonesia, where the Nescafé Plan 2030 has begun supporting regenerative agriculture projects.

Uplifting lives and livelihoods



What the launch of the Nescafé Plan 2030 means for the coffee sector.

Every second, 5500 cups of Nescafé are consumed around the world. One in every seven cups of coffee drunk every day is a Nescafé. This means the brand touches the lives of hundreds of millions of people, not just in the more than 20 origin countries where its coffee is sourced, but also in the more than 175 countries where it is sold. As such, Nescafé has an opportunity to lead the coffee sector's sustainability drive.

Launched in 2022, the [Nescafé Plan 2030](#) builds on the [decade-long work of the Nescafé Plan](#) and the legacy of the Nescafé brand, dating back to 1960, in helping coffee farmers to adopt best practices. It is highly ambitious. As part of a fully integrated strategy, Nescafé will help farmers use regenerative agriculture

to simultaneously achieve lower GHG emissions, improved incomes and better social conditions. This will represent an investment of CHF 1 billion by 2030, supported by Nestlé's investment in its regenerative agriculture and net zero journeys.

The plan is a key part of the Nestlé Net Zero Roadmap. With many of Nestlé's emissions originating in its agricultural supply chain, Nescafé aims to contribute to Nestlé's commitment to halve greenhouse gas emissions by 2030 and reach net zero greenhouse gas emissions by 2050.

The plan is also aimed at delivering coffee that is 100% produced sustainably by 2025 (including assessed as deforestation-free), with 20% of the brand's coffee to be sourced from regenerative agriculture methods within the same timeframe (rising to 50% by 2030).

5500
cups of Nescafé are consumed around the world every second

Coffee: a catalyst for change

Regenerative agriculture is an evolving concept. In 2022, coffee (along with dairy) was the first raw material where Nestlé developed a detailed regenerative agriculture toolkit.

The toolkit defines the objective of regenerative agriculture at Nescafé – to maximize soil health, to capture carbon in the ground and to prevent its release into the atmosphere. There are three main areas of work: protecting soil health, rejuvenating coffee plots and preserving biodiversity, with the necessary actions outlined in each area.

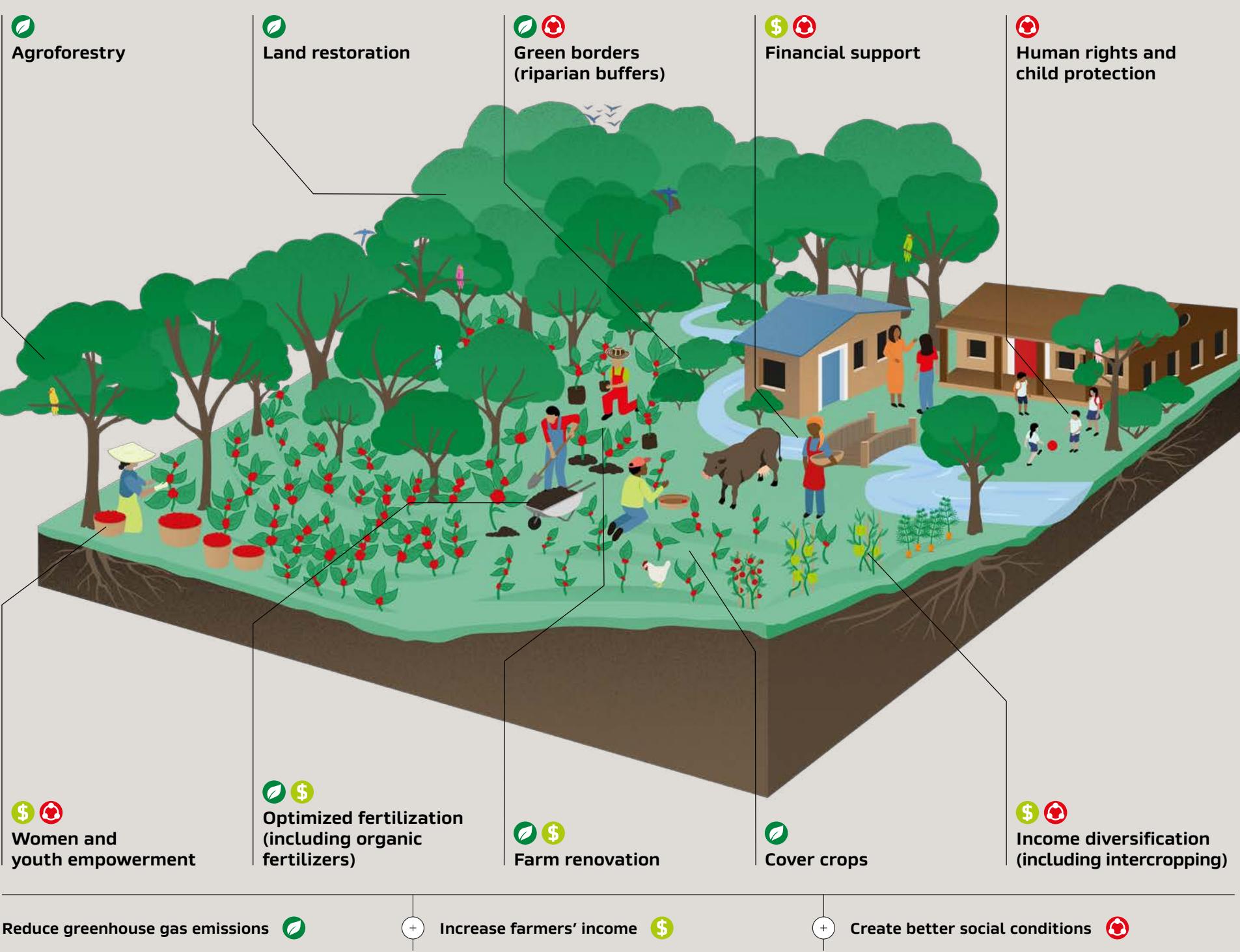
"Climate change is putting coffee-growing areas under pressure. Building on 10 years' experience of the Nescafé Plan, we're accelerating our work to help tackle climate change and address social and economic challenges in Nescafé value chains."

David Rennie
Head of Nestlé Coffee Brands



Nescafé Plan 2030 green coffee

See the full [Nescafé Plan 2030](#) infographic



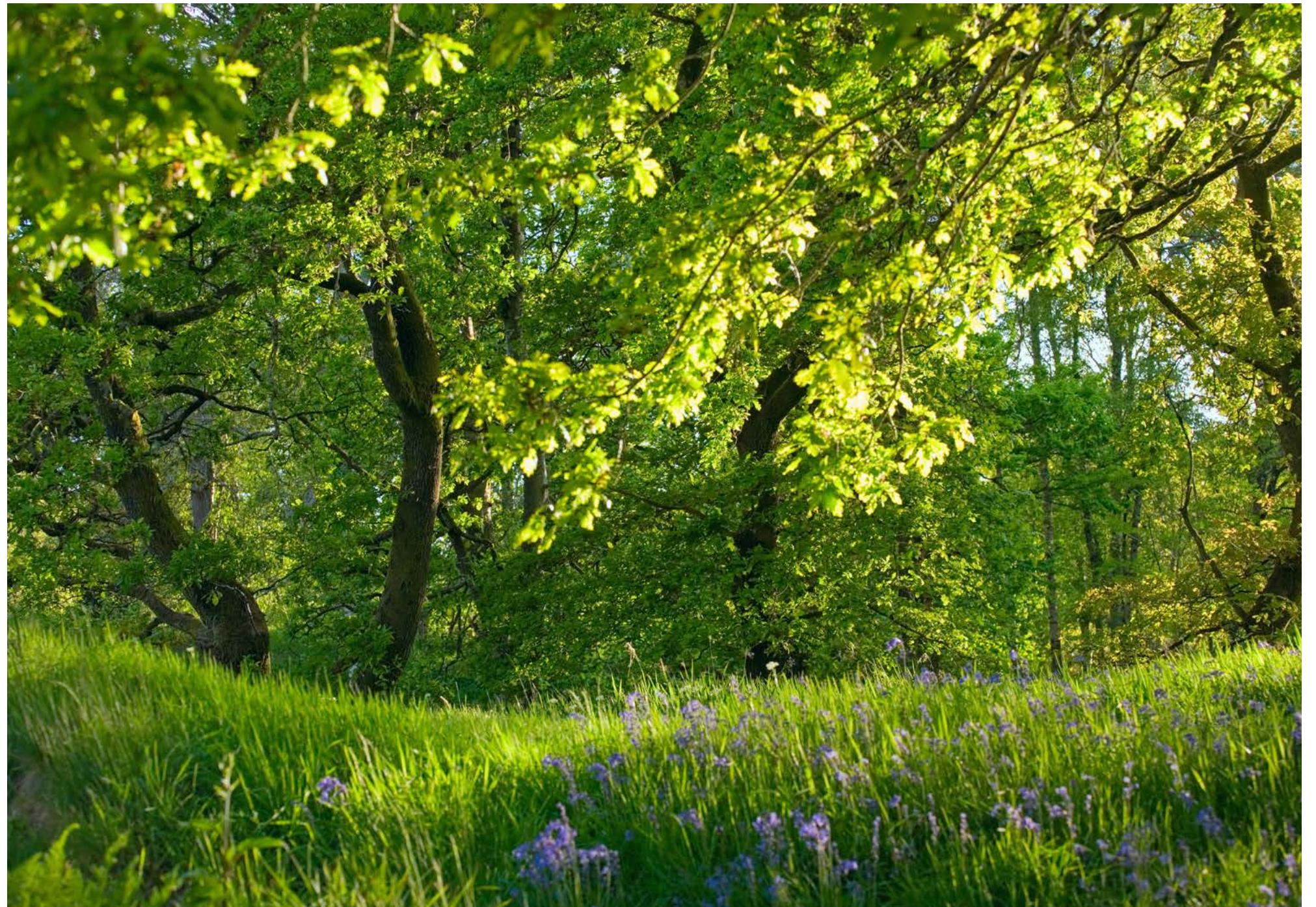
Actions include training farmers in regenerative agriculture practices and – supported by the Nestlé Global Reforestation Program – an existing pipeline of projects to plant 20 million trees in and around coffee farms in eight countries by 2026. Nescafé expects this will have a positive impact on biodiversity in coffee fields as well as reducing GHG emissions.

While regenerative agriculture is central to the *Nescafé Plan 2030*, the plan is holistic. We will provide training to help farmers transition to regenerative practices and help to improve farming families' incomes. There is an emphasis on rethinking and redesigning packaging, transitioning factories to renewable energy and improving logistics to reduce emissions.

To achieve maximum impact, Nescafé plans to expand regenerative agriculture initiatives across seven countries where it sources 90% of its coffee: Brazil, Colombia, Côte d'Ivoire, Honduras, Indonesia, Mexico and Vietnam. In Côte d'Ivoire, Indonesia and Mexico, the brand is piloting a financial support mechanism to help smallholder farmers accelerate the transition to regenerative agriculture.

This is just a taste of things to come as Nescafé seeks to renew the world of coffee and uplift lives and livelihoods with every cup.

Protecting biodiversity



The global food system, nature and climate change are intrinsically linked. Our efforts to help protect biodiversity complement our Net Zero Roadmap.

Background

Biodiversity is declining faster than ever before. Today, nearly a quarter of all animal and plant species are under the threat of extinction.

The current approach to agriculture is a contributing factor to biodiversity loss. Thriving natural ecosystems have, over the decades, been replaced with expansive farming areas. This leads to the loss of habitats, displacement of species and environmental impacts from the overuse or production of pesticides, fertilizers and manure. Yet, we depend upon biodiversity (particularly pollinators) for our business.

There is a way for agriculture to protect and restore biodiversity – switching to more regenerative practices. As a global food and beverage company, Nestlé is working to spark regenerative agriculture practices in our supply chain (and with others in the food industry). This includes aiming to help safeguard biodiversity at the farm, landscape and global levels.

Approach

Our Net Zero Roadmap includes strategies that can help protect and restore biodiversity and reduce greenhouse gas emissions. We are leveraging lessons learned from our regenerative agriculture program and our *Forest Positive* strategy, and our experience in sustainable sourcing and water stewardship activities to better integrate biodiversity considerations.

To meet increasing stakeholder interest in protecting biodiversity, including from the financial sector, we have established a cross-functional working group to help guide Nestlé strategy, particularly identifying, measuring and monitoring biodiversity impacts in our value chain. Nestlé also supports the work of the International Chamber of Commerce and Business For Nature in calling for strong action by policymakers to safeguard natural resources.

Further information on our approach can be found in our [Climate Risk and Impact report](#).



A Hoopoe bird in a field in France, near where our Vittel brand has implemented watershed regeneration projects.

FOUR REALMS

Currently our approach covers four realms: air, water, farmland and forestland.

Air

Main initiative: [Net Zero Roadmap](#)

Water

Main initiative: [Water stewardship](#)

Farmland

Main initiative: [Regenerative agriculture](#)

Forests

Main initiative: [Forest Positive strategy](#)

SDG CONTRIBUTIONS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND





Performance

Nestlé and the wider food industry are continuing to develop an understanding of the importance of biodiversity and the role of business in helping safeguard it. We are an active advocate in several global forums, working groups and organizations, and we engage with investors on biodiversity on a regular basis. We participate in discussions related to the United Nations Convention on Biological Diversity and consistently supported the political intention to agree a Global Biodiversity Framework throughout 2022. We are a signatory to the Business for Nature COP15 business statement on mandatory assessment and disclosure on biodiversity and we have a leadership role in the International Chambers of Commerce Working Group on Biodiversity.

In 2022, we carried out an assessment to identify, monitor and measure biodiversity impacts in our supply chain, with a view to establishing a baseline for action. This builds on the steps we are already taking in many of our ingredient supply chains.

For example, we have studied the breadth of animal life present on dairy farms in Spain to assess what additional support to provide. At the 15 pilot farms assessed to date, we have distributed nearly 100 bird boxes to support bird populations. We plan to double the number of farms in this pilot by 2025.

A forest shade tree towers above a cocoa field in Côte d'Ivoire.

Outlook

We aim to strengthen our leadership and advocacy on biodiversity and to accelerate the integration of biodiversity considerations into our Net Zero Roadmap. We will continue to engage in various forums and global organizations on climate, nature and biodiversity to advance collective action on these critical topics.

Harnessing nature and its diversity as an asset are the drivers of the Nespresso vision for regenerative coffee agriculture. By 2030, Nespresso is aiming to have 95% of its green coffee volume rated bronze on the Rainforest Alliance Regenerative Coffee Scorecard (of which 70% will be gold). By 2025, 10 priority areas, representing over 60% of the area managed under the Nespresso AAA Sustainable Quality™ Program (in hectares), will have an action plan in place.

For Nescafé, biodiversity is also key, as highlighted in the case study (right) on *Nescafé Origens Colmeia* limited-edition coffee, which includes a jar of honey made from local honeybees.

In Côte d'Ivoire, the *Nestlé Cocoa Plan* has been helping to [restore the protected forests of Beki and Bossematie](#) near the border with Ghana. These forests are seen as a pivotal habitat for Côte d'Ivoire's elephant population, which once numbered thousands but is now estimated at just 225 elephants. Through a partnership with local cooperatives, SODEFOR, the Ministry of Water and Forests, the Rainforest Alliance and others, the *Nestlé Cocoa Plan* has reforested 43 hectares in the Beki Forest, created management plans for a buffer zone up to five kilometers around the forest and raised awareness among community members within these buffer zones on the importance of forest protection.

Hedges play an important role in providing habitats for insects, birds and small mammals, and also sequester carbon. Yet, in the Netherlands, around 90% of hedgerows have been lost since 1900. *Nestlé Professional* teamed up with the Hoogheggen Foundation to help restore biodiversity in the country. For every Nescafé machine sold for professional use, 2.5 meters of hedgerow were planted.

Honeybees boost coffee beans and biodiversity

Bees play an essential role in healthy ecosystems. However, the world's bee population is in rapid decline, posing a serious threat to global agriculture and future food supply.

Bees are particularly important in coffee production. Studies show bees can increase coffee crop yield, improve quality and boost sustainable coffee production.

Beehives to farms

To tackle this imbalance, *Nestlé Origens do Brasil* launched an innovative project called *Colmeia* – meaning beehive – in March 2022.

The aim is to significantly increase pollination rates by introducing bee colonies to coffee-producing family farms across three major regions in the southeast and northeast of Brazil: Chapada Diamantina (Bahia), Serras do Alto Paranaíba (Cerrado Mineiro) and São Sebastião do Paraíso (South of Minas).

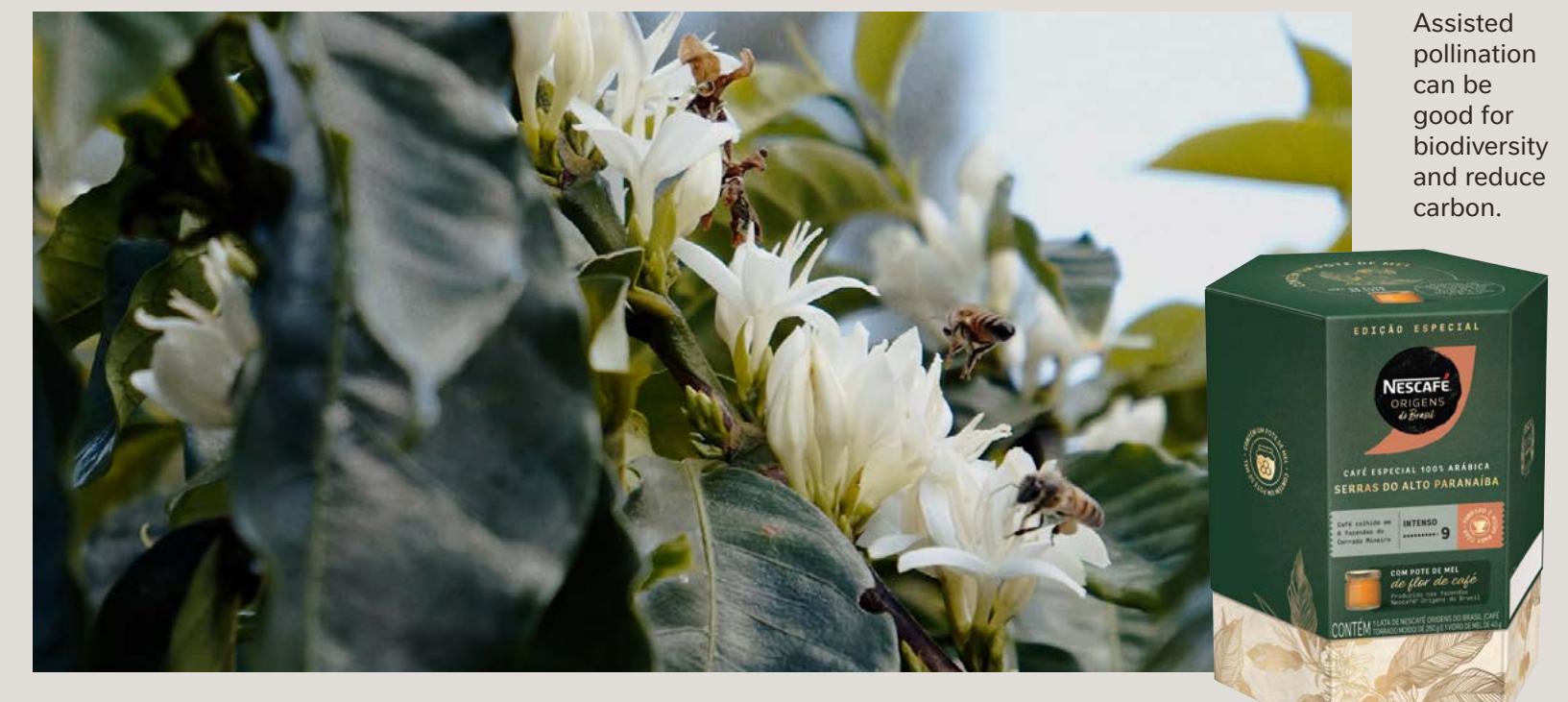
"Produced in harmony, in the same place, using the same resources, Colmeia places the power of regenerative agriculture in our hands. Colmeia provides more than compensation. It is about adding value and taking responsibility, to create a conscious brand where the whole chain of coffee beans, plants, bees and people grow stronger."

Taissara Martins
ESG Manager for Coffee Brands in Brazil

Sweet combination

To bring the story of this exciting collaboration to life, *Colmeia* is sold as a special limited-edition Arabica coffee that includes a tasty pot of honey made by the very same bees that pollinated the coffee flowers. Hexagonal packaging mimics the honeycombs and connections of the hives and can be upcycled as a vase after use.

Although it was a first edition, the *Colmeia* concept is proving highly attractive. The product sold out in 120 days and earned media coverage worth BRL 7 million (USD 1.2 million) in just 30 days, so the benefit of bees can be felt across the value chain.



Assisted pollination can be good for biodiversity and reduce carbon.

Regenerating the water cycle



Water is vital to all life. In our case, we depend on it in our supply chains and for our operations. Water stewardship is critical, for our business, for the communities in our value chain and for the environment.

Background

In 2022, widespread flooding and drought affected many countries around the world. This was recognized as a sign of climate change acceleration. Europe, the west of North America and China's Yangtze River area all experienced historic levels of drought. Meanwhile, devastating floods in Pakistan affected around 33 million people.

The availability of clean, safe water is under increasing threat. Water stress – where demand exceeds the amount of good quality water available – is a growing problem as the climate changes and populations increase. Unless action is taken, it is estimated that by 2050, water stress will affect more than half the world's population.

Agriculture accounts for 70% of all water withdrawals worldwide. In some regions, water consumption to produce food for a growing, urbanized population is increasing pressure on the natural water cycle. In other regions, agricultural inputs such as fertilizers can potentially affect the quality of water sources.

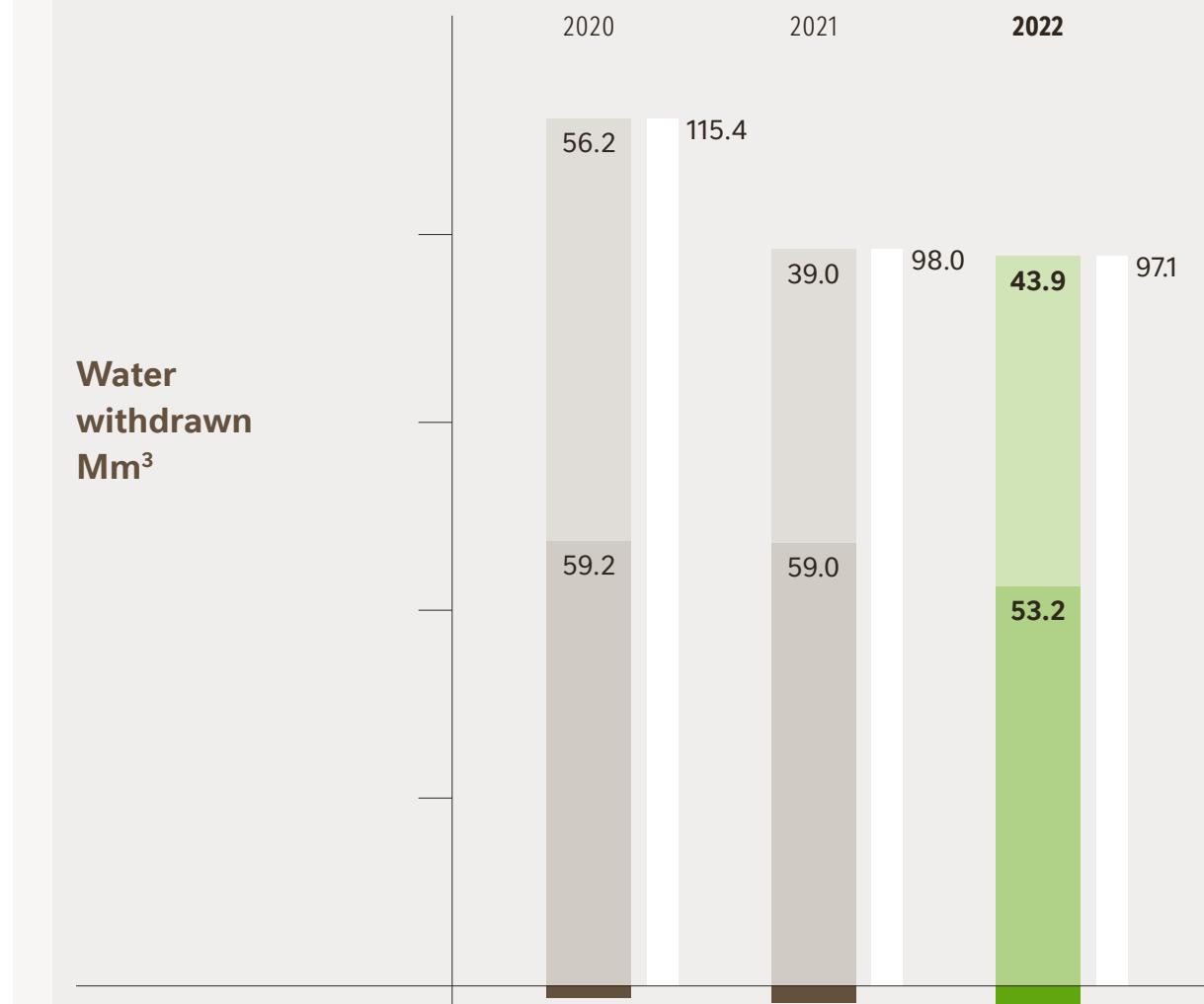
Livelihoods, health and sanitation, and biodiversity can all be affected when the water cycle is disrupted, as can food production. We depend on a reliable source of agricultural raw materials from 100 countries. Many of these supply chains are in countries where water stress is high and access to sanitation and hygiene is limited.

We recognize the need to play our part in helping to protect, restore and renew water sources. For years, we have implemented programs to continuously improve water efficiency and reduce water withdrawals in our factories, even as production volumes increase. Since 2021, our bottled-water business has gone even further – seeking to help create a positive water impact everywhere it operates.

NESTLÉ GROUP

We aim to reduce water use in our factories by 6 million m³ between 2021 and 2023
(million m³)

- Total water withdrawn
- Total water consumed
- Total water discharged



SDG CONTRIBUTIONS



Approach

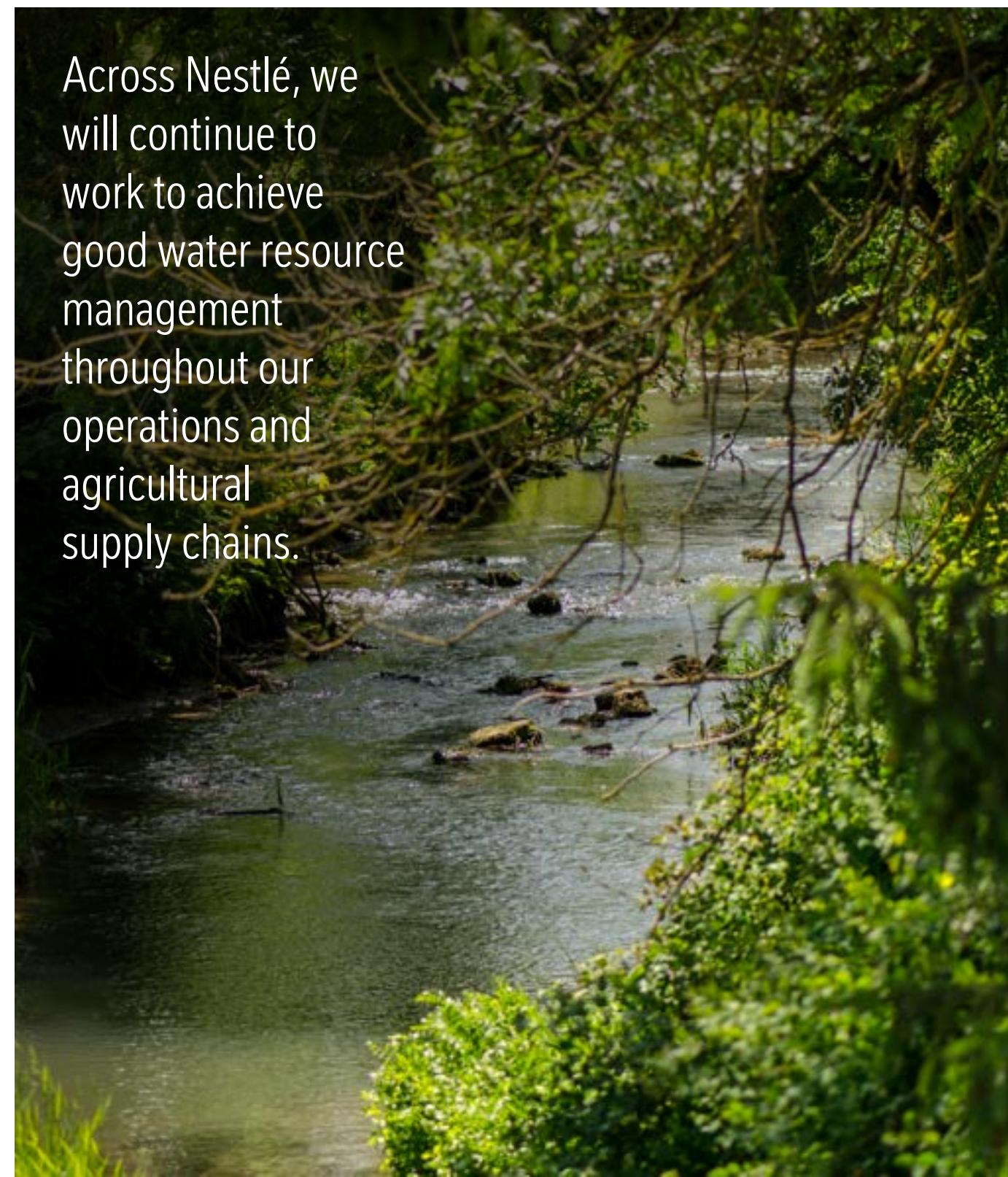
Our new Water workstream meets monthly and reports to the Head of ESG Strategy and Deployment, with oversight from the ESG and Sustainability Council.

Nestlé performs regular assessments of local water resources and water use inside and outside its factories, including possible future risks. We engage with stakeholders and monitor external research findings.

Strategy

We manage our strategy across five pillars. In each of these five pillars we consider the following four approaches:

- The local and wider catchment level
- Compliance as a minimum
- Best practice in water resources management
- Collective action



Across Nestlé, we will continue to work to achieve good water resource management throughout our operations and agricultural supply chains.

100%

Water discharged at our factories is monitored for quality

OUR WATER PILLARS

- Nestlé factories serving our Nestlé Waters business**
- Agricultural supply chain**
- Nestlé factories**
- Water in communities**
- Water partnerships and advocacy**



A river in France, with a riparian buffer (vegetation) helping to protect it.

Our Nestlé Waters business is helping to create a positive water impact at the catchment level – such as here with *Acqua Panna* in Italy.



Nestlé Waters

Our bottled-water business includes brands such as *Perrier*, *S.Pellegrino*, *Vittel* and *Buxton*. Our pledge is to lead the regeneration of the water cycle and to help create a positive water impact everywhere our water business operates by 2025. We have also committed to certifying all our Nestlé Waters sites to the Alliance for Water Stewardship (AWS) Standard by 2025.

Agricultural supply chain

We use the Nestlé Responsible Sourcing Standard to specify what we expect in terms of water use and water management practices in our agricultural supply chains.

Traceability is key to identifying areas of water risk in our supply chains. We assess the water footprint of important agricultural commodities and identify opportunities where water management practices can be improved.

Nestlé factories

We aim to reduce water use in our factories by 6 million m³ between 2021 and 2023. We monitor water withdrawals and water quality at our factories. We promote recycling and reusing water where possible and closely monitor the quality of the water we discharge to ensure no downstream negative impact and guarantee regulatory compliance.

Water in communities

Access to safe drinking water and sanitation is a basic human right and safe water, sanitation and hygiene (WASH) contributes to health, well-being and community resilience. We believe businesses have a role to play in helping ensure that people have access to water and sanitation.

In addition to providing safe drinking water and sanitation for Nestlé employees, we support access to water for the communities surrounding our direct operations and in our supply chains. Our new Human Rights Salient Issue Action Plan on the Right to Water and Sanitation, addresses our approach in this area in depth (see performance section).

Water partnerships and advocacy

Water is a shared resource, requiring collaborative care. We work together with other water users and partners to address watershed challenges and to ensure that water resources are managed in a way that is ecologically sustainable, socially equitable and economically beneficial. We are dedicated members of:

- The World Economic Forum's 2030 Water Resources Group (2030 WRG), focused on sustainable water management to help countries achieve water security by 2030 through collective action.
- The CEO Water Mandate, a UN Global Compact initiative that unites business leaders on water, sanitation and Sustainable Development Goals.
- The WASH4Work initiative, which asks businesses to take action to address WASH challenges in the workplace, in communities where the business operates and in supply chains.
- The Alliance for Water Stewardship (AWS) Technical Committee and Agriculture Working Group. Nestlé representatives have also contributed to the work of the AWS Board.

Nestlé Waters has committed to certifying all sites to the AWS Standard by 2025.



Small actions make a splash



Cisco Mayorgas
Water Resources Manager,
Nestlé Waters

A look at how Nestlé Waters is regenerating a local water cycle in Spain.

Our Viladrau water bottling plant in Spain is located in the Montseny Natural Park. Recent changes in rainfall patterns and more unpredictable storms have impacted local biodiversity. To help address this, Nestlé Spain has adopted a series of targeted actions to protect endemic species.

Our first project is aimed at restoring wetlands, in partnership with a team of local biologists and the Montseny Natural Park. Declared a Biosphere Reserve by UNESCO in 1978, for many years the park was left untouched. Vegetation grew, forests became dense and the wetlands began to naturally silt up.

In March 2022, Nestlé Spain funded the re-excavation of four interconnected ponds that had disappeared. We carefully removed silt deposits, transferred plants and protected the area from park visitors. During the process, we uncovered a spring that now helps to maintain flow and refill the ponds. Initial results show that despite one of the driest summers on record, the ponds remained full and aquatic life thrived.

Working with biologists we identified red frogs as a key marker species for the ponds' biodiversity. We'll know more about how they are doing after the breeding season.

Cisco Mayorgas reviews regeneration work in Montseny Natural Park, Catalonia.

The power of teamwork

This work was a success thanks to strong relationships with partners and local stakeholders. Sharing data and knowledge has built trust over time.

Next year we'll complete a project with the Natural Park to restore the Castanya River. The river has been partially blocked by landslides, following fierce storms. Water continues to flow under the debris but several aquatic species, such as the endangered Montseny newt, are unable to cross the barrier. Once the area is restored, the park team will be able to re-introduce the species to the lower reaches of the river – with the two populations being able to naturally reach each other again.

We believe if we can demonstrate that our small actions can have an impact, we can replicate them in other areas of Spain and other countries facing similar challenges. Perhaps we can inspire even greater collaboration.



Performance

Nestlé Waters

Nestlé Waters follows the Alliance for Water Stewardship (AWS) International Water Stewardship Standard on all its sites. The AWS is a global membership collaboration that promotes the adoption of a universal framework for the sustainable use of water – the AWS Standard. We contribute to the work of the Technical Committee and Agriculture Working Group. Nestlé representatives have also contributed to the work of the AWS Board and its International Standard Development Committee, which first developed the AWS standard. During 2022, 21 Nestlé Waters sites were AWS certified (against 19 in 2021).

Since 2021, Nestlé Waters has been identifying and implementing projects designed to help regenerate local water cycles in areas where they operate. In 2022, projects included a drip irrigation program in Sheikhupura, Pakistan; pond renaturation to support local wildlife in Viladrau, Spain (see Nestlé viewpoint, left); and restoring water quality in Khanom Chin canal, Thailand. These projects have delivered a volumetric water benefit of 2.3 million cubic meters so far.

Nestlé Waters has shared research to develop water-positive methodologies in an open-source format, contributing to new modules of the World Resources Institute's Volumetric Water Benefit Accounting methodology. This work helps organizations and businesses calculate the volumetric water benefits of any water stewardship project.

Water withdrawals at our factories

The need to improve water withdrawals and consumption was highlighted by 2022's droughts around the globe. We continuously strive to improve water savings at Nestlé

factories. In 2022, total water withdrawals at Nestlé factories were 97.1 million m³ (2021: 98 million m³). We delivered absolute savings of 2.38 million m³ of water, keeping us on track to reduce water use in our factories by 6 million m³ between 2021 and 2023 as planned. The remaining reduction was due to changes in our business.

Of our total water withdrawals, 36.1% were in regions with 'high' or 'extremely high' baseline water stress in 2022, a slight increase from 2021.

Direct water withdrawals per tonne of total product show that Bottled water and PetCare are the most water-efficient categories. Our Confectionery and Powdered and liquid beverages categories show the greatest improvements compared to 2010.

There were five water-related incidents that incurred a fine or penalty in 2022 as per the CDP reporting framework. These incidents either pertained to exceeding certain discharge limits or were administrative in nature, and the imposed fines or penalties were not material. All incidents were reported in a timely manner to local environmental authorities and resolved. We have identified the causes of these incidents and put in place measures to prevent a recurrence.

Water withdrawals at our factories by product categories (m³ per tonne of product)

Category	2010	2021	2022	% reduction since 2010
Milk products	5.5	3.58	3.7	32.7
Confectionery	7.2	3.08	2.68	62.8
Nutrition and healthcare	13.6	8.39	8.68	36.2
PetCare	1.2	1.16	1.25	-3.9
Powdered and liquid beverages	13.9	5.93	6.18	55.5
Prepared dishes and cooking aids	5.5	3.13	3.08	44.0
Bottled water	1.7	1.52	1.48	13.2

Assessing the water footprint in our commodity supply chain is one way to find areas of improvement.

21

Nestlé Waters sites certified to the AWS Standard (19 in 2021)

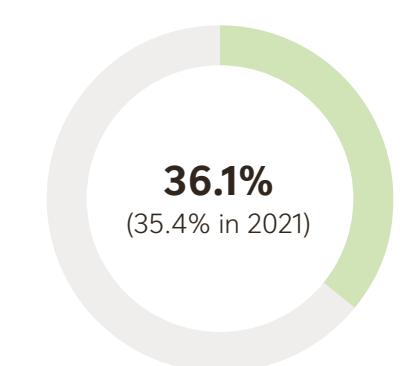
5

Water incidents in 2022

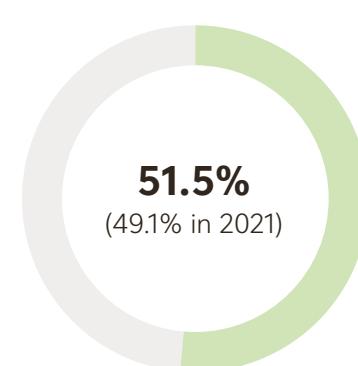
2.3

Million m³
Volumetric water benefits delivered through projects

Percentage of water withdrawn in regions with 'high' or 'extremely high' baseline water stress



Percentage of water consumed in regions with 'high' or 'extremely high' baseline water stress



Water in communities

In Q1 2023, we launched our new Human Rights Salient Issue Action Plan on the human right to water and sanitation. The action plan reinforces WASH at the heart of our water stewardship program and is aimed at focusing our attention on preventing and mitigating WASH risks in our operations and supply chain. It forms part of a suite of action plans covering all our salient human rights issues.

In terms of country-specific activity, farmers in Cauca, Colombia used Community Development Funds provided by Nespresso to build water treatment plants on local aqueducts. This will provide more than 44 000 people in these two regions with access to clean, safe drinking water.

As different communities have different priorities, it's important for us to understand their unique needs. Our Community Relations Process tool, developed in 2019, has been rolled out in our medium-to-high-risk markets. It helps identify local community members to involve in our tailored WASH interventions.

A WASH point in Côte d'Ivoire installed through our partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC).



East Anglia, England, home to one of our LENs projects.

Water Partnerships and Advocacy

In 2022, we began a landscape project in East Anglia, UK as part of a Landscape Enterprise Networks (LENs) initiative. This holistic regeneration initiative includes aiming to have a positive impact on water quality through planting cover crops ([see the A marketplace for nature-based solutions external viewpoint](#)).

Nestlé, along with other WASH4Work members, signed a business declaration at the COP27 UN Climate Conference in Egypt (the latest in the UN's series of climate change summits) to mobilize the leadership and partnership needed to shape a more climate-resilient water sanitation and hygiene-secure world.

Separately, in Stockholm, during World Water Week (an annual, global event focused on water issues), Nestlé organized a panel event alongside three NGO partners: Water Aid, the Toilet Board Coalition and the Global Water Partnership focused on taking a rights-based approach to WASH. Nestlé Waters also participated in an event on the topic of regenerating water cycles, which included input from the Swiss Agency for Development, water strategy analyst Bluerisk and the International Union for Conservation of Nature. The UN Global Compact initiative CEO Water Mandate was discussed along with the "water positive" concept, associated methodologies and the need to develop transformative projects with long-term benefits at the catchment level.

Outlook

During 2023, we will continue to work toward improved water resource management and water stewardship.

We are also beginning an in-depth study to estimate the water co-benefits of the agriculture and nature-based solution projects within our Net Zero Roadmap for addressing shared water challenges.

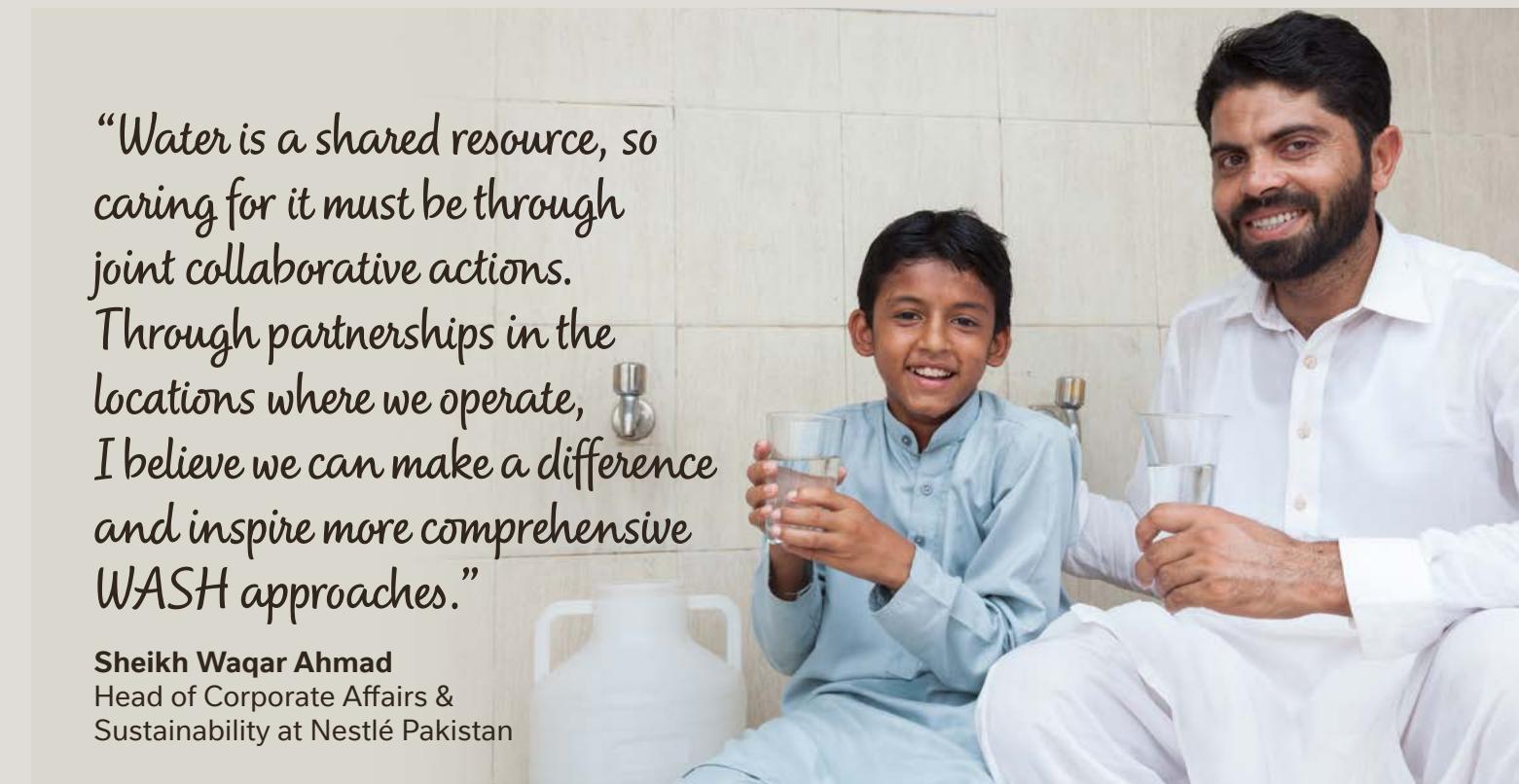
Becoming more water secure

Access to safe, affordable and reliable water, sanitation and hygiene – known as WASH – is a basic human right. Yet billions of people around the world still do not have access to safe and clean water.

At Nestlé, we are in a unique position to help increase access to water and sanitation for our employees who work in our factories, for the communities living around our operations and for the people working in the farms that supply us. Our approach is twofold: assess, address, monitor and report on risks in our value chain, and engage with wider society and business to collectively help people become more water-secure and climate resilient

"Water is a shared resource, so caring for it must be through joint collaborative actions. Through partnerships in the locations where we operate, I believe we can make a difference and inspire more comprehensive WASH approaches."

Sheikh Waqar Ahmad
Head of Corporate Affairs & Sustainability at Nestlé Pakistan



Water in Pakistan

The situation for communities in Pakistan is a good example of the need for this integration of programs. Pakistan is one of the most water-stressed countries in the world, with the bulk of its freshwater being used in agriculture. On top of this, in 2022, the country faced extreme drought and water shortages followed by the worst monsoon floods in a decade, with countless homes washed away and vital farmland destroyed.

To help people tackle these extreme climate change impacts and become more water secure, we identified Pakistan as one of our priority countries in our Salient Issues Action Plan on the Right to Water and Sanitation, published in Q1 2023.

All four of our factories and other sites in Kabirwala, Islamabad, Port Qasim and Sheikhupura meet the WASH Pledge requirements, strengthening the rights of over 7500 employees. In addition, we have set up six drinking water facilities, which provide access to clean and safe water to over 60 000 people every day, and we monitor these regularly for quality.

Through our water education program, as part of *Nestlé for Healthier Kids*, we reached out to 35 000 children and 250 teachers in schools in 2022 on the benefits of drinking more water. Together, our efforts ladder up to Sustainable Development Goal 6, on clean water and sanitation, and Goal 17, on partnerships for the Goals.

In the future, we plan to work with global and local stakeholders to develop and apply a climate-resilient WASH framework to our water, sanitation and hygiene programs and investments, and to continue to leverage our broad reach and influence.



A Nestlé-supported WASH initiative in Pakistan.

Ingredients produced sustainably



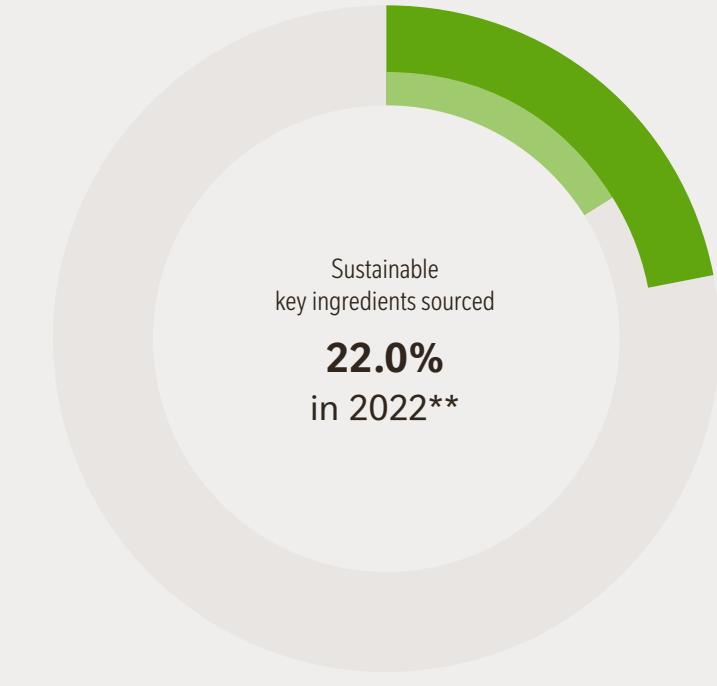
We can deliver a positive impact by ensuring that the raw materials in our products have been produced sustainably and with respect for people, planet and nature.

PRODUCED SUSTAINABLY

100% key ingredients produced sustainably by 2030*

(16.3% in 2021)

- 16.3% in 2021
- 22.0% in 2022**



* Key ingredients refers to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume: cereals and grains; cocoa; coconut; coffee; dairy; fish and seafood; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

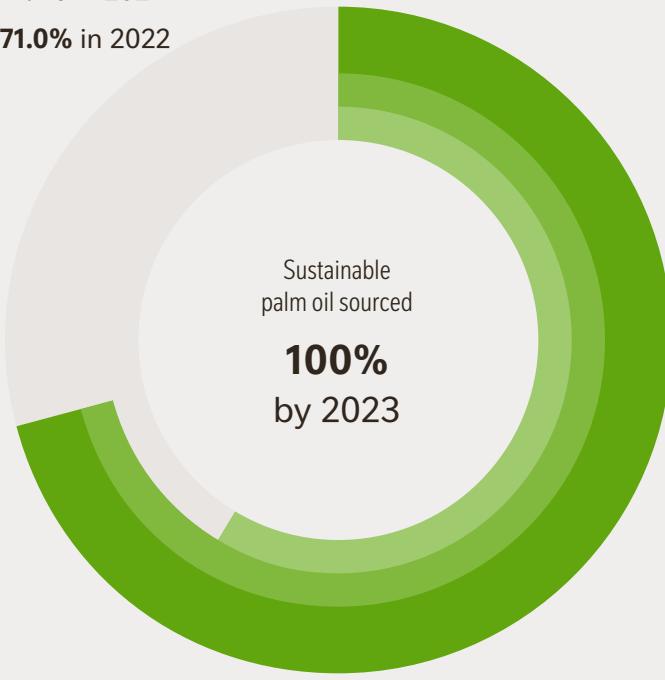
** Change in definition in 2022 means year-on-year data are not comparable.

PALM OIL

100% certified sustainable palm oil sourced by 2023

2022 data comprises Roundtable on Sustainable Palm Oil certifications and credits as follows: 20.0% segregated, 1.6% mass balance, 45.6% book and claims without including credits from independent smallholders, 3.7% book and claims from independent smallholders only.

- 58.7% in 2020
- 71.1% in 2021
- 71.0% in 2022

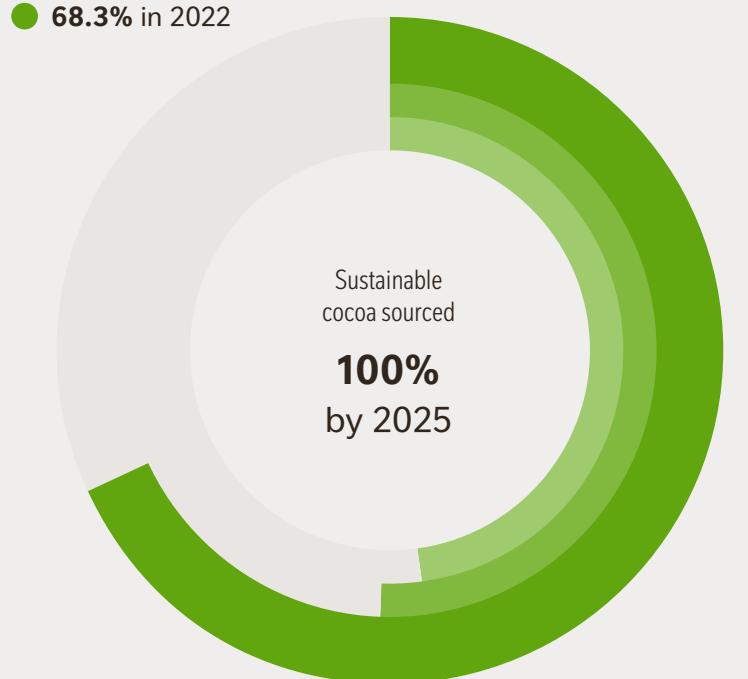


COCOA

100% cocoa sourced through the Nestlé Cocoa Plan by 2025

The % cocoa sourced through the *Nestlé Cocoa Plan* includes volumes of Rainforest Alliance certified mass balance cocoa that are not accounted for in the global Produced Sustainably indicator above.

- 48.0% in 2020
- 50.6% in 2021
- 68.3% in 2022

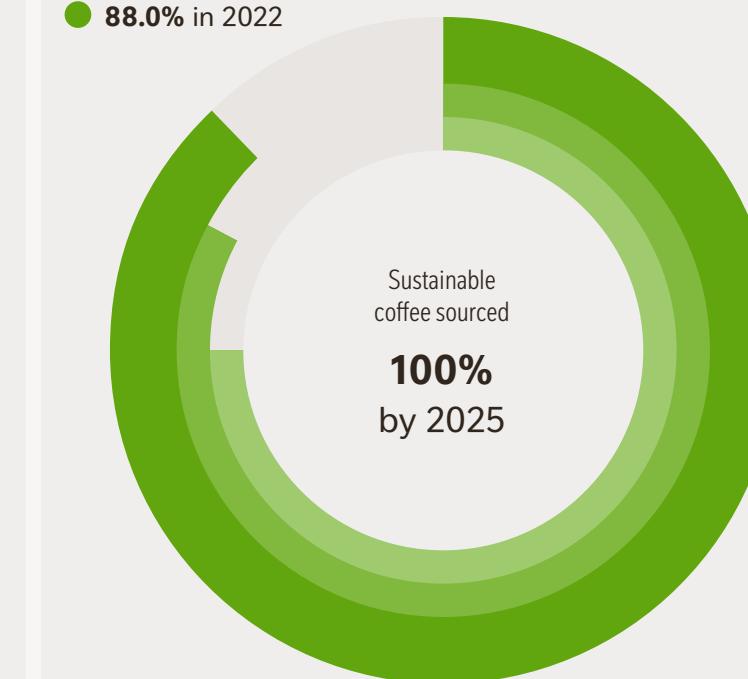


COFFEE

100% sustainably produced coffee by 2025

87.0% Nescafé Plan (81.5% in 2021)
93.1% Nespresso AAA Sustainable Quality™ Program (92.6% in 2021)

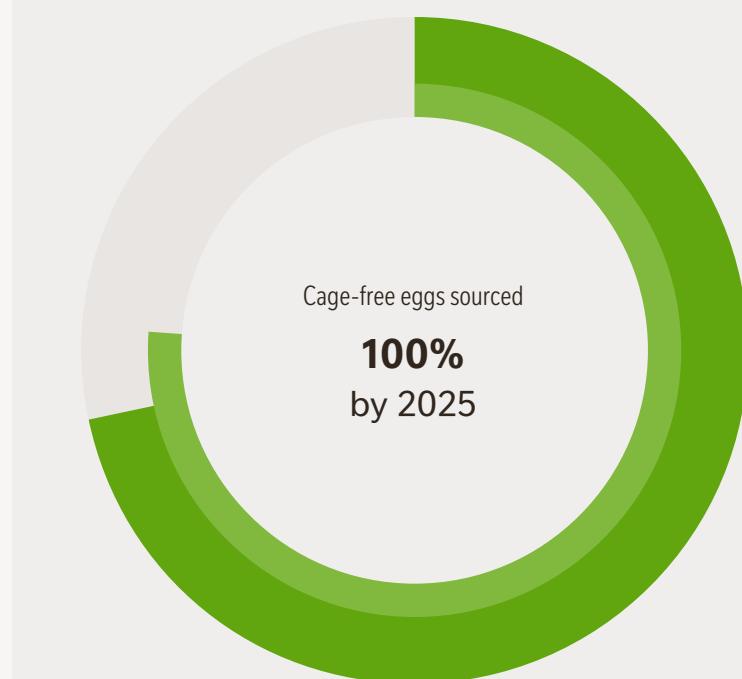
- 75.0% in 2020
- 82.8% in 2021
- 88.0% in 2022



CAGE-FREE EGGS

100% cage-free eggs sourced globally by 2025

- 76.3% in 2021
- 71.7% in 2022



SDG CONTRIBUTIONS



Background

We rely on long-term supplies of high-quality, sustainably produced raw materials. Their sustainability depends on different factors, including agricultural practices used and their impact on critical forests and natural ecosystems, and the extent to which human rights and animal welfare practices are respected and promoted.

Challenges related to agriculture often have their roots in or are exacerbated by poverty. Supporting communities, facilitating and incentivizing better farming practices and helping improve livelihoods are all crucial concerns at Nestlé.

The ability to map our supply chains is essential to ascertaining whether ingredients have been produced sustainably. Without traceability, we cannot assess conditions or support our suppliers – large and small – to improve.

By reporting transparently on these issues, we can push ourselves and the wider industry to meet current commitments and become increasingly ambitious in the future. Our aim is for 100% of our key ingredients to be produced sustainably by 2030.

Approach

Over the course of 2021 and 2022, we developed and refined a new Produced Sustainably Framework. This framework is designed to enable continuous improvement across Nestlé's supply chain to achieve full implementation of Human Rights and Environmental Due Diligence (HREDD) and delivery of positive impacts on people, nature and climate in Nestlé's sourcing origins.

It applies to 14 key ingredients that represent 95% of our annual sourcing by volume. They are: cereals and grains; cocoa; coconut; coffee; dairy; fish and seafood; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

Once fully implemented, the Produced Sustainably Framework will mean that:

- The material is traceable back to the point of origin (farm or group of farms)
- Human rights and environmental due diligence (HREDD) systems are in place at direct supplier level to assess, address and report on the potential or actual impacts identified in the supply chain
- The volumes Nestlé buys through its direct suppliers are compliant with the Nestlé Responsible Sourcing Standard requirements at production level

SUSTAINABLE SOURCING: OUR FOUR PILLARS OF ACTIVITY

Transparency

Improve traceability of the origins of our raw materials and enhance our understanding of how they are produced

Environment

Contribute to conserving and restoring the environment and natural resources

Human rights

Respect and promote the rights of people in our supply chains

Animal welfare

Contribute to continuously improving how animals in our supply chains are treated

In 2022, we decided to split our original key performance indicator (KPI) into two. The framework's main KPI measures the performance of volumes at origin level against the requirements of our Responsible Sourcing Standard. For 2022, we reported against that KPI, as follows:

- A material is produced sustainably either when it can be traced to low-risk countries or when it has been assessed as compliant with our Responsible Sourcing Standard through one of the following means:
 - certification
 - second or third-party farm assessments
 - on-the-ground programs in which Nestlé directly works with producers (e.g. Nestlé Cocoa Plan, Nescafé Plan or Nespresso AAA Sustainable Quality™ Program).

Our Responsible Sourcing Standard sets out non-negotiable requirements and ways of working with our direct suppliers, which we expect them to roll out to their own partners in turn.

We work closely with our direct suppliers to map our upstream supply chains and, where needed, to carry out farm assessments with partner organizations. If gaps are found, the supplier develops an action plan. If a supplier refuses to improve or fails to close identified gaps, we may terminate the business relationship.

A second KPI measuring our suppliers' Human Rights and Environmental Due Diligence will be introduced in 2025 (see Outlook).



Sabah, Malaysia, the location of a palm oil initiative with Earthworm (see the Inspiring action in Sabah external viewpoint).

External viewpoint

Inspiring action in Sabah



Quek Karl Yen
Country Head for Malaysia
at Earthworm Foundation

How Nestlé and Earthworm are working to make palm oil more sustainable.

Conservation is something I am passionate about. I studied Forestry and began my career in the palm oil industry before I joined Earthworm. I now lead the Earthworm Foundation team in Malaysia, where we take a holistic approach to responsible sourcing across clearly defined sourcing areas, collaborating with key stakeholders from the private and public sectors, farmer associations and civil society in tackling climate change, biodiversity and human rights risks. We call it the landscape approach.

This is incredibly important in the state of Sabah in Northern Borneo, where palm is by far the most planted crop. Supplying 6.2% of the world's palm oil in 2020, the crop has driven both economic development and deforestation.

Earthworm is partnering with Nestlé on a number of initiatives, including the Sabah landscape initiative where we are driving collective action and holistic change in this critical sourcing region. We hope to show smallholder farmers what's possible when we combine sustainable economic development, forest conservation, decent work opportunities and resilient livelihoods for communities.

We bring together everyone linked to palm oil – companies like Nestlé but also NGOs, civil society, experts, governments, mills, plantations, farmers and communities – to find the best ways to regenerate nature and improve people's lives. Our team, who come from a diverse background including the palm oil industry, works hand in hand with farmers on the ground to find pragmatic solutions that can be replicated across other commodities.

Communities and smallholders are the key

In parallel, we are engaging with local communities in Sabah on forest protection and restoration, as well as training smallholders on sustainability, wildlife protection, farm productivity and income diversification in Nestlé's supply chain. So, we are building solutions with a real sense of the big picture. Collectively we hope to assist 5000 smallholder farmers through conservation initiatives, income diversification and good agricultural practices. We hope to see a 50% reduction in deforestation in key sensitive areas in Sabah by 2025.

Another example of our work together is our Workers and Families Program. The industry in Sabah relies heavily on Indonesian and Filipino migrant workers, whose children often live with them in remote plantations. These children face limited access to education, healthcare and birth registration, which are all risks linked to child labor. The risks are broader than any one supply chain, so we seek to address the root causes and take a holistic approach. Our activities include developing a Child Risk Assessment Framework (CRAF) toolkit with Nestlé in 2020, which was then piloted with a supplier in 2021 and early 2022.

We work with those who really want to transform, who want to be innovative, try new methods and inspire others. As long as the landscape approach creates economic, social and environmental value for everyone, others will replicate our actions willingly.

5000

Aim to assist smallholder farmers through conservation initiatives.

50%

Aim to reduce deforestation in key sensitive areas by 2025.



We partner with Earthworm on a variety of sustainable sourcing initiatives around the world.

Scientific approaches to regenerative agriculture

In February 2022, we announced the creation of the Nestlé Institute of Agricultural Sciences to translate novel agricultural science into concrete applications and to identify and develop the most promising regenerative agriculture technologies. Based in Lausanne, Switzerland, the organization has a decentralized structure and incorporates Nestlé's existing plant sciences research facilities in France, as well as numerous research farms around the world.

The Institute has three focus areas: plant sciences, dairy-livestock sciences and agricultural systems sciences. In plant sciences, the team is selecting plant-based alternative ingredients for our recipes. We are also breeding coffee and cocoa varieties that combine higher productivity with disease and drought resistance. In Mexico, for example, such new coffee varieties are already delivering 50% higher yields and a 30% reduction in carbon footprint.

To decrease emissions related to our dairy sourcing, we test and validate existing and new scientific approaches including feed supplements, wearable technologies, immunological approaches and manure management options. In agricultural system sciences, our focus on new agronomic practices and methods to quantify their impact on soil health, carbon sequestration and biodiversity outcomes aims to accelerate the transition to regenerative agriculture sourcing.



Coffee plantlets at the plant science unit of the Nestlé Institute of Agricultural Sciences (France), where research into more resilient coffee varieties has been carried out since 1986.



An Ivorian Cocoa farmer prunes a tree to improve productivity and reduce the risk of plant disease.

Performance

In 2022, 22.0% of our key ingredients were produced sustainably, meeting our criteria for transparency, environmental and social standards, and animal welfare.

Transparency

Multiple commodity- and issue-specific reports were released during the year, such as the [Nestlé Cocoa Plan Progress Report](#) and [Towards Forest Positive Cocoa report](#). [Nespresso's The Positive Cup: Accelerate positive impact to 2030](#) report was published in early 2023. Nescafé also engaged with over 1000 registrants in a live event for the launch of the [Nescafé Plan 2030](#).

Environment

In 2022, we continued efforts to help protect and restore the environment through the implementation of our [Net Zero Roadmap](#). Examples of this include biodiversity impact assessments, farmer training in regenerative agriculture techniques, our *Forest Positive* strategy and projects to help regenerate local water cycles. For 2022, for the first time, we are reporting progress toward our commitment to source 20% of our key ingredients through [regenerative agriculture methods](#) by 2025.

Notably, our network of at least 25 [pilot farms](#) in 15 countries aiming for net zero continues to serve as a proof

157157

Number of farmers in the Nestlé Cocoa Plan

of concept for reducing and removing greenhouse gas emissions, using cutting-edge technology and regenerative farming methods.

In palm oil, we remain committed to sourcing 100% Roundtable on Sustainable Palm Oil (RSPO) certified supplies in 2023, even if there is today already a large market supply shortage of RSPO-certified palm kernel oil. We are working with industry bodies to demonstrate, regardless of this market situation, our 100% commitment to the due date.

Human rights

During 2022, we worked closely with external expert organizations to develop action plans that address 10 salient issues identified in our Human Rights Framework and Roadmap. These were published in Q1 2023.

We also saw progress on existing programs that address human rights. During the year, the volume of cocoa sourced through the *Nestlé Cocoa Plan* increased to 68.3% of total cocoa sourced. The plan extended its coverage in Brazil and the groundwork was laid to bring producers in Cameroon and Nigeria into the plan. The program is designed to improve livelihoods in cocoa-growing communities, covering 3462 farmers in Brazil.

Animal welfare

All of the eggs that we purchase for our food products are now certified cage-free in Europe and the United States and 71.7% are cage-free worldwide. We are on track to achieve 100% cage-free eggs globally by 2025.

Nespresso

The Nespresso AAA Sustainable Quality™ Program is a coffee sourcing program designed to ensure the continued supply of high-quality coffee while improving the livelihoods of farmers and their communities, and protecting the environment.

Since 2009, Nespresso has reduced the carbon footprint of a Nespresso cup of coffee by 24%*. The *AAA Program* pays premiums for coffee that has been grown according to AAA principles. In 2022, the *AAA Program* integrated the newly released Rainforest Alliance Regenerative Coffee Scorecard. The Scorecard is designed with a continuous improvement approach to regenerative agriculture, from achieving greater efficiencies to the redesign of farms. It outlines three performance ratings: bronze, silver and gold according to the adoption of identified regenerative practices across criteria on soil, ecosystems, crops and financial management. As part of this scorecard, through the *Nespresso AAA Sustainable Quality™ Program* farmers are compensated for making a positive contribution to nature by adopting regenerative practices and producing in ways that restore and protect biodiversity in and around production areas.

In April 2022, Nespresso became [B Corp-certified](#), joining a global community of businesses that meet the highest standards of sustainability and social responsibility.

* Carbon footprint reduction of a cup of 40ml of Nespresso coffee in 2020 (vs 2009 LCA study), as measured by independent external partner Quantis.

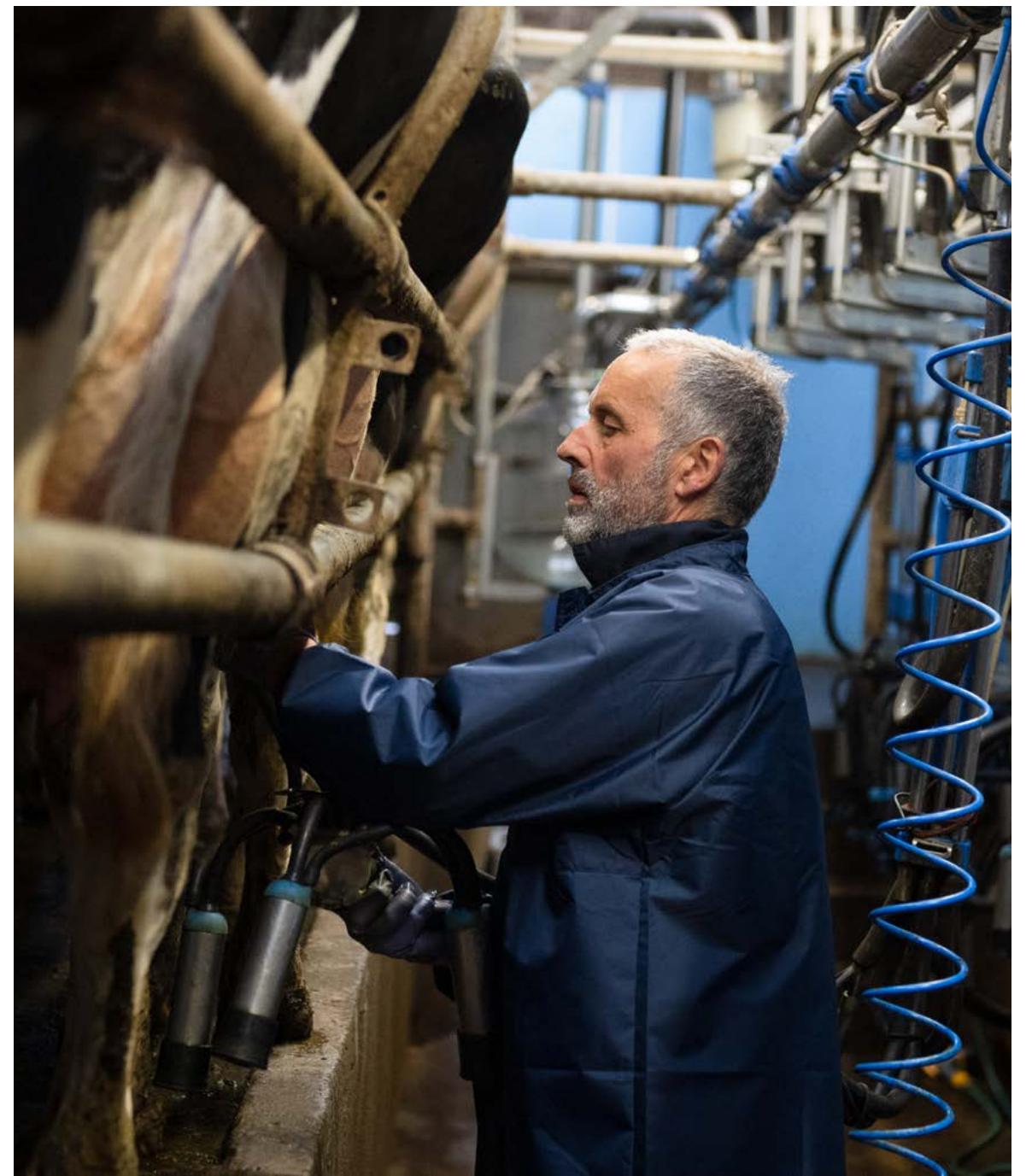
A coffee farmer in Brazil – one of our major sourcing origins.



Outlook

In 2022, we refined our Produced Sustainably framework and decided to split our original KPI into two. From 2025, we will report a second KPI, which will assess the maturity of our direct suppliers' Human Rights and Environmental Due Diligence (HREDD) management systems and processes. This KPI is designed to help us comply with mandatory HREDD legislation and ensure that suppliers are cascading HREDD requirements throughout the supply chain. This new KPI will be in addition to the existing produced sustainably indicator, which assesses the performance of volumes at a production level against social, environmental and animal welfare criteria set out in our Responsible Sourcing Standard.

Additionally, we will begin tracking progress against the implementation of our salient issue action plans, published in Q1 2023, as identified in our [Human Rights Framework and Roadmap](#). These are crucial to strengthen our level of due diligence across our value chain and to support enabling environments for the respect and promotion of human rights.



A dairy farmer at one of the farms that supplies us in Cumbria, England.

A grain of hope

Lowering our carbon footprint in rice farming.

Agriculture holds huge potential for improving lives and helping to protect the environment. With this in mind, over the last two years we implemented two regenerative agriculture pilot programs in our rice supply chain in the United States. Through this, we hoped to reduce CO₂e emissions, water and fertilizer usage, and input costs for farmers – helping to boost their margins.

Our US-based Purina PetCare brand is Nestlé's largest rice user, so we joined forces with the sustainable rice program of brewing company Anheuser-Busch and Indigo Agriculture – an innovative agtech company leveraging science and technology to help improve the sustainability and profitability of the agriculture industry. We partnered further with Indigo to trial a program within Nestlé's Gerber brand.

The Indigo technical team knows what it takes to make a difference thanks to real-world experience – many of their experts are former or active rice farmers. At the Bowers Farm, a 1800-hectare father-and-son operation in Arkansas that produces rice for Gerber, we trialed a sustainable farming program to reduce emissions, nitrogen usage and groundwater usage. These programs support farmers in their transition toward more sustainable farming practices across their operations.

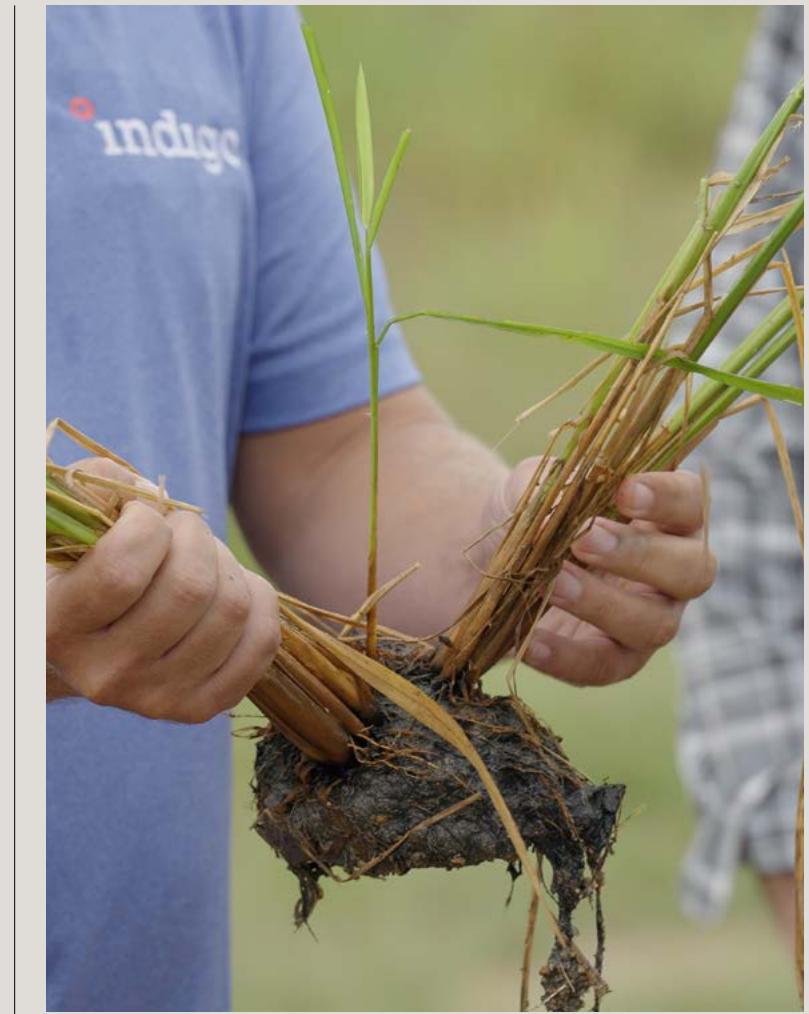
From hands-on advice at the farm to remote technical support, the Indigo team brought new ideas to life for Bowers and other Arkansas rice farmers, such as minimizing tillage, alternate wetting and drying irrigation, precision drone-controlled crop spraying and furrow irrigation.

Indigo has worked with the Climate Action Reserve to help develop the most rigorous soil carbon methodology on the market – and is currently the only soil carbon program that has produced credits at scale under this standard.



Precision crop spraying by drone can reduce chemical usage and carbon footprints.

More CO₂ can be captured in the soil by adopting regenerative agriculture.



Outstanding results

The newly adopted regenerative agriculture practices at the Bowers farm achieved the desired effect without any reduction in yield. This win-win, pragmatic and collaborative approach by Indigo is helping convince farmers like Trey Bowers to place their trust in Nestlé's regenerative agriculture practices.

And the Bowers farm is just one example. In total, our Purina PetCare program encompassed 72 000 bushels from nine farmers. It is expected to save over 461 million liters of water and create GHG savings of 300 tonnes of CO₂e.

Already the potential of the project is clear. Scale up toward 2023-2025 is estimated to deliver 83 000 tonnes of CO₂e savings – the equivalent of taking 6000 cars off the road for three years – across 190 000 cumulative acres of land, an area about the size of New York City.



Technology has a role to play in regenerative agriculture – including advanced monitoring.



Trey Bowers
Farmer

"I'm all about wanting this world to stay sustainable and to keep everything for everybody to have long term. I'm trying to leave something for my kids. I want Bowers to be in a place where if they want to farm, they can just farm."

Human rights and resilient communities



Advancing human rights throughout agricultural value chains is key to the transition toward a fairer, more regenerative global food system and building a more resilient future for our planet and its people.

Background

People and respect for human rights are at the core of Nestlé's culture and values and an intrinsic part of the transition to a just, equitable and regenerative food system.

Providing fair and resilient livelihoods with safe and dignified work, while reducing inequalities, can advance and promote human rights. At the same time, contributions to global emissions can be reduced by accelerating the transition to regenerative practices. We want to reward farmers in our supply chains for producing quality ingredients and making positive contributions to their communities and the environment.

We aim to use our scale, experience and resources to contribute to this vision, by raising awareness of human rights, promoting best practices and empowering people across our operations and within our supply chains.

We were early adopters of the United Nations Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises. We have also piloted multiple programs to assess and remedy risks on the ground.

Through strong governance, forward-looking advocacy and leading transparency, we want to be at the forefront of our industry. Our work in this area will further strengthen our contribution to the UN's Sustainable Development Goals (SDGs). Our [Human Rights Framework and Roadmap](#) – and the resultant action plans addressing our salient issues – will help us stay ahead of emerging human rights due diligence legislation in different markets where we operate.

Approach

We have been working to incorporate human rights in all aspects of our business for many years. Today, human rights elements have been mainstreamed into 22 Nestlé policies and embedded across our governance structures.

Our board-level Sustainability Committee will ensure that we carry out due diligence and report on our most severe human rights-related risks. It also oversees our compliance with our pledges and the regulatory framework.

In addition, our ESG and Sustainability Council advises our executive management on making informed and fact-based decisions to manage salient issues in the upstream supply chain. It is supported by the work of an internal Human Rights Community of around 40 people from different functions with human rights responsibilities.



Human rights touch almost every aspect of our sustainability approach.

SDG CONTRIBUTIONS

1 NO POVERTY


4 QUALITY EDUCATION


5 GENDER EQUALITY


6 CLEAN WATER AND SANITATION


8 DECENT WORK AND ECONOMIC GROWTH


9 INDUSTRY, INNOVATION AND INFRASTRUCTURE


10 REDUCED INEQUALITIES


16 PEACE, JUSTICE AND STRONG INSTITUTIONS


17 PARTNERSHIPS FOR THE GOALS




Our Human Rights Framework

Our [Human Rights Framework and Roadmap](#), published in 2021, describes our multifaceted role in promoting a just transition that prioritizes people. It places due diligence at the core of our approach and defines the five enablers that support our work.

It also identifies 10 salient issues where human rights may be most at risk in our business and value chain. We published action plans for each of these salient issues in Q1 2023 and have committed to reporting on our progress in implementing them by 2025.

Stakeholder engagement and partnerships have long been an important part of our strategy. We collaborate with a wide range of organizations on human rights issues, such as the [Fair Labor Association](#) and the [International Cocoa Initiative](#), among many others.

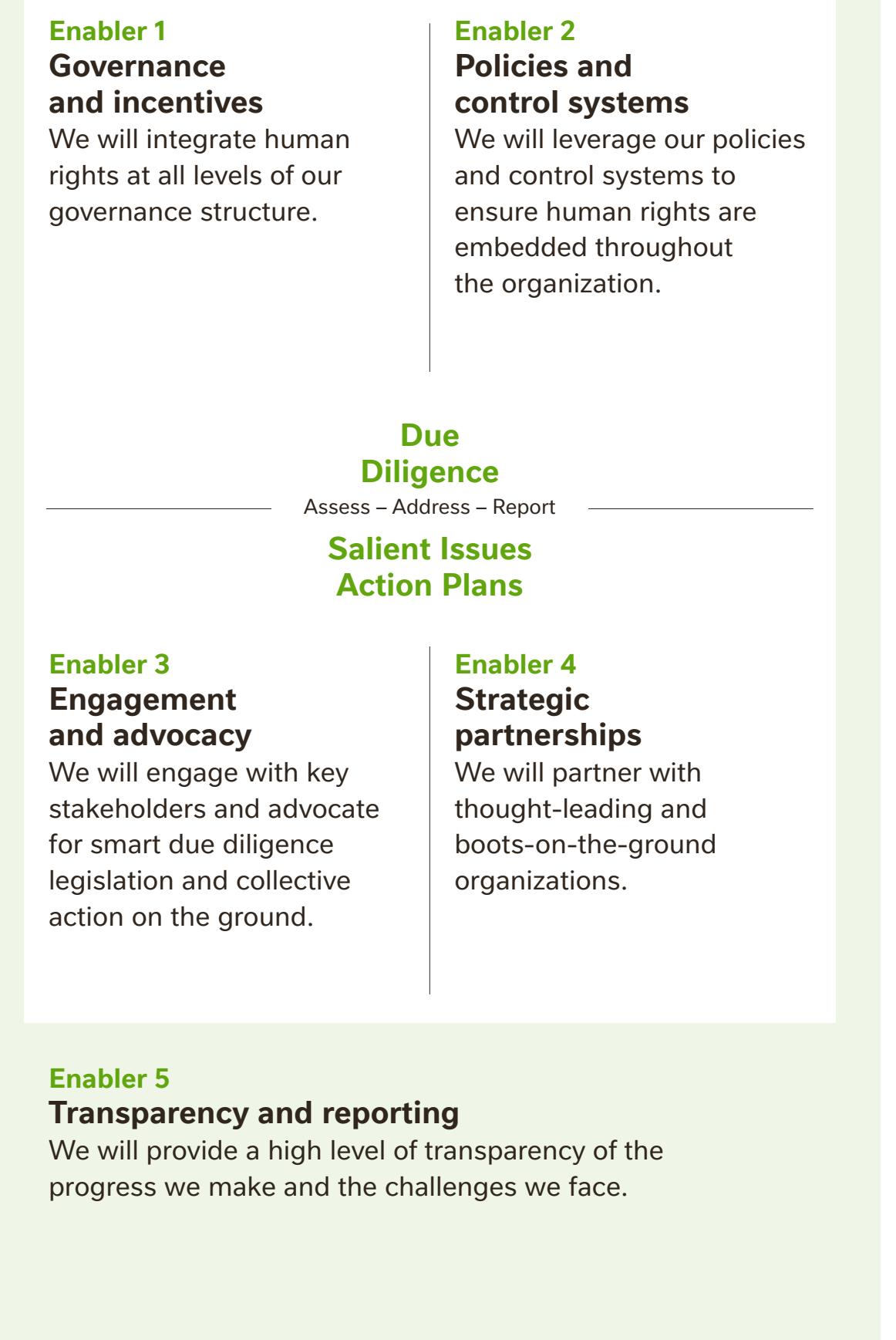
By 2025, we will report on our progress on implementing all our salient issue action plans.

Due diligence is at the heart of our new Human Rights Framework

To enhance our ability to assess, address and report on human rights risks, we have developed dedicated action plans for each of our salient issues.

Our action plans are designed to articulate our strategy for assessing, addressing and reporting on each salient issue, defining what we need to do across our value chain, as well as what collective action can be taken. They are supported by the following enablers:

The Nestlé Cocoa Plan has been working to improve human rights in Côte d'Ivoire since 2012.



Nestlé viewpoint

Connecting the dots



Barbara Wettstein
Human Rights Manager,
Sustainable Sourcing

Operationalizing our human rights action plans.

After 13 years in Nestlé's Public Affairs team I made the unusual move from a communications role to an operational one in Nestlé, as a Human Rights Manager. I'm grateful to Nestlé for the opportunity because it is a chance for me to dive deeper into the nitty gritty of this important topic. My main challenge over the next 12 months will be the operationalization of our salient issue action plans in the supply chain.

What excites me is not just the importance of this work, but the challenge involved. To bring our salient issue action plans to life, we will need teamwork across a huge spectrum of the company, breaking down silos and connecting the dots. This is because human rights is such an interconnected topic that touches on multiple areas, such as our climate, water, regenerative agriculture, sustainable sourcing and *Forest Positive* strategies, among others.

We need to look at human rights from a systems perspective. For example, Indigenous Peoples' and Local Communities' land rights and deforestation risks are clearly linked, so it makes sense for teams to combine efforts and resources to deal with the root causes of both. My role is to ensure there is a thread that links human rights initiatives across all our 14 key ingredients and build synergies across the different projects my sustainable sourcing colleagues are driving.

This truly cross-commodity approach will give us the chance to learn from best practices already used in some areas of the business and apply them to others – introducing consistent systems, processes and tools where needed.

A clearer understanding

Overall, implementing the action plans will give us a better understanding of the risks we face and help make sure we invest our time and resources in the right places. Some of the granularity required might seem time consuming now but in the long term the approach will make the team more efficient and systematic.

We will, of course, continue to complement our efforts in our supply chains with collective action. We will promote collaboration between our multiple stakeholders and work to strengthen the links between Nestlé's global and market-level teams – particularly those in priority countries identified by our action plans through a risk assessment. And we will engage with civil society and government to enable the right conditions to tackle the root causes of human rights risks in order to trigger a positive impact on the ground.

We've learnt a lot over the years about how to enhance our ability to assess, address and report transparently on human rights risks. Now we're further strengthening that approach. It will be challenging. There are many moving pieces – all going at different speeds. So, it will take time to create synergies and bring different areas up to the next level. But, by bringing the big picture into focus, we aim to ultimately accomplish real change on the ground.



Our salient issue action plans include gender equality and living income approaches.

Performance

In 2022, we developed action plans for our salient issues and published them in Q1 2023. These plans are the critical link between our ambitions for advancing human rights and our ability to accomplish real change on the ground, all while strengthening our due diligence approach.

Action plans work by initiating direct steps across our value chain to assess and address human rights risks, and to monitor and report on prevention and remediation activities. They are also an expression of how we can use our influence to actively support collective engagement and collaboration between stakeholders to address the root causes of human rights issues.

Our internal Human Rights Community worked with external expert organizations to jointly create action frameworks, core actions and timelines. For instance, to develop the action plan on Indigenous Peoples' and Local Communities' Land Rights, we worked with Proforest and Landesa, on living income we worked with Sustainable Food Lab and on the Right to Water and Sanitation, we collaborated with twentyfifty.



Our income accelerator program is an example of our human rights work in action.

Now published, we will start implementing these action plans in 2023. To maximize effectiveness, each action plan will be integrated into relevant ingredient strategies, such as the *Nestlé Cocoa Plan* for cocoa, the *Nescafé Plan 2030* for coffee and our dairy sourcing strategy.

We are also developing reporting indicators for each action plan. We continue to train new employees on human rights through mandatory training and will be updating training for specific functions as action plans are rolled out.

Our salient issues

- Right to water and sanitation
- Living income and living wage
- Forced labor and responsible recruitment
- Health and safety at work
- Gender equity, non-discrimination and non-harassment
- Freedom of association and collective bargaining
- Indigenous Peoples' and Local Communities' land rights
- Data protection and privacy
- Child labor and access to education
- Right to food and access to nutritious, affordable and adequate diets

Improving human rights can bring wider benefits

Our action plans shine a spotlight on how integral human rights are to all parts of our business. Respecting and promoting human rights is key to delivering our wider commitments and our journey to advance regenerative food systems at scale.

For example, our income accelerator program in cocoa ([see the Toward a living income case study](#)) demonstrates how we can help improve incomes and contribute to addressing poverty, which in turn reduces child labor risks and deforestation risks. Similarly, addressing the right to food and improving access to nutritious, affordable food is part of [our wider ambitions for enhancing nutrition](#). This action plan follows a collaboration between Nestlé and Tufts University, which examined the nexus between the right to food and regenerative food systems. The right to water and sanitation can be linked to our work on helping to protect the quality of natural waters and stewarding water resources.

Our long-term *Forest Positive* strategy, published in 2021, is helping us embed protection for Indigenous Peoples' and Local Communities' land rights, while helping smallholder farmers develop sustainable livelihoods.



Nestlé has been helping to tackle child labor risks in West Africa since 2012.

Tackling child labor risks in cocoa

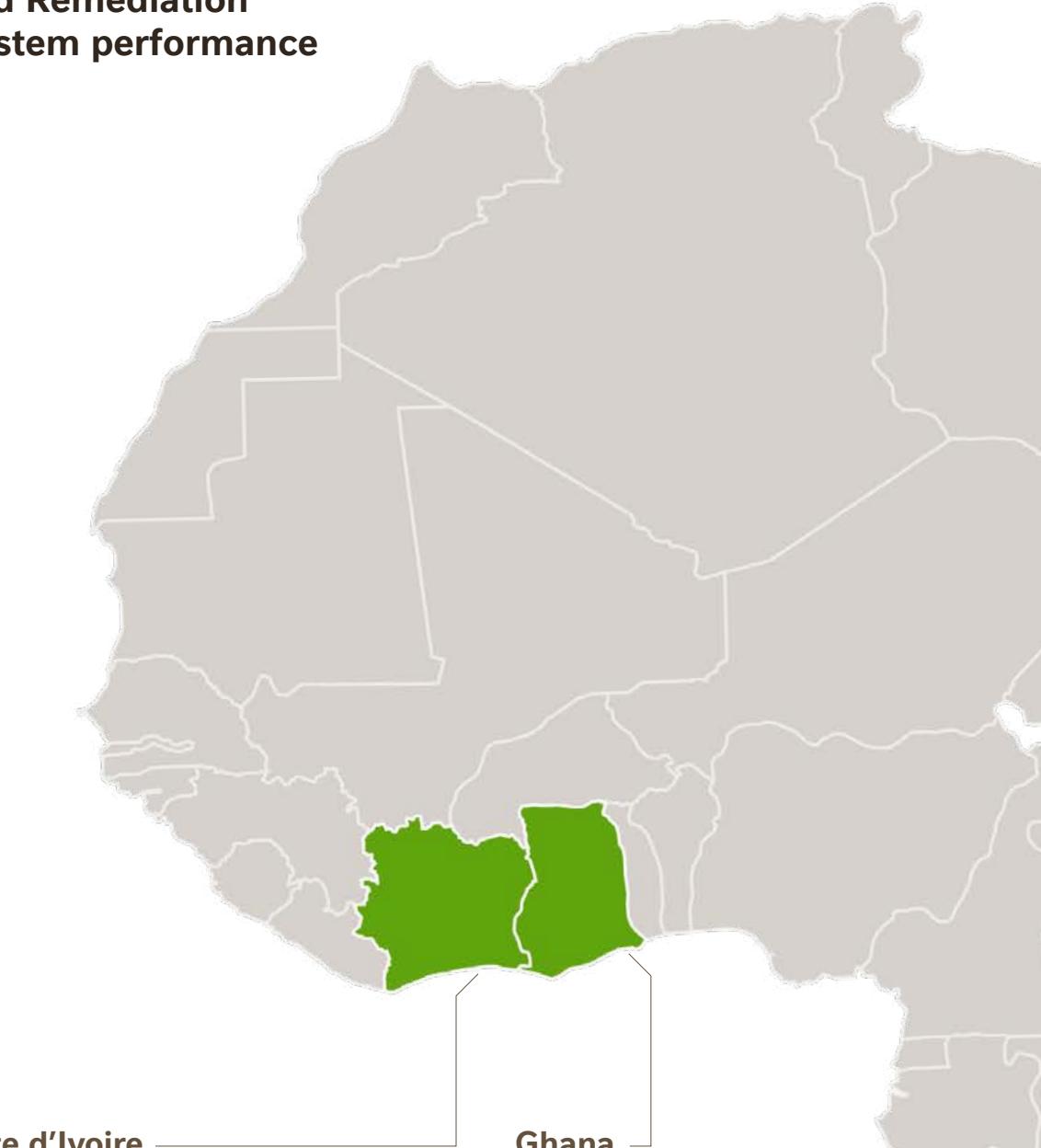
In early 2022, the *Nestlé Cocoa Plan* announced the launch of an innovative income accelerator program, primarily to help tackle child labor risks ([see the Toward a living income case study](#)).

The *Nestlé Cocoa Plan* has long been innovative. We were the first company in the cocoa sector to introduce a Child Labor Monitoring and Remediation System (CLMRS) in our supply chain and many companies have now adopted this as a leading tool for tackling child labor risks by working directly with communities on the ground. Our CLMRS prioritizes access to education, including building and renovating schools and securing birth certificates for registration.

The CLMRS is a multi-stage process that starts with raising awareness. Community Liaison People visit farmers and cooperatives and, based on visits and surveys, identify children at risk. We carry out follow-up visits with each of these children and record the number who report that they are no longer at risk during two consecutive visits. In 2022, the number of children identified who reported no longer engaging in activities posing a risk of child labor at the two most recent follow-up visits was 8155 in Côte d'Ivoire and 819 in Ghana.

In the last year the *Nestlé Cocoa Plan* expanded its reach, to cover 68.0% of Nestlé's cocoa supply (up from 50.6%) last year, including a greater presence in Brazil.

Child Labor Monitoring and Remediation System performance



168 506

Cumulative total number of children who have received support

6312

Cumulative total number of children who have received support

8155

Number of children identified who reported no longer engaging in activities posing a risk of child labor at the two most recent follow-up visits (6307 in 2021, 4838 in 2020)

819

Number of children identified who reported no longer engaging in activities posing a risk of child labor at the two most recent follow-up visits (738 in 2021, 693 in 2020)

	2021	2022
Households covered by CLMRS to prevent and address child labor risks	69 318	72 625
Children covered by CLMRS to prevent and address child labor risks	94 748	98 674
Children covered by CLMRS to prevent and address child labor risks	5 978	11 669
Total number of children who received support	29 424	11 532
Total number of children who received support	2 809	3 503



Coffee

Our coffee business is also working to help farmers reach a living income, for example through the *Nescafé Plan 2030*, announced in October 2022 (see the [Uplifting lives and livelihoods case study](#)). Nespresso is working with Fairtrade and other NGO partners to help maximize and protect the incomes of farmers in its *Nespresso AAA Sustainable Quality™ Program*.

Nescafé and Nespresso are also active members of the International Coffee Organization's taskforce, which contains a working group led by the non-profit organization Sustainable Food Lab, exploring living income for coffee farmers.

Outlook

Our immediate priority is to begin implementing our salient issue action plans. We will carefully monitor progress to ensure they are effective.

We are monitoring the income accelerator program and expect to assess its effectiveness in late 2023. Should this initial phase prove successful, we plan to scale up to 30 000 farmers across Côte d'Ivoire and Ghana in 2024. The *Nestlé Cocoa Plan* will continue to expand worldwide, notably in Brazil, Cameroon, Ecuador, Mexico and Nigeria.

Support for progress toward living income is a focus of the *Nescafé Plan 2030* and will also form part of our strategies for dairy sourcing.

Coffee berries being harvested. Both *Nescafé* and *Nespresso* are implementing living income initiatives to help ensure coffee farming families earn a living wage.

Toward a living income

Why farmers' incomes matter.

We are working to help address a number of risks in our supply chains, from child labor to deforestation. Often, these challenges seem unrelated. Yet there is often a common underlying cause: poverty.

We strongly believe that farming families should earn an income that allows them to maintain a decent standard of living. Over the years, we have worked to help improve the livelihoods of smallholder farmers by promoting income diversification, improving productivity, empowering women and creating village savings and loans associations – often in places with no access to banking services. In 2022, we took a major step forward.



Nescafé – incentivizing regenerative, resilient coffee farming

During 2022, Nescafé started pilots in Côte d'Ivoire, Indonesia and Mexico as part of the *Nescafé Plan 2030*. The objective is to help and incentivize smallholder farmers to accelerate their transition to regenerative agriculture practices. All pilots include conditional cash incentives for adopting regenerative agriculture practices. Other complementary measures will be added, such as income protection with weather insurance and greater access to credit lines for farmers. Nescafé will monitor progress throughout 2023 with support from the impact assessment partnership with Rainforest Alliance, as well as specialized partners such as the Sustainable Food Lab, which is developing capabilities for farmer income assessment, strategy and progress tracking.

A farmer working with *Nespresso's AAA Sustainable Quality™ Program* in Indonesia.

Nestlé Cocoa Plan – Income Accelerator Program

In early 2022, following a successful pilot, the [Nestlé Cocoa Plan launched an innovative income accelerator program](#). The program aims to tackle child labor risks by incentivizing and supporting change in cocoa farming households, helping them toward a living income. It does this through a cash incentive, directly paid to the cocoa-farming family through mobile money, and support across four areas: pruning to improve cocoa farm productivity, child education, agroforestry and additional incomes. Women and gender equality are a key focus.

The program is now being tested at scale with over 10 000 farming households in Côte d'Ivoire. Cocoa farm productivity is supported through training, equipping and subsidizing pruning groups. Agroforestry is supported by distributing forest and fruit trees, while additional incomes for women are supported through setting up village savings and loans associations combined with gender and entrepreneurship training. In the first year, 10186 hectares were pruned by 385 pruning groups, 210 570 forest and fruit trees were distributed and 17144 people have already been registered to receive mobile payments through the program. KIT Royal Tropical Institute is evaluating the impact of the program and we will publish results.

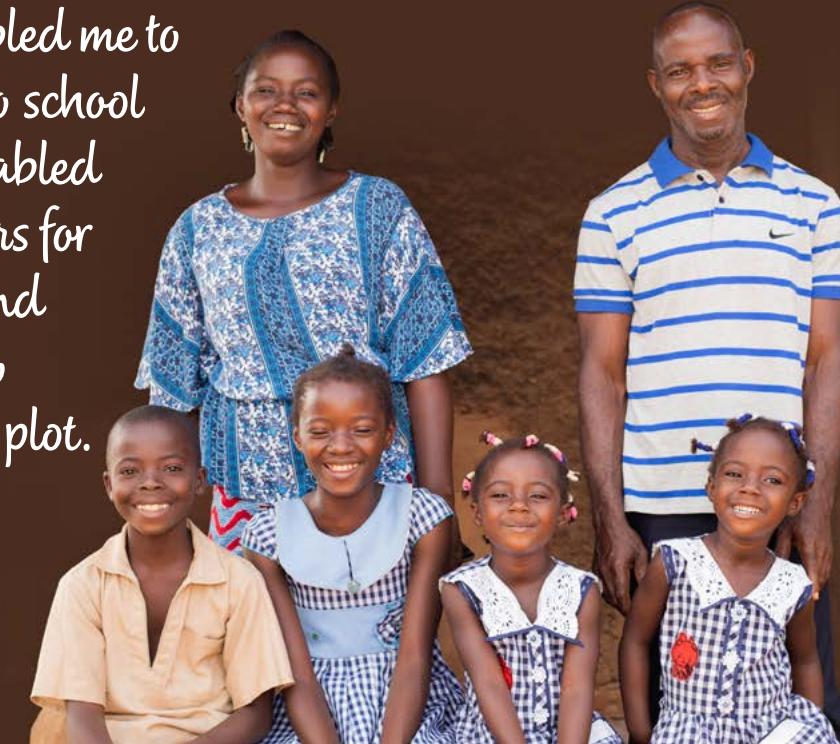


STEPHANE
Cocoa farmer

Video: Income accelerator program

"As part of the income accelerator program, I also received bonuses which notably enabled me to send my children to school and which also enabled me to take on workers for clearing the field and the brigade group to prune the rest of my plot. So it helped me on those plans."

Allou Ngoran Aimé
Cocoa farmer in Tafissou



Supporting tasty and balanced diets



We use our R&D expertise to offer a wide range of foods, beverages and nutrition services at scale, helping to bring tasty and balanced diets within reach for billions of people across all occasions and life stages.

Background

Good nutrition is fundamental to everyone's health and well-being. A balanced diet should provide all the nutrients and hydration a person needs to remain healthy at their stage in life, in an affordable and sustainable manner. Food also brings people together in daily life and on special occasions.

However, many people around the world are either not getting enough food or eating too much food with limited nutrients, leading to malnutrition, undernutrition, vitamin and mineral deficiencies or obesity. Affordability is a key concern – an estimated three billion people cannot afford a nutritious diet. Today, making nutritious and sustainable food affordable and accessible to all is more important than ever.

With our extensive portfolio, Nestlé is well placed to help address these challenges. We aim to provide tasty, nutritious and affordable products to people of all life stages around the world, while inspiring people to enjoy food that supports their health. In this way, we can help bring tasty and balanced diets within the reach of billions of people.

Our science-based approach to nutrition

Through our R&D organization, we innovate with purpose to unlock the power of food for today and for generations to come. Our breakthrough discoveries provide the scientific basis for innovations, from nutrition and health research to food safety, material sciences, agricultural sciences and packaging. We translate discoveries into tasty, nutritious, affordable and sustainable products at our R&D centers for specific categories, such as dairy, coffee, culinary, confectionery, infant nutrition and petcare.

Our innovation focus includes:

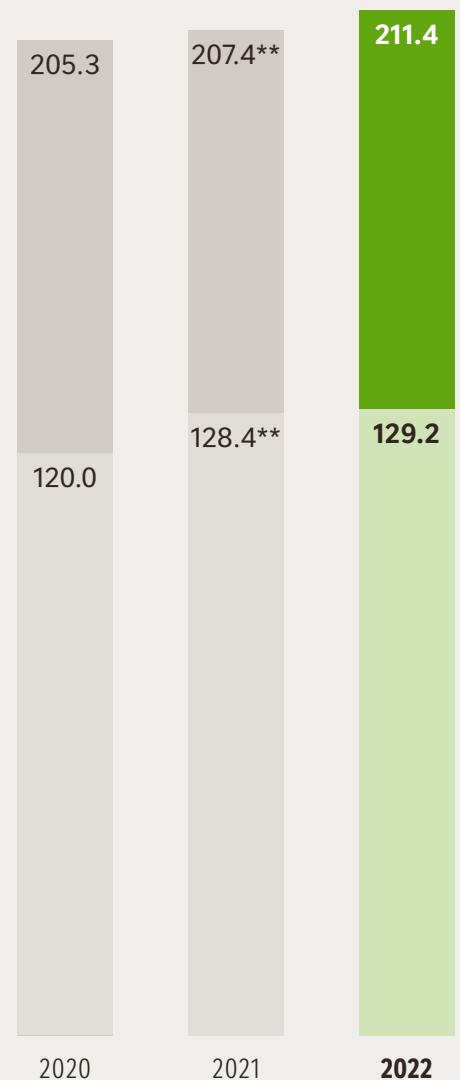
- Delivering early-life, medical and pet nutritional solutions backed by strong science
- Developing technologies to reduce nutrients of concern, while innovating more nutrient-dense products by increasing positive nutrients and ingredients
- Making nutritious products affordable and delivering technologies for micronutrient fortification
- Providing nutritious plant-based products across categories, brands and geographies
- Strengthening our agriculture sciences expertise to enable the transition toward regenerative food systems

Our regional R&D centers in Africa, China, India, Latin America and Southeast Asia tailor innovations to local nutritional needs and preferences.

MICRONUTRIENT FORTIFICATION

Number of servings of total products and of affordable products with micronutrient fortification* (billion)

- Number of servings of total products with micronutrient fortification
- Number of servings of affordable nutrition with micronutrient fortification



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

** Number corrected to adjust for some products that were reclassified.

SDG CONTRIBUTIONS





Sustainability, affordability and nutritional value are all key considerations when we examine the recipes in our portfolio.

Approach

Our focus is on improving the nutritional value of our products, on offering the pleasure people look for in food through products that are affordable, nutritious and sustainably produced, and on guiding people toward responsible consumption where it matters most.

Improving the nutritional value of our products

We are continuously improving the nutritional profile of our products by adding more whole grains, proteins and fibers while reducing sugars, sodium and saturated fats – without compromising taste.

We have committed to reduce sodium in frequently consumed products by 2025 and 2030. The commitment sets maximum limits of salt for different categories of products, from noodles to snacks and sauces. Initial reductions are targeted for the end of 2025 and a second set of further reductions by 2030.

Our peer-reviewed nutrient-profiling system has been helping us to improve the nutritional value of our products for decades. We recently incorporated a new feature to benchmark against the global food supply, using an algorithm published in 2021 (*Nutrients*. 2021 Feb 9;13(2):576). The algorithm considers five nutrients recognized by the World Health Organization: sugar, saturated fat, sodium, fiber and protein. Defined by dietary guidelines, this evolved profiling system is the base of our internal formulation targets that are category specific and technically feasible.

Affordable nutrition

Product access and affordability are more important than ever given the social and economic instability and supply chain constraints the world is facing. Nestlé remains committed to providing essential food products in markets worldwide. Our offer includes widely consumed items such as *Maggi* bouillon, dairy products and porridges. Many of our affordable products contribute to addressing common deficiencies through micronutrient fortification.

Nestlé has committed to reduce sodium in our global portfolios by 2025 and 2030 in key categories.

Plant-based products

Demand for plant-based products continues to create opportunities for new products across our portfolio, which also contribute to our sustainability goals. Our expertise in proteins, nutrition, plant sciences and culinary arts enables us to develop tasty, nutritious and sustainable plant-based products across brands, categories, formats and geographies.

Guiding responsible consumption

We believe all our products can play a role in a balanced diet. To guide responsible consumption, we provide information and services to help people make healthier choices as part of a balanced diet. Examples include:

- Voluntarily implementing evidence-based and government-endorsed front-of-pack nutritional labeling schemes such as the Health Star Rating and Nutri-Score
- Carefully designed portion sizes for treats – allowing for indulgence in moderation
- Recipes and guidance for pairing our foods with fresh ingredients to create balanced meals.

Responsible marketing

We advertise our products according to strict policies – especially when it comes to how we communicate to children and how we promote breast-milk substitutes. These include the [Nestlé Marketing Communication to Children Policy](#) and the [Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breast Milk Substitutes](#). In addition, we publish an annual compliance report on our policy for implementing the WHO Code on the Marketing of Breast Milk Substitutes. This report provides insight on Nestlé's robust WHO Code compliance system and highlights that when cases of non-compliance are discovered, Nestlé takes swift actions to address them.

Nestlé for Healthier Kids

Child malnutrition remains a key societal challenge that has many forms: under-nutrition, overweight and obesity, and micronutrient deficiencies. Over 340 million children and adolescents aged 5-19 are overweight or obese.

With the *Nestlé for Healthier Kids program* (N4HK), we bring together all our efforts to support parents and caregivers to raise healthier kids and to inspire children themselves. Through nutrition education and services, we help promote balanced diets and healthy lifestyle habits for children aged 3 to 12 years, encouraging kids and parents to:

- Eat balanced meals, with more fruits and vegetables
- Eat managed portions
- Drink water
- Be physically active

Nestlé viewpoint

Preserving nutritional goodness from farm to fork



Petra Klassen Wigger
Global Scientific Advisor Nutrition and Health

Why nutritional quality needs to be addressed holistically.

To explore external and diverse scientific perspectives on nutrition and health, in 2022 we hosted the 15th edition of the Nestlé International Nutrition Symposium at Nestlé Research in Switzerland.

It is well acknowledged that we can only meet the needs of a growing world population through innovation, while helping to protect the environment and tackle climate change. The interconnectedness of these topics led us to choose the theme "Preserving nutritional goodness from farm to fork". More than 20 leading inter-disciplinary experts from around the globe shared current scientific evidence, with a view to driving action on how we produce and provide healthy, affordable, sustainable and culturally acceptable diets for all.

There was a consensus on the urgency of providing nutrient-dense foods that are affordable and produced in a sustainable manner. Experts concluded that nutritional value should be considered from farm level, since agronomic practices and technologies can help maintain and enhance the nutritional quality of the raw materials we use in our products. For example, growing biofortified wheat in Ethiopia can help ensure that at-risk children get enough zinc.

Nutrient profiling is a great tool for improving nutrient density, taking into account local context including dietary guidelines. During the symposium, a panel of experts concluded that fortifying foods with locally relevant micronutrients remains a cost-effective strategy to address micronutrient deficiencies and gaps for vulnerable and

marginalized populations. Adequate processing and technologies can help preserve or even enhance nutritional value, for example by improving micronutrient availability while providing safe and tasty products.

While increasing dietary diversity and nutrient density are key aspects in improving diets, managing portion size also has great potential. Eating more foods that are low in energy but high in nutrients, such as vegetables and fruits, while eating less foods that are high in energy is in line with dietary recommendations. Research shows that individual responses to meals vary greatly between people even when consuming identical foods. Predicting these responses to foods and personalizing diets present big opportunities for preventing illness. However, this approach is not available or affordable for many people today.

Translating all this knowledge into action requires a cross-functional food systems approach that delivers innovative solutions. These solutions must be evidence based, adapted to the local economic and cultural context and able to address challenges related to climate change, a growing world population and increasing malnutrition, while effectively managing trade offs. Additionally, there is need for collective action from governments and private-sector companies. We remain inspired by the insightful presentations and interactions and motivated to continue working together in transitioning to regenerative food systems that provide balanced and affordable diets.

"Even with all the challenges that are facing the world today, I do think we can feed a world population of 9 to 10 billion healthily, sustainably and equitably. We need action on all fronts: modify diets, increase production, reduce waste and improve food governance. If we fail on food we fail on everything."

Sir Professor Charles Godfrey
Keynote speaker at the Nestlé International Nutrition Symposium

Transparency on our portfolio

Nestlé is the first company to use the Health Star Rating (HSR) system as the basis for transparently reporting nutritional values for our entire global portfolio.

HSR is a well-respected nutrient profiling system used on front-of-pack nutrition labels in some countries and applied by the Access to Nutrition Initiative (ATNI). HSR rates products on the total energy, saturated fat, sodium and sugar content, which can lower the score, as well as the fibre, protein, fruit, vegetables, nuts and legumes content, which can increase the score.

We believe that all products can play a role in a balanced diet. Given our broad global portfolio, we provide visibility of the nutritional value of four different groups of products:

- Products with a calculated HSR of less than 1.5. These products are occasional treats eaten in moderation, with portion guidance, recipes, tips and advice for balanced diets
- Products with a calculated HSR of 1.5 to less than 3.5. We aim to improve the nutritional value while providing portion guidance, recipes, tips, and advice for balanced diets
- Products with a calculated HSR of 3.5 or above. We keep or even improve the nutritional value with positive nutrients such as whole grains and vegetables
- Specialized nutrition products sold by our Nutrition and Nestlé Health Science (NHS) businesses, which provide specific or targeted nutrition benefits and for which the HSR system generally does not apply

57%

net sales (excluding PetCare) with HSR of 3.5 or above or Specialized nutrition

* Excludes products that are not foods or beverages for consumption, and some recent acquisitions.

** Health Star Ratings are calculated based on the recipe for each product and are not necessarily included on the product label.

Reporting on nutritional value at market level

Our markets around the world have worked for years to improve the nutritional value of our products. For 2022, we are reporting on the nutritional value of local portfolios in 13 countries*, using the local, government-endorsed nutrient profiling system. The data is intended to provide a baseline for an individual country. The figures may evolve as nutrient profiling systems evolve, and as we continue to improve the nutritional profile of our products.

Each national and regional nutrient profiling system has distinct characteristics, with a different purpose and differences in the foods included, nutrient thresholds, and labels.

Therefore, **we report separately on each country as the figures for different countries cannot be compared**. Details of each nutrient profiling system and how we applied it to our global and local portfolios are available in our [Nutritional Value Transparency Reporting Scope and Methodology](#).

Europe

In France and Germany, the voluntary Nutri-Score front-of-pack (FOP) scheme is applied. Products in scope for the Nutri-Score scheme contribute to 34% of total net sales in France and 46% of total net sales in Germany.

The nutritional value of our portfolio*	When PetCare excluded from specialized nutrition (79% of net sales covered)	When PetCare included in specialized nutrition (97% of net sales covered)	France (% net sales)
	Specialized nutrition	9	
Net sales from products with a Health Star Rating** of:			
HSR of less than 1.5	21%	17%	
HSR of 1.5 to less than 3.5	22%	18%	
HSR of 3.5 or above	37%	30%	
Net sales from products where HSR is not applied:			
Specialized nutrition	20%	35%	

Germany (% net sales)	Specialized nutrition	6	Nutri-Score A	3	Nutri-Score B	11	Nutri-Score C	19	Nutri-Score D	7	Nutri-Score E	6	Other**	48
			Nutri-Score A	Nutri-Score B	Nutri-Score C	Nutri-Score D	Nutri-Score E	Other**	Nutri-Score A	Nutri-Score B	Nutri-Score C	Nutri-Score D	Nutri-Score E	Other**

Some market-level figures have been rounded to achieve 100% for each country.

* We originally planned to report on 14 countries including Colombia, which due to changes in the government-endorsed profiling system in December 2022 will now be included in future reporting.

** Other: Products from our PetCare business, non-food items such as coffee machines, and food products not in scope for the local nutrient profiling system, such as pure coffee in some cases. The detailed scope of assessed products in each country is available in our [Nutritional Value Transparency Reporting Scope and Methodology](#).

In the UK, 69% of our portfolio is in scope for the UK Nutrient Profiling Model, which assigns foods as either 'High in Fat, Sugar and Salt' (HFSS), or not. This model is not a FOP labelling scheme. Most of our products in scope of the UK system are classified favourably as "non-HFSS".

UK GOVERNMENT NUTRIENT PROFILING MODEL	UK (% net sales)
Specialized nutrition	4
Non-HFSS	42
HFSS	27
Other**	27

In Singapore, the Healthier Choice Symbol system is applied. This voluntary system provides specific nutrition criteria for a range of categories, and 87% of net sales in Singapore are from products in scope for the scheme.

Singapore (% net sales)
Specialized nutrition
Healthier Choice
No Logo
Other**

In Brazil, the front-of-pack legislation will take effect in October 2023.

Brazil (% net sales)
Specialized nutrition
0 Warning legends
1 Warning legends
2 Warning legends
3 Warning legends
Other**

In Chile, specialized nutrition products and foods and beverages without warning legends represent 37% of our sales.

Chile (% net sales)
Specialized nutrition
0 Warning legends
1 Warning legends
2 Warning legends
3 Warning legends
4 Warning legends
Other**

In Mexico, the implementation of warning legends has started in October 2020.

Mexico (% net sales)
Specialized nutrition
0 Warning legends
1 Warning legends
2 Warning legends
3 Warning legends
4 Warning legends
5 Warning legends
Other**

In Peru, specialized nutrition products and foods and beverages without warning legends represent 35% of our sales.

Peru (% net sales)
Specialized nutrition
0 Warning legends
1 Warning legends
2 Warning legends
3 Warning legends
4 Warning legends
5 Warning legends
Other**



Purina launched *Pro Plan* during 2022 – a multi-format pet food supplement to support pets' health.



In Brazil, Nestlé launched two cereal bars co-created with young people in a São Paulo favela and NGO Gerando Falcões.

In Pakistan, children are often iron deficient, which is why we launched *Bunyad Iron+*.

Performance

We continue to make progress in each area of our approach.

Improving the nutritional value of our products

In 2022, we reduced the sodium content in products, including our *Malher Chicken Noodle Soup Fortified* and *Malher Seafood Creamy Soup*. We will report measurable progress in line with our sodium reduction commitment in the future. Product innovation is helping us to reduce sugar in our products while still providing great taste. For example, our *Coffee Mate* brand in North America has expanded its zero-sugar range to eight varieties in the last year, and our *Starbucks* brand launched *Starbucks Zero* with 0g added sugars.

In the United States, our *Lean Cuisine* brand offers four frozen meals certified by the American Heart Association as meeting its standards for fat, sodium and cholesterol levels. While many factors affect heart disease, diets low in saturated fat and cholesterol may reduce the risk.

To meet toddlers' unique nutritional needs, we introduced *Gerber Powerblend* cereals in China and India. These are made from diverse food groups such as whole grains,

legumes, milk and fruits. In Nigeria, our *Golden Morn* cereal brand contains over 50% whole grains, is fortified with essential nutrients such as vitamin A and iron and is mainly made from locally sourced ingredients. Overall, 91% of our cereal products and 99% of our cereal products aimed at kids and teens have whole grains as the number one ingredient.

In the spring of 2022, the United States experienced a severe infant formula shortage following a recall of another manufacturer's products. We accelerated production and in May 2022 flew 500 000 bottle equivalents of Nestlé Health Science's *Alfamino Infant* and *Alfamino Junior* and a million bottle equivalents of *Gerber Good Start Extensive HA* – all for babies with cow's milk protein allergies. This was followed by many more shipments of specialized and non-specialized Nestlé infant formula, including *NAN Supreme pro* and *Gerber Gentle*.

For cats and dogs, we launched *Purina Pro Plan* supplements – in multiple formats such as oils, powders and tablets – to support mobility, immunity, vitality, healthy skin and coat.



Affordable nutrition

We provided 211.4 billion servings of micronutrient fortified products from iconic brands such as *Maggi*, *Bear Brand* and *Nido* in 2022. This total includes 129.2 billion servings of affordable nutrition. New offerings included affordable, medium-fat milk powder launched in South Africa, which is enhanced with locally sourced ingredients containing calcium, iron, vitamins and zinc. In Pakistan, where one in two children are iron deficient, we launched *Bunyad Iron+*, an affordable dairy-based drink fortified with a new source of iron that is about three times better absorbed by the body compared with existing sources.

In Brazil, the *Gerando Falcões Fruit and Nut* bar was launched as the first social product from Nestlé. All the profits were destined to help the lives of residents from more than four large favelas in Brazil, distributed in three regions: Maceió, Rio de Janeiro and São Paulo. To date, sales of the bar have generated nearly B\$ 200 000 (over CHF 33 000) to help the organization improve lives in Brazil's favelas.



Garden Gourmet launched their plant-based schnitzel in 2022.

Plant-based products

Plant-based products generated sales of around CHF 1 billion in 2022, posting high single-digit organic growth. Recent launches include soy-based *Milo* in Thailand, *Nestlé Veggie* plant-based product with probiotics in Chile, *Garden Gourmet Schnitzel* in Europe, *Garden Gourmet Voie Gras* – an alternative to foie gras – in Spain and Switzerland, and the *Gerber Plant-tastic* range of organic foods and snacks for toddlers in Europe and the United States.

Following the 2021 launch of *WUNDA Professional Barista*, our foodservice division Nestlé Professional expanded its boundaries and launched two new plant-based dairy alternative products in Greater China offering out-of-home operators the "By Barista For Barista" oat and pea versions for hot and cold beverage applications. In Brazil and Chile, Nestlé Professional launched the *Barista Oat* dairy alternative, as well as an innovative powdered plant-based creamer designed for our *Nescafé* automatic machines offer.

Our plant-based strategy is not only about creating meat and dairy alternatives. The popular *Maggi Veggie Masala Noodles* have the same taste as the original but now include carrots and beans. Plus, *Maggi* offers recipes to cook delicious plant-based meals from scratch. Plant-based versions of *Wagner Piccolinis* provide vegan and vegetarian options.

In Latin America, under the *Malher* brand, we piloted a powdered, shelf-stable, plant-based protein blend to complement egg dishes in a nutritious and affordable way. When cooking scrambled eggs, omelets and batters, the soy-based *Huevo Más* can replace some eggs, but with an equal amount of protein, fewer calories, less cholesterol and saturated fats.

Guiding responsible consumption

To help people enjoy our products as part of a balanced diet, in 2022 we continued the rollout of The Backstory, our new on-pack communication system. The Backstory allows our brands to tell purpose-driven stories on the back of our packs while better organizing all required product information, ensuring transparent nutritional information and providing portion guidance.

We also continued to roll out our digital services. These include MyMenuPlan, where users can create and share balanced meals and shop for ingredients. Now available via 23 websites in different countries, new functionality in 2022 included personal nutritional statistics such as protein and macronutrient intakes. In addition, MyMenuIQ is now available via 30 websites and measures the nutritional balance of a meal on a scale from 0 to 100 to help people combine foods for nutritional balance. Finally, five markets have introduced chatbots to help people find a recipe to use up ingredients they already have.

Responsible marketing

In 2022, we announced plans to update our Marketing Communication to Children Policy with a commitment not to market confectionery, ice cream or water-based beverages with added sugars to children below 16 years of age, becoming one of the first in the industry to adopt such strict standards. There were no material sanctions over CHF 10 million due to products' labeling or marketing violations. We identified 116 cases of non-compliance with our breast-milk substitute marketing code in 2022. By January 2023, we had implemented and published our updated policy on the responsible marketing of breastmilk substitutes with a commitment to unilaterally stop the promotion of infant formula globally for babies aged 0–6 months.

Compliance with the Nestlé Marketing Communication to Children Policy*

Channel	2021	2022
TV	98.7%	98.4%
Websites	100%	100%
Social media	83.4%	100%
Influencers**	100%	37.5%
Total	95.5%	83.9%

Engaging the culinary profession

Nestlé Professional continued to support various training and awareness initiatives. Together with the Culinary Arts Academy Switzerland, Nestlé Professional ran a masterclass for a Culinary Business Management masters degree program on nutrition, plant-based, and sustainability topics.

31

Countries with breast-milk substitute compliance audits (24 in 2021)

Nestlé for Healthier Kids

Activities in 2022 included the Nestlé Wellness Campus (NWC), our 10-year flagship school program in the Philippines, run in collaboration with the Philippine Department of Education. NWC continued to empower students, parents and teachers to live healthier lives throughout the COVID-19 pandemic using online learning modules. New topics introduced in 2022 in addition to nutrition included sustainability and waste management. NWC now reaches more than 10.5 million students in over 20 000 schools.

In Hungary, after a successful pilot, we launched a nationwide educational challenge called Etesd az Eszed (Feed your brain), in cooperation with Okos Doboz (Smart Box), the largest Hungarian digital education platform. The campaign is aimed at increasing children's knowledge of healthy lifestyles, nutrition and sustainability. Since the project's inception, children have solved more than 127 000 tasks.

Nestlé Professional and Worldchefs inspire children to eat healthier. Through a series of events, around 3800 chefs engaged children on the impact food production and consumption has on the environment. This year's theme – Growing a Healthy Future – reached over 95 600 children.



Outlook

We will continue our efforts to contribute to tasty and balanced diets. Our evolved nutrient profiling system will guide us for innovations and help us to further improve our products through adding more wholegrain, fiber and micronutrients, while reducing sugars, sodium and saturated fats. We will also continue to address the varying needs across life stages while keeping our focus on affordable nutrition. To support the responsible consumption of treats, we will strengthen our efforts on providing portion guidance and complementary nutrition information on pack and through our services. For continued transparency we will continue to communicate the nutritional value across the portfolio globally and for a range of countries.

* For this reporting year, EU pledge monitoring results for TV, Influencers, Websites and Social Media are used as a proxy for the Compliance with Nestlé Marketing Communication to Children Policy. We will keep using recognized monitoring systems to report against this KPI.

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

What's on your plate kids?

As part of *Nestlé for Healthier Kids*, our Nutriplate initiative has been helping to bring a balanced diet within reach for thousands of people in several European countries, including France, Italy, Romania and Spain, as well as in Latin America for five years.

The objective is to help families to eat well and teach their children good nutritional habits by creating tasty, balanced and varied meals with portion sizes adapted to the age of their children. The principle is that meals should contain a large portion of vegetables, a protein-rich food (meat, eggs, fish, lentils or beans) and a portion of either wholegrain pasta, brown rice or potatoes. The Nutriplate kit helps people to visualize how much food from each of these food groups they should aim to eat. It consists of a plate illustrated to show the space each food group should take up and a booklet containing science-based nutritional guidance and seasonal recipes that are quick and easy to prepare.

Results from a survey in Spain in March 2022 showed that in that country:

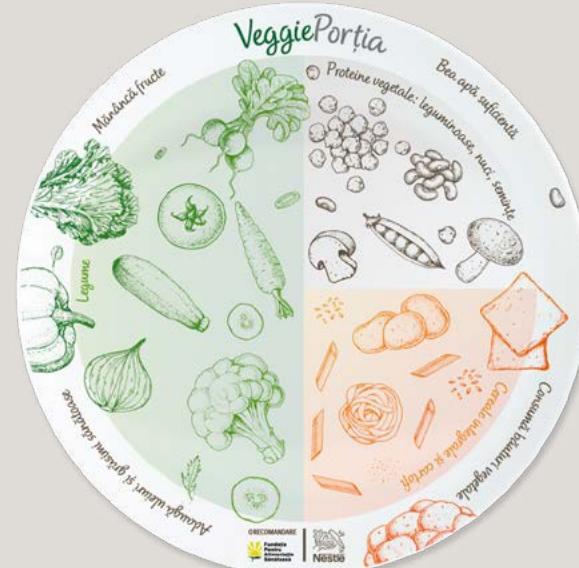
- 94% of participants rate Nutriplate as a good or very good approach
- 92% of participants said that they had changed their nutritional habits thanks to Nutriplate

Around 6000 healthcare professionals are using Nutriplate to guide their patients.

As a complement to Nutriplate, in 2022, our South-East European Market launched the VeggiePlate, to help people make the switch to a balanced plant-based diet. Developed with scientific support from the Romanian Foundation for Healthy Eating, the VeggiePlate uses the same principle of visualising the space that different plant-based foods should take up on the plate.

A six-month campaign promoting the initiative included a social media challenge for people to eat plant-based foods on #3outof7 days, plus a tasting event, expert interviews, a video and two conferences attended by 1800 healthcare professionals. The campaign garnered great coverage, with 83 separate independent items about VeggiePlate published online, in print or in broadcast media, reaching around three million people in a week.

Originally launched in Romania, the campaign is now also active in Bosnia and Herzegovina, Bulgaria, Croatia and Serbia. To be more inclusive, both Nutriplate and VeggiePlate nutritional guides are available in Braille alphabet and audio versions in Romania, and as of 2023 also in Bulgaria, to increase access for people with visual impairments.



Food safety and quality



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

Background

High standards of food safety and quality are non-negotiable at Nestlé. Quality is integral to our [Corporate Business Principles](#) and embedded in our purpose and values.

Approach

We take care of food safety and quality from field to consumer homes. We apply international standards in food safety and quality management and help raise the bar in our industry using rigorous processes and leading scientific techniques. We empower our people to ensure our products are safe and compliant, enjoyable and nutritious, and in tune with consumer expectations. Our internal safety and quality processes help us anticipate and respond to any challenges.

The many factors our food safety and quality systems must respond to include tightening regulation, changes to suppliers or ingredients due to factors such as extreme weather events and geopolitical developments, the introduction of regenerative agriculture practices and new packaging materials or systems, and portfolio innovations such as plant-based products.

We follow international guidelines in relation to risk management, carefully checking incoming materials, processes and products in our factories. With more than 800 experts dedicated to specialized analytical testing in 20 industry-leading laboratories worldwide, we perform more than four million tests a year. And we don't stop there – we work hard to embed a strong food safety culture throughout our business, where quality is everyone's responsibility.

Nestlé experts participate in leading industry forums, including the Steering Committee and the Stakeholder Advisory Forum of the Global Food Safety Initiative and the FSSC Advisory Committee.

Innovations

Food safety and quality at Nestlé are fueled by science and technology and our expertise at the Nestlé Institute of Food Safety and Analytical Sciences. Digital solutions are helping us to strengthen key processes, while research and data analytics can help close gaps in scientific knowledge. In 2022, Nestlé published more than 60 papers on analytical sciences, food safety research, digital food safety and bioanalytics.

The analytical capabilities of our laboratories enable us to focus on detecting priority materials such as mineral oils, microplastics, plant toxins and pesticides. In 2022, Nestlé markets, laboratories and quality experts received external recognition from numerous national and international award schemes.

Focused on progress

By the end of 2022, all inspections and quality control activities in our manufacturing process were digitized, improving our ability to prevent defects. We now use predictive analytics to assess quality risks related to suppliers and incoming raw materials, and to provide early warning of potential problems. Beyond our suppliers, we support external initiatives to build food safety capabilities globally.

If an incident occurs, we take immediate steps to address it to prevent repeat occurrences, including a thorough analysis to identify root causes. The most significant example in 2022 related to the tragic outbreak of Hemolytic Uremic Syndrome (HUS) in France and a potential link to Buitoni Fraich'Up pizza. We immediately conducted a voluntary recall of all Fraich'Up pizzas, suspended production, and rolled out an extensive information campaign aimed at consumers and our customers. Naturally, we fully cooperated with the authorities to understand the origin of the contamination. Our deepest sympathies are with the people affected.

In 2022, 98% of our manufacturing and R&D sites were certified to FSSC22000 – a program recognized by the Global Food Safety Initiative (GFSI). Of tier-1 supplier facilities, 91.9% were certified to a similar program. In our own operations, 100% of corrective actions were addressed and managed within agreed timeframes. There were 10 product recalls with a potential or actual food safety impact, with foreign bodies and microbiological deviations being the main causes (2021: 9 recalls).

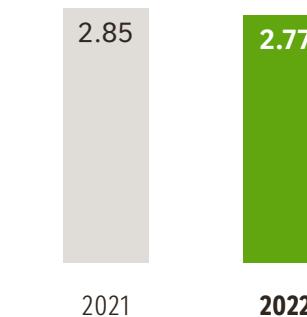
Outlook

We will continue to reinforce our quality and food safety culture across the organization, working to continue strengthening competences, perform more frequent and targeted testing, enhance verification, stay alert to the latest research findings in critical risk areas and adapt our protocols as appropriate, and to make better use of data to predict and detect potential incidents.

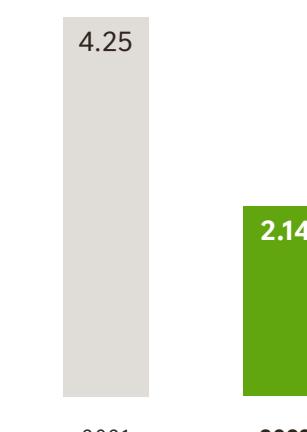
91.9%
Ingredients sourced from Tier 1 supplier facilities certified to a GFSI-recognized food safety certification program (2021: 88%)

GFSI audits in our facilities

Major and minor non-conformance rate



Major non-conformance corrective action rate



Minor non-conformance corrective action rate



SDG CONTRIBUTIONS



Packaging and circularity



Packaging waste management is an area of major concern for society. We are working toward a future where none of our packaging ends up in landfill or as litter in the environment.

Background

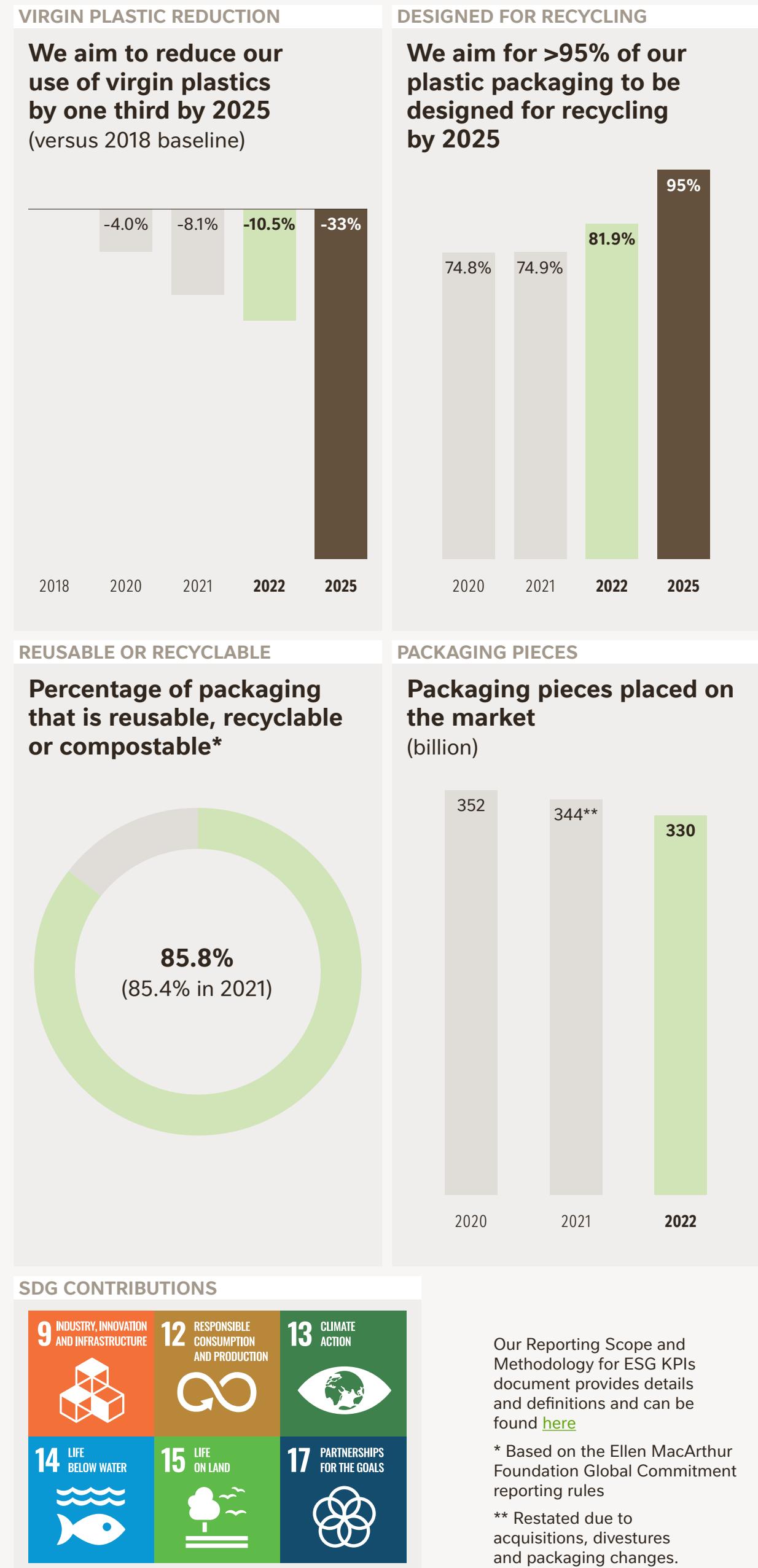
Packaging helps protect food and beverages, ensure product quality and safety, and prevent food waste. It can also provide important information, such as the origins of ingredients and nutritional content.

Globally, the amount of packaging that is inappropriately created or managed at the end of its life is a serious and persistent environmental problem. Inappropriate waste management can also create hazardous conditions for people. Reducing packaging waste, increasing reusability and recyclability, and managing recovered materials effectively is therefore critical for society.

The infrastructure to collect, sort and reuse or recycle packaging varies not only by country but also by municipality. While packaging recycling schemes in a few countries have helped to start a circular economy for recovered materials, many regions are not yet at this stage.

By year-end 2022, we saw Extended Producer Responsibility (EPR) laws on packaging active in more than 70 national and local jurisdictions, with an additional 40 laws currently discussing draft legislation on the topic. These laws, if well designed, could help develop the necessary infrastructure to collect, sort and recycle packaging materials.

With other consumer goods companies, we are making the sustainable transformation of our packaging an urgent priority. Improving packaging design, production processes, reuse and recycling rates and end-of-life management can therefore make a notable impact on our efforts to reach net zero emissions by 2050. Packaging is essential to us and with innovation we are working to minimize the related environmental impacts.



Approach

Our vision is ambitious: a world in which none of Nestlé's packaging, including plastics, ends up in landfill or as litter.

We are part of the [Ellen MacArthur Foundation's New Plastics Economy](#) – an initiative that mobilized the first voluntary industry action in 2017 – and we have pledged to work as an industry to create a circular economy for plastic. The first steps are the elimination of unnecessary and problematic plastic in our packaging. We are also aiming to reduce virgin plastics by one third and to design above 95% of our plastic packaging for recycling by 2025.

As a signatory of the Ellen MacArthur Foundation Global Commitment, we now aim to design above 95% of our packaging for acceptance in recycling systems by 2025. We remain committed to getting to 100%. The Commitment's success depends not only on our product design, but also on the development of infrastructure for collection, sorting and reuse and recycling around the world, particularly for flexible plastics. Governments have made strong progress in waste management infrastructure development, but the scale does not yet match the need. This is why we have restated our commitment in terms that we can directly impact – design for recycling systems and virgin plastics reductions.

Our intention is to follow the nine Golden Design Rules of the [Consumer Goods Forum's Plastic Waste Coalition of Action](#) – voluntary, independent and time-bound commitments to which all members are aligned in order to move toward a circular model. One of these rules is to "remove problematic elements from packaging". We have identified several plastic types (including polystyrene) that are unlikely to be included in municipal recycling systems around the world and are phasing out this "negative list" of materials from our packaging portfolio.

OUR PILLARS

We have five pillars of activity:



Pillar 1: Less packaging – Reduce

Reducing our use of virgin plastics packaging material, removing unnecessary plastics and increasing recycled content.



Pillar 2: Less packaging – Reuse and refill

Scaling reusable packaging and bulk dispensing systems to eliminate the need for disposable packaging.



Pillar 3: Better packaging – Redesign

Pioneering alternative materials, novel technologies and innovative packaging solutions to facilitate reuse and recycling.



Pillar 4: Better System – Recycle

Supporting collection, sorting, reuse and recycling infrastructure to shape a waste-free future.



Pillar 5:

Better system – Rethinking behaviors

Rethinking mindsets and behaviors at Nestlé, with retail partners and consumers.



Packaging sustainability innovation

Quality Street introduced paper-based packaging for its twist-wrapped sweets worldwide, joining Smarties, which switched to paper packaging worldwide in 2021.

Packaging innovation takes on many forms and is a cornerstone to deliver Nestlé's packaging sustainability vision. While every innovation in packaging may be unique, they are all required to deliver a balance between performance, cost and environmental impact, while ensuring the safety and quality of the products they protect.

Our culture of innovation has been recognized for example by Fast Company, which named Nestlé USA among the [Best Workplaces for Innovators in Sustainability](#) for our expanded sustainability efforts in recent years and the creation of new recyclable packaging.

With our global reach of 23 R&D centers and the Nestlé Institute of Packaging Sciences, Nestlé's R&D packaging, engineering and material scientists are closely collaborating with suppliers, start-ups and universities to accelerate innovation across all packaging types and materials.

External viewpoint

A coalition to close the loop



Ignacio Gavilan
Director Sustainability,
Consumer Goods Forum

The importance of Nestlé's membership of the Consumer Goods Forum.

We all know there is a problem with plastic waste. The scale of the issue globally, the impact it is having on marine life, its carbon footprint and the long-term build up of microplastics in the environment all mean that we have to act.

As with many sustainability challenges, no single actor can solve the problem alone. The plastic problem is too systemic. However, the consumer goods sector is in a position to deliver impactful industry-led solutions – and it must do so.

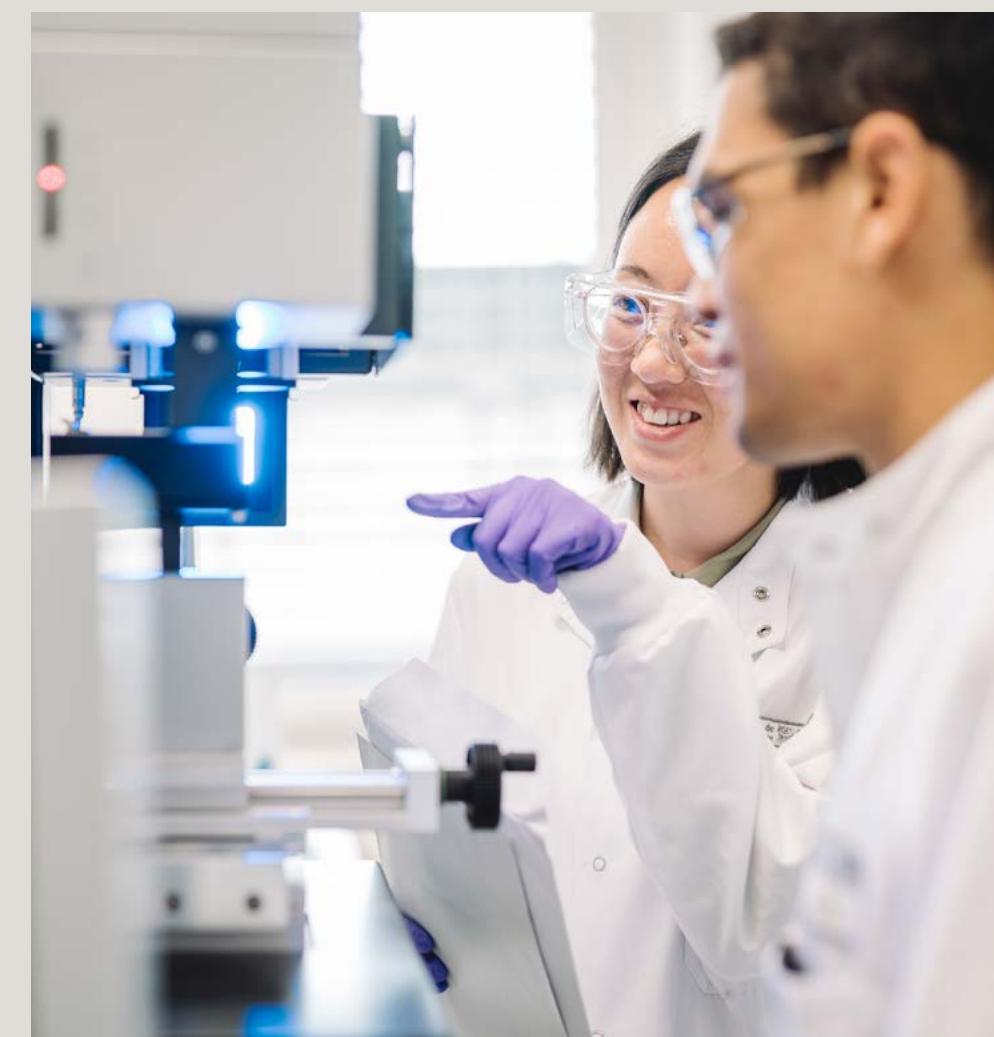
This is why at the Consumer Goods Forum, we are committed to engaging in specific efforts to use less and better plastic, and to helping create a better system for managing plastic.

Since 2018, we have endorsed the Ellen MacArthur Foundation's vision for a new plastics economy and have been working to share knowledge and create partnerships with multi-national companies such as Nestlé.

Action on plastic waste

To date, 40 retailers, consumer brands and packaging converters in the Consumer Goods Forum's [Plastic Waste Coalition of Action](#) have worked with industry experts, recyclers and plastics associations from over 25 countries to develop the [Golden Design Rules for plastic packaging](#). Thirty-three leading multi-national companies – including Nestlé – have now signed up to implement one or more of these rules across their plastic packaging portfolios by 2025. These rules are a set of voluntary, independent and time-bound commitments that aim to minimize waste, streamline designs and simplify the plastic recycling process – ultimately increasing recycling.

Collectively, we are seeking to leverage the power of coalition members from around the world who represent a shared revenue of more than one trillion euros and more than 10% of the global plastic packaging market.



Improved packaging design can minimize plastic waste and improve recycling rates.



Nescafé is one of several brands that significantly reduced its use of plastic in 2022, through product redesigns and compostable pods.

Performance

Nestlé is transforming its packaging systems – moving beyond peak virgin plastic while our business continues to grow. Virgin plastic in our packaging has reduced by 10.5% since 2018 (adjusted baseline). At year-end 2022, 81.9% of our plastic packaging was designed for recycling*.

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

Of our total packaging, 85.8% by weight was recyclable or reusable in 2022, based on the Ellen MacArthur Foundation Global Commitment reporting rules, and 36.0% was made from renewable materials.

The above factors, combined with our progress in reducing, rethinking and redesigning packaging for individual products, resulted in a decrease in the weight of packaging put on the market to 3.6 million tonnes (2021: 3.8 million tonnes) and in the number of packaging pieces placed on the market to 330 billion (2021: 344 billion**).

In 2022, we advocated for a legally binding UN Treaty on Plastic Pollution. We supported the launch of a collective advocacy group, the [Business Coalition for a Global Plastics Treaty](#). We advocated for well-designed Extended Producer Responsibility legislation and helped public authorities and stakeholders improve infrastructure with 215 activities and projects around the world. A selection of projects from across our five action pillars are described on the right.



Pillar 1: Less packaging – Reduce

In 2022, Nescafé Dolce Gusto unveiled new capsules that will save more than 2500 tonnes of polypropylene thanks to a 13% plastic weight reduction in the capsules. In Vietnam, Nescafé reduced the thickness of the laminate in its Granules Sachets sticks – saving 144 tonnes of plastic annually (the equivalent of 8 million plastic toothbrushes).

Nestlé Waters, in France, achieved more than 1500 tonnes of plastic reductions following a multi-year weight optimization program for PET bottles that started in 2018. Similarly, in Mexico, Nestlé Waters reduced the weight of its 500 mL and 4L PET bottles and the gauge of polyethylene shrink film, resulting in a 166-tonne saving of plastic per year.

Nestlé Waters also continued to increase the recycled content in PET bottles globally. In Egypt, they launched their first rPET-containing bottles, supporting the development of a circular packaging system where bottles are collected and recycled, "bottle-to-bottle". In the UK, Nestlé Waters also moved the entire *Buxton Natural Mineral Water* range to 100% rPET.



Pillar 2: Less packaging – Reuse and refill

In France, we launched a pilot with Carrefour, testing new refillable solutions for Nescafé, confectionery and petfood products in two stores. Also in France, we offered products in [Loop reusable packaging](#) in Carrefour for our brands Nesquik, Ricoré and Chocapic.



Pillar 3: Better packaging – Redesign

In Latin America, we replaced our printed polystyrene tubs with designed-for-recycling polypropylene tubs for our ice cream. In Brazil our *Mucilon* brand pouches have been converted to mono material. This shift delivered more than 44% CO₂e reductions versus the previous film structure. We also replaced the plastic- and aluminum-layered packaging of Nesquik with grease-resistant coated paper.

In France, starting in 2021, we began changing the wrappers of organic *Maggi* bouillon cubes from a multi-layer laminate that included aluminum to recyclable and sustainably sourced paper.



Pillar 4: Better System – Recycle

In Malaysia, Nestlé joined forces with Petaling Jaya City to launch a door-to-door collection and recycling program as a voluntary recovery initiative. As of 2022, we have successfully collected over 6140 tonnes of post-consumer packaging waste, of which nearly 4072 tonnes have been plastic. This pioneering program has been recognized by both the United Nations Environment Program (UNEP) and the Ministry of Environment Malaysia as an example of separation-at-source good practice.

In Brazil, Nestlé is collaborating with the non-profit organization Recicleiros, implementing integrated waste collection models with local cooperatives. In 2022, the collaboration extended waste collection into additional states including Piracaia. With 27617 inhabitants, Piracaia had no selective collection infrastructure in place. The collaboration aims help curb plastic waste leakage and increase recycling.

In Fife, Scotland, Nestlé UK & Ireland partnered with Yes Recycling to process hard-to-recycle plastics. Nestlé – Yes Recycling's first investor – has invested GBP 1.65 million (CHF 1.88 million) toward the site, which started operating at the end of 2022 and aims to offer a 15 000-tonnes capacity in the production of an alternative to plywood for the construction, retail and agriculture industries.



Pillar 5: Better system – Rethinking behaviors

In Europe, *Nespresso* extended its RELOVE pilot scheme in 2022, allowing customers to return their coffee machines to a repair center where they are carefully refurbished and prepared for resale. Refurbished machines were already available in Canada and Switzerland, before RELOVE was launched in 2021 across Austria, France and the United States. In 2022, the scheme was expanded to Denmark, Italy, Portugal, Romania and Sweden.

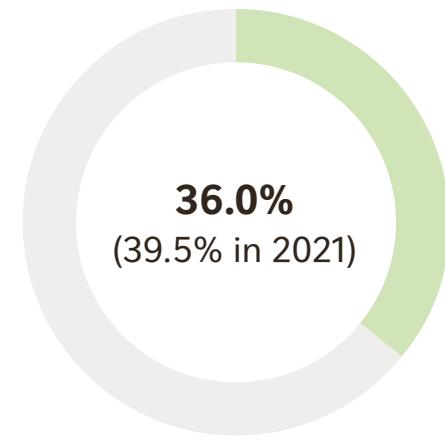
In Italy, Nestlé [introduced a digital platform](#), *Dove Lo Butto*, to help consumers identify the nearest location to dispose of their packaging waste appropriately. This is an innovative digital platform characterized by two functions: barcode scanning for correct waste disposal and geo-localization that links to the rules on waste management of each municipality. In Italy today, every municipality has different rules for waste disposal because of the various technical and operational requirements that the local municipal companies must comply with.

In Germany and Mexico, *Nescafé Dolce Gusto* launched a consumer education campaign to promote recycling. In the United Kingdom, *Buxton Natural Mineral Water* launched a communications campaign to raise awareness of its closed-loop water bottle to bottle recycling.

Percentage of global plastic used in our packaging by weight and type (% of total)

Material	2021	2022
PET (Polyester)	32.1%	34.8%
PE (Polyethylene)	18.1%	19.1%
PP (Polypropylene)	19.4%	21.6%
PO (Polyolefin)	5.4%	6.6%
Laminates	24.1%	17.2%
Others	0.9%	0.7%

Percentage of packaging made from recycled and/or renewable materials**

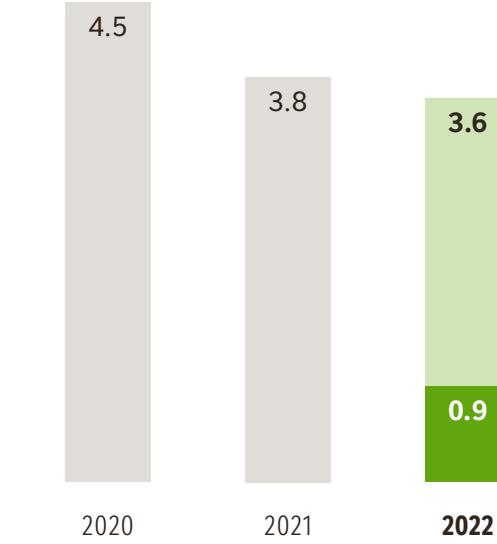


** Sustainability Accounting Standards Board Process Foods Standard FB-PF-410a.1

Total weight of packaging (million tonnes)

● Total weight of packaging in million tonnes

● Total weight of plastic packaging in million tonnes



7.7%

Percentage of recycled plastic in plastic packaging

* As per Ellen MacArthur Foundation definitions.

** Restated due to acquisitions, divestitures and packaging changes.

Outlook

We are continuing to transform our packaging systems. By reducing unnecessary packaging, designing better packaging, modeling collection systems and supporting better regulation, we aim to support the packaging system transition to deliver no waste in landfills or nature.

To this end, we are clarifying our commitment with a focus on what we can directly impact – reducing the use of virgin plastics, designing out unnecessary and problematic packaging and designing for reuse and recycling systems. Strong progress has been made in taking voluntary actions under our control, but the development of key infrastructure does not yet match the need.

We know there is more work ahead in the shift from voluntary action to mandatory legislation, enabling a fair distribution of responsibility across the value chain. Because the road ahead will be shaped by more than voluntary commitments – a shift which might see a UN Treaty on Plastic Pollution transform the plastics system from voluntary to harmonized and mandatory legislative frameworks after 2025.



Nestlé products being sold in French supermarket chain Carrefour, where consumers can use refillable containers rather than single-use packaging.

Fair circularity

How Nestlé is promoting human rights in the informal waste sector.

Waste pickers work in the informal waste sector, some independently and others within organized associations or cooperatives. In many countries, these workers play a substantial and valuable role in the collection, sorting and recycling of packaging waste and other materials.

At the same time, they are vulnerable to a broad range of serious human rights impacts – meaning that even as recycling delivers positive environmental impacts, it requires human rights due diligence from companies involved in plastics waste or recycling value chains. As we work to end plastic pollution, we must also drive toward an inclusive circular economy for plastics.

As part of Nestlé's pledge to operationalize the UN Guiding Principles on Business and Human Rights – the global standard for how businesses should ensure respect for human rights – we made the recognition of the human rights of informal sector waste workers a priority. As a business, we had been taking steps to address social impacts in the waste sector, but we recognized the need for a cross-value-chain collaborative approach with partners to tackle these impacts effectively.

The process was convened by the civil society organization Tearfund and the Global Alliance of Waste Pickers and Women in Informal Employment: Globalizing and Organizing (WIEGO). It was facilitated by the non-profit human rights expert consultancy Shift and further informed by the perspective



The initiative was formally launched in November 2022, after over a year of interviews and workshops with key stakeholders. Looking forward, it will see us advance by adopting these guiding principles in our value chains, reporting annually on our progress, and encouraging other companies to join the initiative and do the same.

Nestlé supports Pastimber, a Colombian start-up, led by waste pickers. It transforms collected plastic into boards for the construction industry – replacing wood.



A Nestlé team visits the CRER Cooperative in Madonaldo, Uruguay. CRER fills an infrastructure gap, providing vital waste sorting in the community before sending materials to recycling plants.



"These principles acknowledge the crucial role waste pickers play in global recycling. They are an invitation to work together to ensure these workers are recognized as legitimate stakeholders, and their rights are respected – from living income, safe working conditions, enabling them to have a voice in their futures."

Jodie Roussel
Nestlé Global Public Affairs and ESG Engagement

Opportunities for young people



Providing jobs for young people, investing in youth employability and empowering young entrepreneurs helps us recruit talent and embed sustainable and regenerative approaches around the world.

Background

Young people bring fresh ideas and energy to the workplace. They are a crucial part of any company's long-term talent pipeline. Yet, globally, some 73 million young people were either unemployed in 2022 (six million more than pre-pandemic levels) or had a job that kept them in poverty.

Facilitating youth employment by creating decent and exciting job opportunities is important. It supports respect for human rights, specifically the right to work, with '[just and favorable conditions of work and protection against unemployment](#)', as set out by the United Nations.

Upskilling young people internally, in our supply chains and in society in general, is good for us as an organization, for individuals and for communities. As a major employer, we can make a positive difference by providing employment as well as digital and physical training and skills development opportunities.

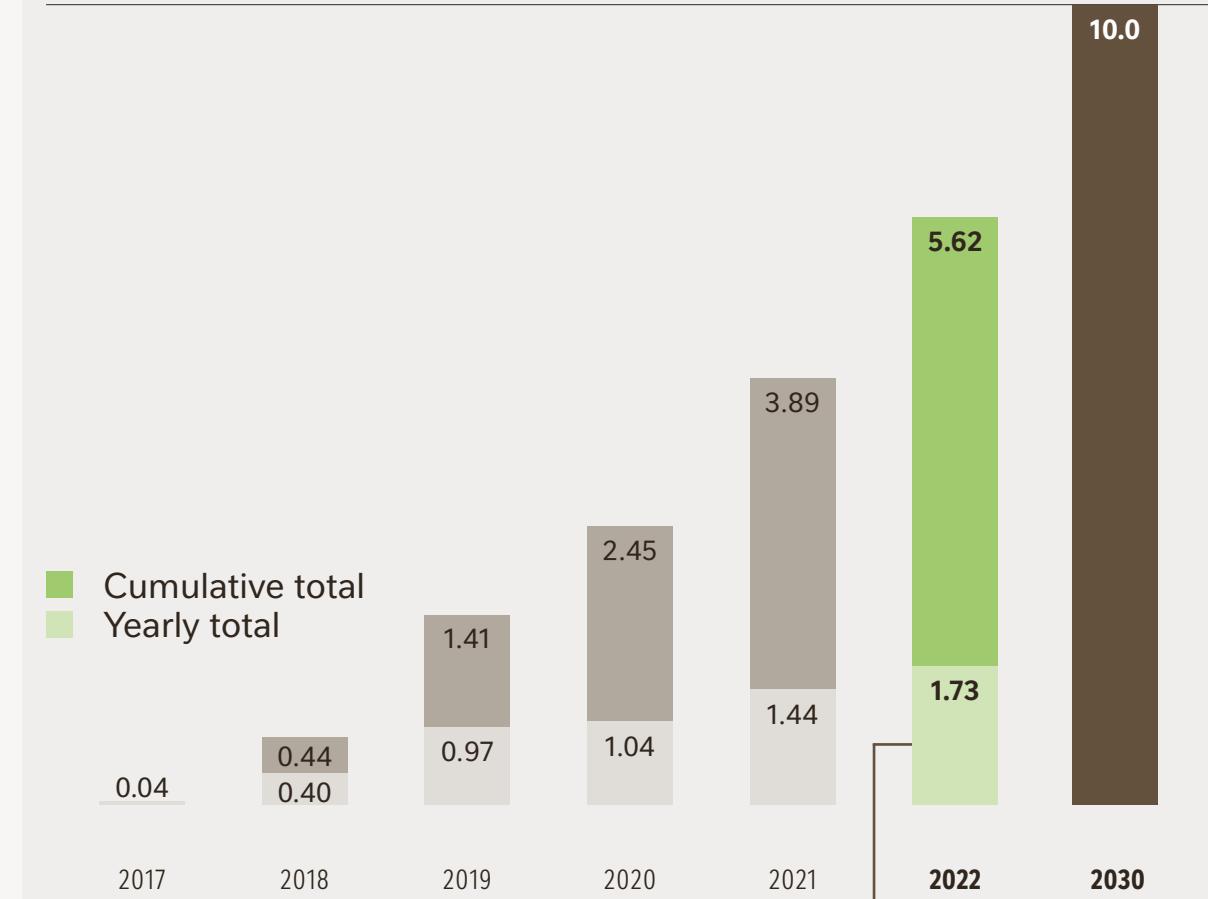
Supporting young people also brings more diverse perspectives into our supply chain. Nowhere is that more relevant than in farming: with young people moving to cities, the average age of farmers in many parts of the world is now well into the 50s.

Encouraging and supporting young people to pursue livelihoods in farming is an opportunity to help embed [regenerative agriculture](#) methods from the very start of working lives and lay the foundations for more regenerative food systems in the future.

ECONOMIC OPPORTUNITIES

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

Ambition



5121

Young farmers trained through the Nestlé Agripreneurship Program (7422 in 2021)

11 495

Apprenticeship and traineeship opportunities (11 598 in 2021)

26 610

Nestlé employees hired under 30 years old, unlimited and temporary contracts (129 1306 in 2021)

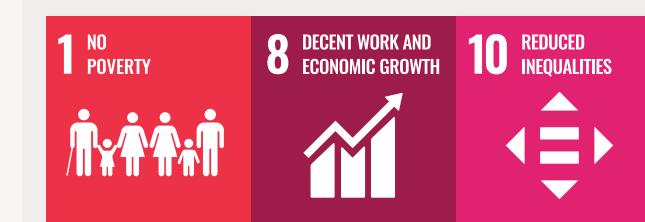
64 977

Young entrepreneurs who have received some basic but tangible benefit from Nestlé

14 15 687

Young people impacted through digital events (e.g. career fairs, educational webinars, e-learning programs) that focus on upskilling young people and make them more employable (129 1306 in 2021)

SDG CONTRIBUTIONS



* Delivered specifically through Nestlé needs YOuth initiative.



Two young colleagues in our East and Southern Africa region.

Approach

Through our Nestlé needs YOuth initiative we create opportunities for young people. Our initiative has three pillars of activity – Employability, Agripreneurship and Entrepreneurship. At Nestlé, we are committed to helping 10 million young people gain access to economic opportunities by 2030.

Under each of the three pillars, we provide access to diverse opportunities. We motivate young people to help them prepare for and access the world of work, by providing online training, content and on-the-job training opportunities to enhance their employability. We encourage them to become agripreneurs – introducing them to regenerative agriculture techniques and teaching them business skills. And we promote entrepreneurship and entrepreneurial opportunities through our [Youth Entrepreneurship Platform](#).

Additionally, Nestlé is an active advocate for young people. In this context we collaborate with external organizations, including the International Labor Organization, [the Global Apprenticeship Network](#) and [the Global Alliance for YOUTH](#).

The Global Alliance for YOUTH, co-founded by Nestlé, is a business-driven movement of like-minded organizations 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.

We are convinced that by mobilizing the business community through the Global Alliance, we can help young people on a larger scale and have a bigger impact than we can individually.

Global Alliance members offer youth first-job experiences, run educational programs to enhance young people's skills and support young entrepreneurs.



Global Youth Initiative

Employment and employability

Providing youth access to economic opportunities by offering jobs, traineeships, internships, apprenticeships and training.

Agripreneurship

Encouraging young people to create livelihoods as farmers, to run their farms as businesses and to embed regenerative agriculture methods in support of a just transition to regenerative food systems.

Entrepreneurship

Driving economic and social progress by equipping young people with the skills, experience and mindset to transform ideas into viable businesses.

Nestlé viewpoint

Spirit of solidarity



Frédérique Naulette
HR Director Dairy
Category EMEA

With millions of people displaced from Ukraine, Nestlé has been helping get young people's careers back on track.

In 2022, soon after the invasion of Ukraine began, we discussed with the YOUTH Steering Committee how we could further support young Ukrainians – particularly those who had to flee their country or had their studies curtailed. We all agreed that we wanted to help not just with product donations, but by offering young Ukrainians purpose and opportunity.

I've worked at Nestlé for 26 years, partly because there is a spirit that *anything is possible*. That incredible idea quickly grew into an internship program. Initially, the plan was to support young Ukrainian refugees, but eventually, the scope expanded to allow students – even those still in Ukraine – to participate as well.

Markets, functions and human resources teams were keen to help and together we managed to secure 34 internships across 22 countries in Europe and Latin America, in addition to the existing *Nesternship* program. To make sure these placements were attractive to young people with different backgrounds and experience levels, we opened positions in Finance and Control, Key Account Management, Confectionery, Marketing, Procurement, Supply Chain, Project Management and the Digital Transformation team.

Success and limitations

Since May, we've processed 61 applicants, made seven firm offers for employment to date and I have had the pleasure of seeing two interns start work in Switzerland and France. We would have moved faster except for two constraints. First, it was difficult for our Human Resources team in Ukraine to access candidates. Power outages, building damage and shelling are a daily reality that hampered communication with universities to set up the program. Secondly, there was red tape surrounding work permits.

Luckily, the European Commission stepped in to make permits easier and faster, while local teams remained engaged and resilient. I remember speaking to the Ukrainian Head of Talent in May. She was driving from one place to another for three hours, looking for a safe place to stay. The whole time she was taking calls on her mobile. Another colleague had already fled to Poland and was working from there.

The bravery of our colleagues

The ability and willingness of Ukrainians to help, even though their own lives were in danger, is frankly remarkable. With their help, we were able to reach out to young people by advertising in Ukrainian. We posted on LinkedIn and made a short video that reached 99 000 impressions, with 4500 people commenting and engaging.

One of the reasons why this was possible is that students in Ukraine have access to excellent universities and education systems. The interns we are interviewing have acquired diverse skills and speak multiple languages – advantages that help them fit in immediately at Nestlé. The feedback about those who have started is overwhelmingly positive, with their outstanding teamwork and immediate ability to connect being noted.

I think I'm most proud of the solidarity. What started as an idea has become a practical platform to empower young Ukrainians. We chose to offer internships over jobs to ensure everyone has the flexibility they need (for example to return home). And we have no plans to stop our program: more interns started in January 2023 and Nestlé will continue to recruit and place young people for as long as Ukrainian students need the extra support.

"Working in an international team has really opened my eyes to the reality of supply chain management and given me priceless experience in communication."



Vladyslava Hliebova
Intern, Switzerland

"I've already grown professionally and personally. I love that I immediately get to put everything I study into practice, developing both hard and soft skills."



Zoriana Popertyska
Intern Nestlé Waters,
France

"I am really enjoying my time here. I particularly love that I have the opportunity to learn so much and to develop myself further."



Solomiia Zagrychuk
Procurement Intern,
Germany



Researching together with academia

The global academic alliances program supports more than 60 PhD students across the globe. The students that are currently taking part in the program are made up of 33 different nationalities and are hosted by 41 universities in 17 countries worldwide. The program supports students in two ways. One way is by partnering with academia through research grants, such as the recently renewed collaboration with the University of Ghana, to strengthen local students' expertise in science and technology.

The second way is to provide students with the opportunity to build their expertise and work on research projects at Nestlé R&D facilities. We also offer students the possibility to focus on developing disruptive food and beverage innovations and test them in a retail environment in six months in one of our 14 Nestlé R&D Accelerators across the world, including in Chile, India and the United States.

To round things off, Nestlé has launched the [Youth Entrepreneurship Platform \(YEP\)](#), a new digital platform for young innovators and entrepreneurs who want to gather knowledge and skills, test an idea or grow their businesses ([see case study Harnessing the power of young entrepreneurs](#)).

Young people help drive innovation at our R&D Accelerator in Lausanne, Switzerland.

Performance

We remain on track to help 10 million young people gain access to economic opportunities by 2030. In 2022, we succeeded in creating 1.73 million opportunities through the *Nestlé needs YOuth* initiative, taking the cumulative total since announcing our commitment in 2017 to 5.62 million.

At the 2022 United Nations Climate Change Conference, known as COP27, in November, Nestlé demonstrated how the youth agenda contributes to the company's values and wider commitments in a workshop on building responsible communications.

In May 2022, as a member of the Global Alliance for YOuth, Nestlé partnered with NielsenIQ and the [Global Shapers Community](#) to launch the Global Youth Survey and discuss its initial findings during the World Economic Forum in Davos, Switzerland. The survey, focusing on post-COVID-19 young people's pain points, captured the views of nearly 2000 people aged between 18 and 29, from 19 countries. The survey focused on four areas of action: inclusive jobs, sustainability, digital access and mental health. The full survey results are available [here](#).

Agripreneurship

Through our longstanding *Agripreneurship Program* we have engaged 74 077 agripreneurs, including 25 176 under 30, who are training to become future-fit farmers. In dairy alone, we have trained 17 438 young farmers through our basic support program (2018- 2021).

Additionally, our brands continue to bring agripreneurship into their own sustainability plans. For example, the *Nescafé Plan 2030* will continue to include an agripreneurship component, continuing and enhancing the activities of the previous decade.

Entrepreneurship

In August 2022, to consolidate our progress in this area, we launched the [Youth Entrepreneurship Platform \(YEP\)](#) – a digital home that groups all our innovation activities and programs in one place ([see case study Harnessing the power of young entrepreneurs](#)). In just over a month, we had over 11 000 website visitors, with over 5000 young people registering accounts.

In 2022, 174 000 learning, training or job opportunities were created for European youth. In the United States, [Nespresso has been working with Thrive Scholars](#), a non-profit, seeking to develop leaders – particularly from black and Latin backgrounds. In 2022, 20 scholars were sponsored for a six-year program, with 115 employees engaging with the program ([see external viewpoint Inspiring high-achieving students of color from low-income backgrounds](#)).

Through *Nestlé Needs YOU* – our initiative in the United States focused on empowering the next generation to thrive – we partnered with non-profit Girls With Impact to inspire future female business leaders to pursue their innovative ideas. We awarded 150 scholarships to Girls With Impact's Business and Leadership Academy in 2022, and hosted a "Big Ideas, Better World" competition for women aged 12-29 to submit their business ideas that could help solve pressing challenges in the food and beverage industry. The winning participant received funds from Nestlé to put toward her start-up, as well as mentorship from our R+D Accelerator team in the United States.

35 million

Training opportunities have been provided by the Global Alliance for YOuth members since its launch in 2019

Young people are mentored and supported in acquiring professional skills in our *Nesternship* internship program.

Digital events emulate an approach pioneered in Pacific Alliance countries – Mexico, Colombia, Chile and Peru. These virtual and face-to-face youth forums (The Pacific Alliance Youth Summit) are now in their seventh year and



involve the participation and support from the respective governments, the private sector and non-for-profit organizations such as UNESCO and the International Labor Organization. The event in 2022 was hosted in Mexico in October and attracted the interest of more than 300 000 young people.

A virtual event run by Nestlé Conecta in the Plata region (Argentina, Uruguay and Paraguay) in October 2022, offering digital and innovation skills, attracted 75 000 unique users. In February 2022, Nestlé Brazil in partnership with the Brazilian Alliance for YOuth and MOVER, a movement for racial equity, hosted *Nestlé Conecta*, an event aimed at connecting and engaging with young people to provide training and employability opportunities. This event attracted more than 40 000 young people.

In China, Nestlé has worked with Tsinghua University and Imperial College London to explain and discuss our sustainability strategy with thousands of students to help give them practical insights. In Ecuador, 2800 young people received career guidance and vocational training as part of Nestlé Ecuador's 'dual training' model, which helps young people to both expand their skills and leverage employment opportunities.

Our brands have also taken these activities to heart, such as the [S. Pellegrino Young Chef Academy](#). This brings young chefs together with influential members of the gastronomic world to help develop skills and knowledge, build networks and offer mentorship.

In 2018, Nestlé Professional and Worldchefs launched *Worldchefs Academy*, a free online training course for aspiring chefs to take a first step toward a culinary career. Over 41 000 students have enrolled since the launch; in 2022, the number of graduates reached 2365.

In 2022, with our partner Worldchefs, we delivered a series of three webinars that were available free of charge to people interested in the out-of-home industry. Participants of the webinars have tangible proof of their learning through a digital badge and certificate that they can add to their CVs or LinkedIn Profiles. In 2022, over 1000 digital badges were issued.

As part of the *Nestlé needs YOuth* initiative, the Nestlé Professional YOCUTA (Young Culinary Talents) Program continues to support future chefs by strengthening their theoretical and practical culinary skills and preparing them for a career in foodservice, which is suffering from a shortage of skilled workers worldwide.

Outlook

We will continue to advocate for young people at all levels – from local communities through to governments and international organizations.

Looking ahead, we will also continue to promote and improve our new Youth Entrepreneurship Platform and accelerate our efforts to bring young farmers together. We will seek to create engaging, relevant, content to encourage organic growth and widen knowledge about the support we can provide entrepreneurial young people.

We will begin to develop a similar *Agripreneurship Academy* to help the next generation of farmers to work in a regenerative way. The academy will address topics ranging from climate change, agroforestry and soil health to animal welfare.

Above all, by prioritizing young people in our global strategic goals and our brands' individual plans, we can continue to make a difference in the lives of millions of young people around the world.



Young farmer Jessica Ellwood is passionate about old-style farming and is already seeing the benefits of regenerative farming at her dairy farm in Cumbria, the UK.

Harnessing the power of young entrepreneurs

Young people are not simply tomorrow's workforce. Their innovative ideas can transform the way we work, maximize our impact and accelerate a just transition to regenerative global food systems.

Against the context of youth unemployment, which significantly increased during the pandemic, and the rising average age of farmers, it is crucial we demonstrate Nestlé is the natural home for young entrepreneurs active in the food space. We want to be a company with a nurturing atmosphere, renowned for transforming good ideas into viable businesses that help feed the world and protect the planet.

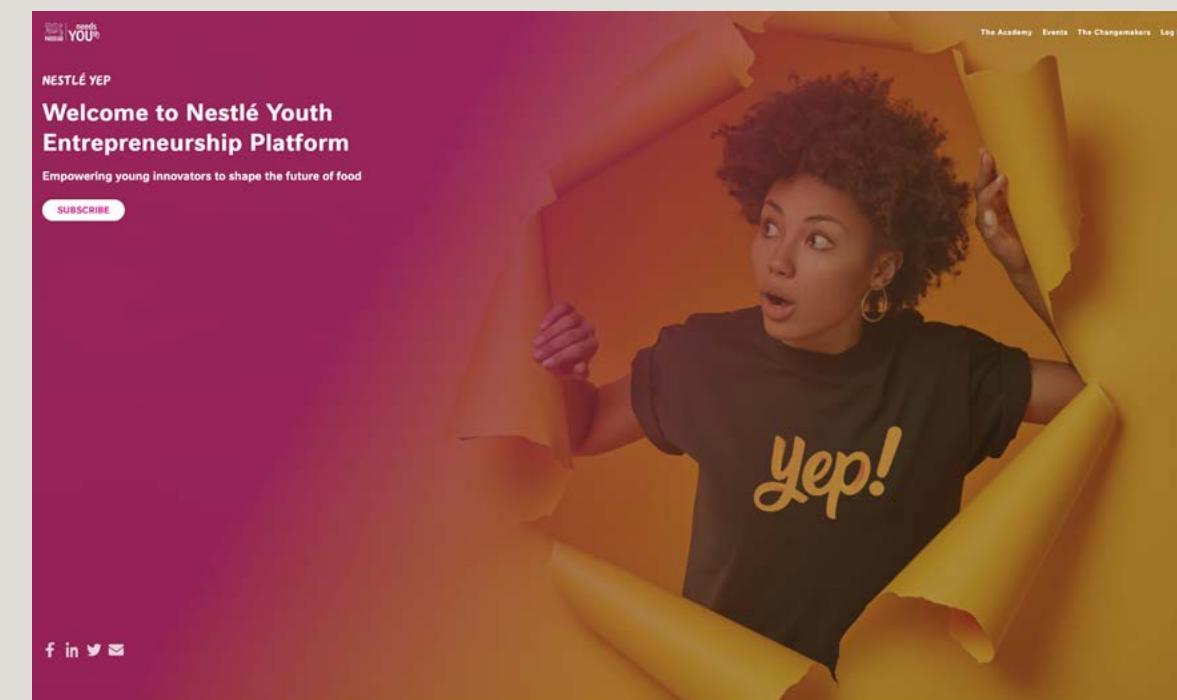
To simplify that process and harness good ideas from anywhere, and from anyone of any background, we created the Youth Entrepreneurship Platform, or YEP. It is a single, online location where young people can be inspired by previous entrepreneurial

initiatives and discover the wide range of help we can offer to bring innovation to life, whether related to regenerative agriculture, plant-based products, packaging and circularity or affordable nutrition.

YEP is a one-stop shop to access standalone initiatives such as our international network of 14 R+D Accelerators, our online internships or *Nesternships*, Purina's Unleashed accelerator and wider information about the *Nestlé needs YOUth* initiative. This approach effectively consolidates the full spectrum of our activities in this area to ensure we get the most out of budding entrepreneurs rather than engaging with a single initiative.

A free learning tool

Access to the site is free. It offers a catalogue of entrepreneurial case studies, profiles of young innovators we already support, plus an e-learning academy of educational content and news of workshops, digital events, local initiatives and training opportunities.



YEP – our Youth Entrepreneurship Platform – was a successful innovation in 2022.

"As student entrepreneurs, participating in Nestle's accelerator program taught us so much. Exposure to this environment has been really beneficial for the growth of ourselves and our startup, and we believe that platforms like YEP will help other students and aspiring entrepreneurs like us access these wonderful opportunities to grow and learn."

Jessica Schwabach and Siwen Deng
Co-founders of Sundial Foods and YEP platform users



Young people can attend webinars, access personal mentoring and coaching from experienced staff and gain access to early-stage investment, learning from real-life examples from well-known brands such as Nescafé, Gerber and Garden Gourmet.

We have big plans for YEP and are building a community. After an initial social media campaign that generated 48 000 leads, we hired a dedicated community manager to monitor interactions on the platform and provide targeted, interactive content to further engage people. Early analysis shows that people visit the site for one hour on average.

Lessons learned from the way this community develops will inform our plans to build a similar platform, the *Agripreneurship Academy*, to harness innovative ideas for shaping the farming of the future.

Our diverse and inclusive culture



Nurturing inclusivity enhances employee well-being and makes us more productive and innovative – helping us transform global food systems.

Background

We believe that nurturing and promoting a diverse and inclusive culture makes Nestlé a more attractive and exciting organization to work for. By advocating for and embracing inclusion, we are seeking to unleash the full potential of our workforce. When they can bring their whole selves to work, we find our employees feel more engaged, productive, happier and fulfilled, with a sense of belonging.

Our aim is to cultivate a diverse and inclusive workforce, business culture and leadership. We believe this provides equal opportunities for everyone to contribute, grow and feel valued and is characterized by an open-minded spirit and a profound sense of belonging.

We believe that this approach not only helps our business better reflect the world at large but that it is a powerful unifying force that can help us to accelerate a just transition to regenerative food systems.

We recognize that we must navigate the complexity of varying social and cultural conventions and differing legislative approaches to diversity and inclusion around the world. This includes political scenarios that are less favorable to under-represented groups. We are also anxious to counter setbacks widely regarded as having been experienced by under-represented groups during the COVID-19 pandemic. This included challenges in working from home, the need to deal with parenting and homeschooling – with gender equality suffering in particular – and people with some disabilities experiencing challenges in remote working.

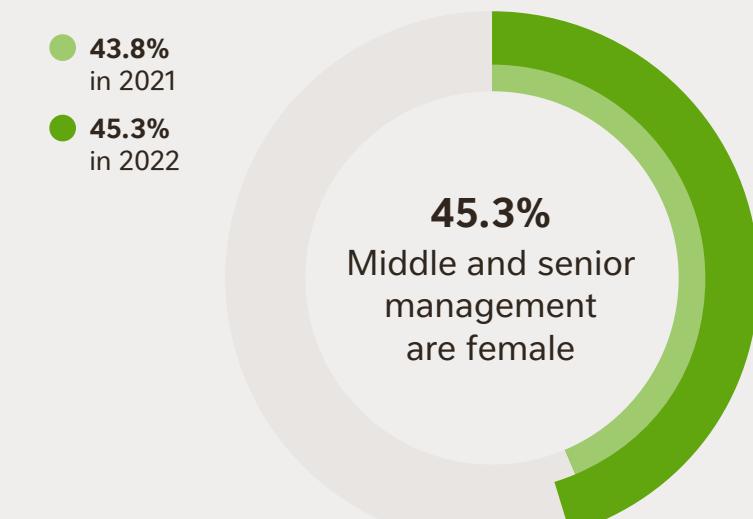
WOMEN IN LEADERSHIP

Target achieved: 30% of our top 200+ senior executive positions are held by women



WOMEN IN MANAGEMENT

Middle and senior management that are female (%)



SDG CONTRIBUTIONS



Approach

Diversity and inclusion is one of six key areas that govern how we manage our people within Group Human Resources (HR) and Business Services. As such, diversity and inclusion leadership at Nestlé is embedded in the HR Leadership team, which includes HR Heads of Zone, function and business. Diversity and inclusion objectives are cascaded to their respective markets. Regular updates are provided to the Executive Management Board and the Board of Directors, who review progress. We are evolving from group-led initiatives on these topics to market- and brand-led activity, as diversity and inclusion becomes progressively embedded in individual cultures and workplaces. We have five diversity and inclusion pillars, which intersect with each other (e.g. young and disabled).

Gender balance

We are striving to increase the proportion of women in our top 200+ senior executive posts through our Gender Balance Acceleration Plan, while our *Global Parental Support Policy* extends the rights of caregivers regardless of gender. We participate in international campaigns such as International Women's Day and are proud to have our progress externally assessed by the Bloomberg Gender-Equality Index.



DIVERSITY AND INCLUSION PILLARS AT NESTLÉ

Gender balance

People with disabilities

LGBTQ+ community

Race and ethnicity

Generations

Participants in a Nestlé Malaysia and Singapore youth program.

People with disabilities

When we employ people with disabilities, we aim to be attentive to their needs – whether their disability is visible or invisible. We run Employee Resource Groups focused on people with disabilities and neurodivergence, such as THRIVE, while our *NestAbility* network aims to create an open culture and dialogue around disability. We promote the inclusion of people with disabilities through membership of the ILO Global Business and Disability Network and have signed The Valuable 500 commitment to elevate disability inclusion to our leadership agenda.

LGBTQ+ community

Nestlé supports the [United Nations Standards of Conduct for Business](#) on tackling discrimination against LGBTI people and is part of the Partnership for Global LGBTI Equality, the only LGBTQ+-focused organization in the world where the private sector and civil society sit together as members. Local LGBTQ+ networks in many Nestlé markets support colleagues by creating a forum for conversation. We also collaborate with external groups to advocate for civil rights and workplace protections, develop our understanding of key issues and create programs that reflect local contexts.

Race and ethnicity

We strive to advance racial and ethnic inclusion. We work to eliminate unconscious bias and to appoint local employees who represent the communities we serve to management positions in the countries we operate in. Nestlé was a founding member of the World Economic Forum's Partnering for Racial Justice in Business initiative.

Generations

We have five different generations in our global workforce and we actively encourage all of them to bring their different perspectives and knowledge to work.

In 2021, we launched the *Mentoring For All* program to facilitate knowledge sharing between different generations. By enhancing curiosity and peer-to-peer learning from each other's experiences, this program aims to increase cross-generational engagement and create a stronger sense of inclusion and belonging. In our endeavor to support our employees in their transition from work to retirement, we designed and piloted the *Life Transition* Program in 2022, with employees and champions across eight different countries. Through this program, we aim to enable a meaningful and purposeful transition and early preparation regardless of age.

External viewpoint

Inspiring high-achieving students of color from low-income backgrounds



Steve Stein
CEO, Thrive Scholars

Why Nespresso is supporting inclusion through Thrive Scholars.

It takes more than good grades and a college degree to secure an amazing job and build an upwardly mobile career. In North America, talented students of color from low-income backgrounds struggle to get into college or progress onto graduate schools and into the workforce due to systemic barriers.

That's where Thrive Scholars comes in. We help high-achieving Black, Latino, and other underrepresented students with academic advising, career coaching and mentorship to help them excel at top colleges and transition into professions that lead to economic mobility.

Over our 20 years, we found that college preparation is vital and that starting early is the key to our success. We engage Scholars in their junior year of high school with our Summer Academy: a six-week intensive program over two summers of college-level courses. Throughout our six-year program, our Scholars receive financial support, social-emotional guidance and career development through our Career Pathways program. Our career coaching helps Scholars navigate and leverage opportunities to join the advanced workforce and become corporate leaders. Through our program, Scholars develop the technical skills and essential competencies like computer literacy, writing acumen, data analysis, communication, critical thinking and leadership. This is why we play an essential part in enhancing diversity in the workplace.

We can't correct disparities in corporate diversity alone – we depend on partners to acknowledge the ongoing problem and partner with us.

When companies like Nespresso support us, we vastly strengthen and expand our academic, mentorship and career development resources to students across the country.

By supporting Thrive Scholars to reach their highest potential, Nespresso is directly influencing and guiding the diverse leaders of tomorrow. With the preparation our Scholars receive, they are in the best position to apply for internships or full-time employment opportunities that arise at the company.

Nespresso isn't just securing a diverse pipeline of future talent, but also sending a clear message to our Scholars: they can challenge the makeup of the workforce and they deserve to work at familiar, aspirational companies regardless of their ethnicity or economic background. Nespresso is helping to change the narrative.

"By nurturing Thrive Scholars to be their best selves, Nespresso is directly influencing and guiding the diverse leaders of tomorrow."

Steve Stein
CEO, Thrive Scholars





Performance

In 2022, our markets began self-assessing their implementation of diversity and inclusion initiatives, programs and processes through a digital tool. It builds a 'maturity' profile of their activity, from which they can build an action plan to target key areas for improvement.

We also initiated a Global Voluntary Self-Identification Program. This pilot scheme, which ran across four countries representing 12% of our global workforce, encouraged employees to consent to declared gender, sexual orientation, race/ethnic identity and disabilities being linked to their employee profile. This has the potential to significantly improve our understanding of our diversity and inclusion performance, for instance by uncovering any systemic biases and knowing how diverse we truly are. The data can help us take more robust and considered actions to foster greater inclusion. We are exploring how to extend the pilot to other countries, given the sensitivity and legislation related to collecting, storing and using personal data in different jurisdictions.

At the end of 2022, 90.8% of our 283 000 employees had completed our sexual harassment training.

A critical factor in building a more inclusive workplace is understanding that different social categorizations do not exist in isolation but can overlap with each other. Intersectionality recognizes, for example, that people can be part of the LGBTQ+ community and have a disability, or be a single parent and from an ethnic minority background. One example is our work to understand how well we are supporting young people with disabilities through our *Nestlé needs YOuth* initiative.

We have continually improved the gender balance of our senior and middle management in recent years.



Gender balance

As part of our plan to balance the gender makeup of our workforce, we are delighted to report that, as of December 31, 2022, 30.2% of our top 200+ senior executive positions were held by women, up from 27.2% in 2021 and meeting our commitment. The proportion of women occupying middle and senior managerial positions increased to 45.3%, up from 43.8% in 2021.

Nestlé has pledged to help accelerate the pace toward equal pay for equal work since 2019. To make sure that men and women performing comparable jobs get equal pay, we make sure that an annual equal pay review is conducted for all markets and they remain responsible for addressing actions locally and eliminating the conditions that may create systemic pay gaps. Our 2022 Global Equal Pay review completed with highly satisfactory results. No systemic equal pay gap was found within the Group. Nestlé continues to comply with all disclosures on equal pay in relevant markets as required by the local legislation and methodologies specified (e.g. United Kingdom, France, Switzerland). For the fourth consecutive year, the "Bloomberg Gender-Equality Index" recognized Nestlé for our transparency in gender reporting.

We continue to advocate for women in our supply chain. In less developed countries where women are often expected to fulfill traditional roles, Nestlé has been empowering women in various ways. For example, thousands of women in Pakistan have been trained in our dairy supply chain since 2015.

In Brazil, we supported 10 women farmers in our supply chain through Masters degrees in Dairy Administration as part of Nestlé Brazil's Força da Moça do Campo initiative in 2022. The course is based on the principles of lean management, which focuses on maximizing efficiency, to help them more effectively manage the 950 cows and 22 000 liters of milk they collectively produce daily. Ten more women have been identified for 2023.

Nespresso has developed a field-tested gender analysis tool to help identify the root causes of gender inequality in coffee farming. The tool is informed by rigorous data collection and in-depth gender analysis of men and women in farming households. The insights are used to target actions – so that women are given access to the resources they need and are empowered to be part of the decision-making process. To advance industry-wide change, the tool has been made publicly available.



People with disabilities

Our efforts to embed an inclusive culture for people with disabilities were recognized in the 2022 Disability Equality Index of the Best Places to Work, an initiative between the American Association of People with Disabilities and non-profit group Disability:IN. It recognized Nestlé USA and Nestlé Purina PetCare with scores of 100%.

In October 2022, Nestlé in Spain and Fundación Universia launched the second iteration of the IN-Tech program, aimed at university students with disabilities, to help them develop IT skills and gain workplace experience.

In Brazil, we launched a limited edition range of biscuits: *Nestlé Passatempo Libras*. It comes with the National Deaf Alphabet on biscuits, helping families to learn Libras (Brazilian sign language) while having fun and eating. We also launched a website with additional Libras content.

In France, Nespresso announced a partnership with Café Joyeux, which employs people with disabilities in Paris. A portion of proceeds from a specially developed blend of coffee will go to the café, helping it sustain 40 jobs for one year.

Nespresso's partnership with Café Joyeux, which employs people with disabilities, launched in July 2022.

Nestlé employees celebrate at Brighton Pride in the UK.

LGBTQ+ community

In early 2022, Nestlé USA, Nestlé Health Science and Nestlé Purina PetCare all received scores of 100 on the Human Rights Campaign Foundation's 2022 Corporate Equality Index. This is the foremost benchmarking survey and report in the United States measuring corporate policies and practices related to LGBTQ+ workplace equality.

During Pride Month, in June 2022, a Nestlé global webcast covering unconscious bias, support in the workplace and mental health was watched live by 1400 employees, with another 3000 watching a recording afterwards, and reached a total of 33 000 employees across global and diversity and inclusion groups. Within specific markets, our brands are also demonstrating their support for LGBTQ+ communities.

Race and ethnicity

For the first time, Nestlé USA began disclosing pay gaps based on race, ethnicity and disability as well as gender. As a result, Nestlé USA has reported pay equity in under-represented minority employee salaries for the first time (2021 data, disclosed in 2022).



Outlook

Building a culture of inclusion where everybody feels they belong will always be a moving target as society evolves, reacts and responds to wider change. We will always encourage employees to stay vocal about emerging challenges to inclusion and we remain open to new opportunities to celebrate diversity.

In 2023, we will launch guidelines for brands to help them speak more inclusively in their marketing and communications. This will help our market teams to create advertising and other promotional activities that reflect local contexts and align with our wider goals on diversity and inclusion.

From 2023, *Nespresso AAA Sustainable Quality™ Program* Gender Equality Index will measure progress against ten KPIs in three categories. These tools will guide *Nespresso's* interventions in the various AAA countries. In line with *Nespresso's* gender equality strategy, it will strive to increase the number of female agronomists to 40% by 2025 and 50% by 2030. Having achieved our commitment to increase the percentage of women in our top 200+ executive positions to 30%, we will continue our efforts to aim for parity in all management positions.



A participant in our youth program in Bangladesh.

Creative first steps

How we are helping First Nations content creators kickstart their careers in Australia.

Nestlé Oceania has recently launched an initiative to help aspiring First Nations – Aboriginal and Torres Strait Islander Peoples – content creators to choose their career path.

The idea to link the world of content creation, production and media with some of Australia's biggest brands and media companies was born in 2020, when Nestlé Australia struggled to find a crew of First Nations videographers, stylists and producers to create content for a National Aboriginal and Islander Day Observance Committee Week campaign.

It quickly became apparent that there was a distinct under-representation of First Nations creatives in this space, which prompted Nestlé Australia to consider how they could foster better opportunities for emerging talent to break into the industry.



Video:
Tuck in!

Nestlé is bringing together young creatives and established First Nations chefs in its *Tuck in!* program

Tuck In!

Against this backdrop, and after two years of behind-the-scenes preparation, the aptly named *Tuck In!* program began in July 2022. The initiative brings together established First Nations chefs with would-be content creators to develop recipes and video content that celebrates the combination of bush foods and Nestlé products.

For the first project, two brands – *Nescafé Blend 43* and *Nestlé Sweetened Condensed Milk* – partnered with Gamilaraay chef Keith Munro from a Sydney-based restaurant to create recipes including macadamia amaretti biscuits and coffee, wattleseed and banana loaf.

The video content – produced with professional media and creative support – was brought to life by selected Australian Film,



Television and Radio School graduates, with work experience also going to graduates from our Aboriginal and Torres Strait Islander Youth Development Program (AYDP).

Seeing is believing

The resulting content was communicated across Nestlé's network of news and food websites and social media channels – celebrating Aboriginal culture through native ingredients, encouraging home cooks to try bush foods and supporting the visibility and development of First Nations creatives.

The aim is that the program will become an annual initiative, giving ongoing opportunities in line with Nestlé's vision to unlock the power of food to enhance the quality of life for all in support of a just, equitable and unified future.

Nestlé supports the Girls Academy in Australia, which helps educate young First Nations women.



First Nations Australians

First Nations are the first peoples of Australia. And while they represent 3.2% of the resident population, these indigenous communities often suffer disproportionate social and economic disadvantages.

Nestlé has long supported First Peoples as the traditional owners of the lands where we live and work and we are committed to deepening understanding of the richness and diversity of their culture and values both inside and outside the company.

Nestlé has joined a network of over 1100 corporate, government and not-for-profit organizations that have made a formal commitment to reconciliation and strengthening relationships with First Peoples through a [Reconciliation Action Plan](#), where the AYDP remains the flagship program.

In 2010, Nestlé launched its *Aboriginal and Torres Strait Islander Youth Development Program*, which recognizes the importance of educating women in creating resilient communities. In partnership with First Nations education program Girls Academy, we have already supported the education of over 11000 Aboriginal and Torres Strait Islander girls.

An employer of choice



Our people are at the heart of our commitment to be a 'force for good'. Their mental, physical and social well-being is a priority, as is creating a culture in which they can thrive.

Background

While the severity of COVID-19 lessened in 2022, it continued to contribute to a worldwide talent shortage. Other changes are also emerging. The immediate legacy of the shift to more flexible work arrangements has been a change in employee expectations of working conditions. Better work-life balance and alignment between personal and employer values, including sustainability, have an even greater bearing on people's choice of job and employer.

This pandemic-related evolution is redrawing traditional concepts relating to jobs and careers. Employees are rethinking their priorities and approaching the employment market with more freedom. Notably, they are willing to change jobs more frequently to find the work-life balance that is best for their personal situation.

This realignment is forcing employers to rethink practices and strategies. The result is a '[war for talent](#)'. There is now a clear focus on a hybrid approach to working and on greater personalization of all parts of the recruitment process and employment. At Nestlé, we have responded to this shift.

Approach

Talent management

We strive to attract, hire, develop and retain the right candidates to be a 'force for good'. Our talent acquisition and retention approach is outlined in our People Strategy 2025, which is focused on building a future-ready workforce, developing leadership that is inspiring, disruptive and inclusive, and fostering a culture that is agile and winning. This approach is aligned to our business strategy, [Corporate Business Principles](#) and our purpose and values.

We encourage our people to find new and exciting opportunities within the company. We promote global mobility and work with our employees to fulfill their needs in terms of flexibility, training, growth and reward.

All our employees are empowered to develop their own careers, supported by their line managers. Our SuccessFactors online system provides a tool and resource for both managers and employees to find guidance and to track this process.

100%

Rollout of Global Parental Support policy in all markets

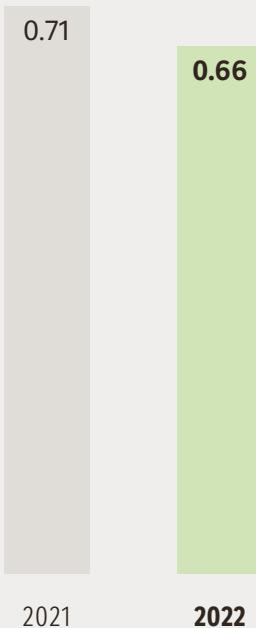


100%

Countries where policy against Discrimination, violence and harrassment is rolled out

RECORDABLE ILLNESS

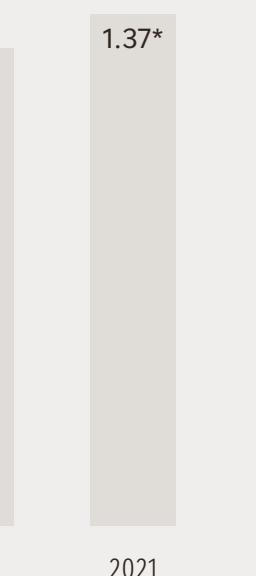
0.66 Recordable illness rate per million hours worked



2021 2022

RECORDABLE INJURY

1.21 Recordable injury rate per million hours worked



2020 2021 2022

* Last year's recordable incident rate has been restated to 1.37 (from 1.33), following recategorization of incidents at a later date.

SDG CONTRIBUTIONS



Employee health and well-being

Employee health is fundamental for building sustainable organizations, driving business performance and demonstrating shareholder value. The Nestlé Roadmap for Employee Health serves as a reference for our markets when addressing employee health. Under each pillar, we detail key milestones and deliverables.

NESTLE ROADMAP FOR EMPLOYEE HEALTH 2021-2023

Our approach to our people is realized through six key areas:

1. Talent management

Attracting, developing and retaining talent while preparing our workforce for the needs of our future business.

2. Diversity and inclusion

Building a better business that is inclusive and equal for genders, people with disabilities, LGBTQ+ communities and all races and ethnicities.

3. Employee health, well-being and safety

Inspiring and empowering our people to choose a healthier future for themselves, their families and our business. To work only when all required safety measures are in place, speak when anything appears unsafe and create a safe and healthy working environment.

4. Employee relations and engagement

Supporting Nestlé in its goal to be a company where employees are treated with mutual trust and fairness, and where they feel engaged with our purpose, values and principles.

5. Organizational design and change management

Based on our [Corporate Business Principles](#), our culture is supported by regularly updated policies and communicated through our training.

6. Compensation and benefits

Providing employees with fair and competitive salaries and benefits and conducting regular performance reviews.



Safety

We have made the safety of our people one of our core principles. We are committed and determined to prevent serious accidents by continually eliminating risks and by enabling our employees and contractors to adopt safe behaviors.

Our zero-harm vision puts people at the center of everything we do. We aim to create a harm-free work environment with world-class safety performance, to have a positive impact on people's well-being and to ensure all Nestlé employees have a risk anticipation mindset. At the same time, we encourage strategic partnerships to help us in achieving our vision.

We strive to ensure that the highest safety standards are applied to all our sites, operations and projects, where our focus is on our highest risks. We expect life-saving rules to prevent fatal and serious injuries to be applied with zero tolerance. We empower employees to stop work and speak up if they recognize a situation as unsafe. We also use digital innovation and behavioral science to contribute to the elimination of serious accidents and to help us understand what drives at-risk behaviors and address root causes.

Employee relations and engagement

We are committed to treating employees with mutual trust and fairness. We recognize the importance of collaborating with our employees and their representatives and organizations, as well as external labor stakeholders. We work closely together with the International Union of Food Workers to ensure that the needs of our workforce are addressed. Our regular and deep interactions ensure alignment and comprehensive inputs when we review our policies and guidance documents.

Compensation and benefits

We ensure that our employees are rewarded and recognized for their contributions with competitive pay and benefits. Our Nestlé Total Rewards Policy provides a framework within which our teams can create programs that attract, motivate and retain talent. We do this to build a performance culture, to engage our workforce and to contribute toward a positive employee experience.

Organizational design and change management

We manage our purpose and values at a global level, providing our markets with the support they need to ensure a consistent culture throughout the company.

We recognize that the world changes fast, so we constantly evaluate the external environment and adapt when necessary. And we always take local legislation, cultural and religious practices into account.

Participants on our youth program in Hungary.

Nestlé viewpoint

Building the (Nes)future



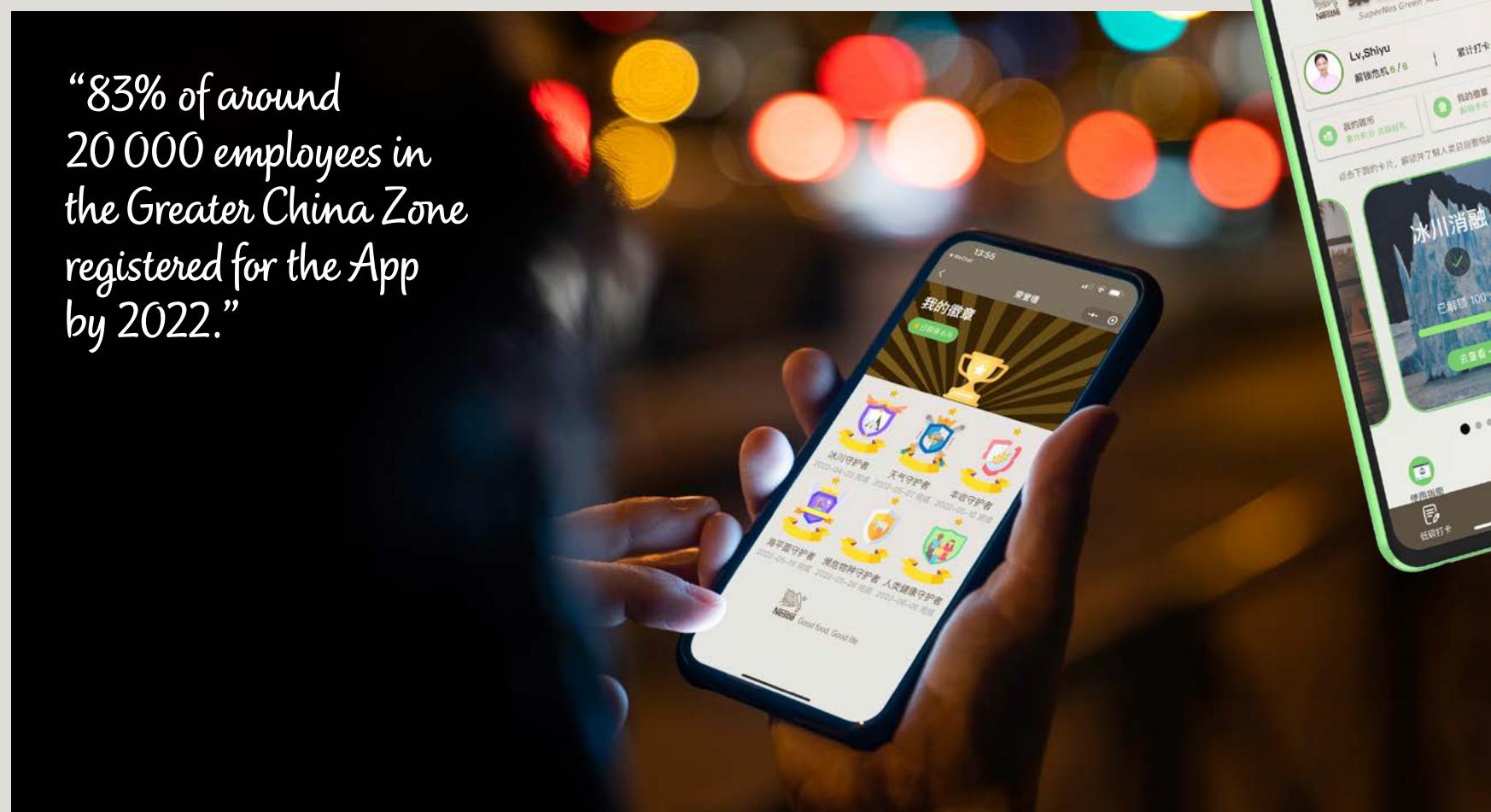
Shiyu LV
Legal Counsel

Our team in China embraces greener choices.

"Are you wondering how you can act more sustainably each day? It's a question I've often asked myself. Nestlé is helping employees in the Greater China Zone answer by using an app-based mini program.

"Known as *Nesfuture*, the mini program is designed to help inspire and empower all Nestlé employees to integrate sustainable activities into our daily lives. The idea came from our teams. It was launched internally on April 22, 2022 – Earth Day.

"83% of around 20 000 employees in the Greater China Zone registered for the App by 2022."



Screenshots of our *Nesfuture* employee sustainability app in China.

"The mini program offers access to a library of articles that help all local employees to understand and stay up to date on all things sustainable at Nestlé.

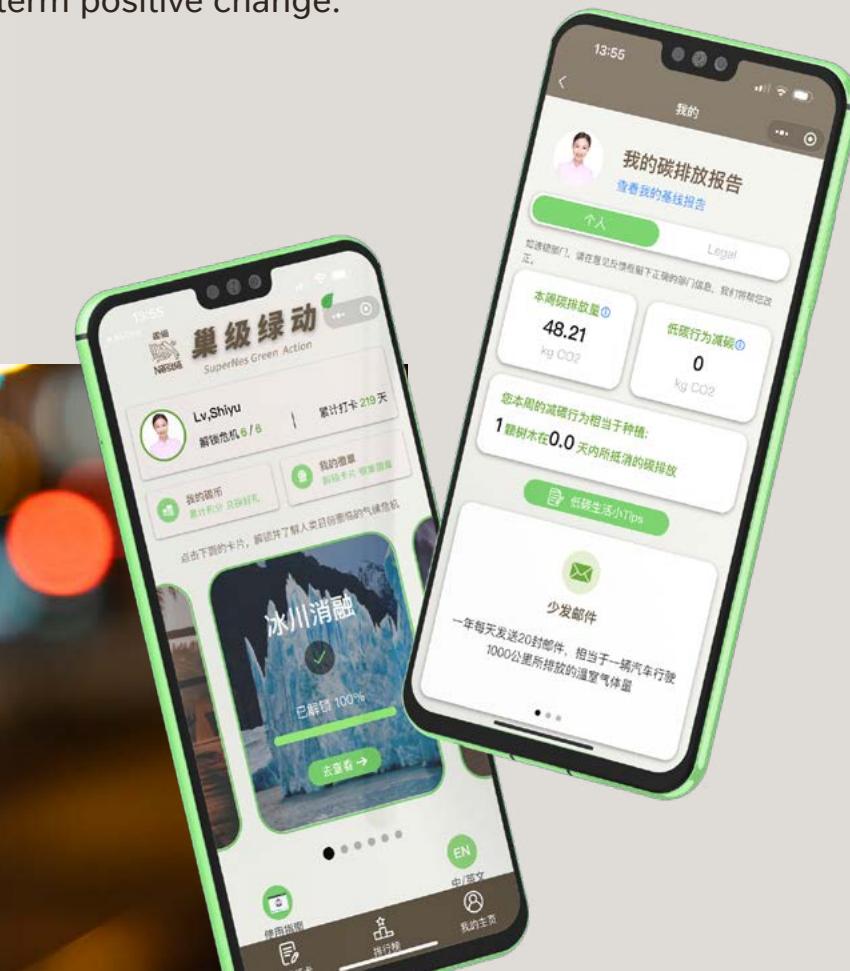
"I use it to keep a record of my carbon reduction activities, such as how I travel (whether I cycle or take the subway over the car), how much I recycle, what food I eat and even whether my cutlery is reusable. The mini program calculates how much carbon I've saved and I can immediately see the impact of my small actions.

Competition and reward

"Even better, we're recognized for participation, team spirit and consistency. The more days we're active the higher we score, receiving rankings for both individual and business unit performance. If we make it to the top of the leaderboard, we're rewarded with either coupons for the Nestlé online supermarket or eco-products from *Nespresso*.

"*Nesfuture* helps me build good habits in the workplace and at home, where I explain the benefits of a low-carbon lifestyle to my daughter.

"No more trying to remember small changes I make day to day. Using the mini program means I can make a difference all the time. The combination of incentive, repeated action and fun creates long-term positive change."





Innovations

In 2022, we continued to pilot the use of artificial intelligence (AI) in our employee skills development and training processes.

During the year, we expanded the coverage of our AI-based talent marketplace resource to 13 new Nestlé markets. The tool matches people's skills with project teams they can join. It helps to increase efficiency, foster mobility and develop competencies that support company growth. Talent marketplace was first launched in the United States in 2020 and will be rolled out in more markets in 2023.

In 2022, we were recognized as one of the world's best workplaces by Great Place to Work.

Performance

Talent management

Adaptability is enshrined in our approach to talent recruitment and retention, and is a key tenet of our People Strategy 2025 plan. We constantly evolve our focus to reflect the changing talent acquisition landscape. We have established a number of new working practices and approaches at a local and regional level, to focus the working environment in our factories on employee well-being. For office-based workers, we have formalized a hybrid flexible working policy in all markets. Each market can adapt the policy in line with local conditions.

In a challenging employment environment, we were recognized as one of the World's Best Workplaces by Great Place to Work.

In 2022, we also focused on communicating personal development opportunities at Nestlé, in line with our plan to place more emphasis on fostering the skills we need to grow as a business. This strategy was rolled out around the world, with campaigns tailored to individual markets.

For example, in the United States, we launched a video-led campaign promoting the benefits that we offer, while in China, we introduced the *Nesfuture* app-based mini program to help our employees track their personal sustainability performance. This includes their daily greenhouse gas emissions ([see Nestlé viewpoint Building the \(Nes\)future](#)).

Our people by type of employment

Covers Nestlé employees registered in the human resources system (approximately 96% of all employees). Each data point correct at the time the snapshot was taken.

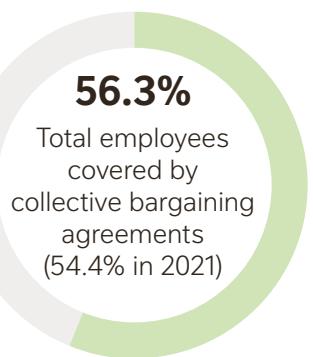
	Permanent	Temporary
Total number of employees by employment contract (by gender)	Female	94 072
	Male	147 310
Total number of employees by employment contract	Asia, Oceania and Australia	55 034
	Europe, Middle East and North Africa	76 618
	Greater China	19 366
	Latin America	55 125
	North America	35 267
	Full time	Part time
Total number of employees by employment type (by gender)	Female	95 991
	Male	152 629

156 600

Employees reached through health promotion activities in 2022 (130 063 in 2021).

9.3

Average number of hours of technical or vocational training provided to workers in the company's operations (15.8 in 2021)



Employee engagement, health and well-being

In 2022, we continued to evolve and expand our employee engagement initiatives and health and well-being programs. Importantly, we launched new domestic violence victims guidance across the company ([see the Agents of change case study](#)).

To encourage healthy living among our employees, we ran two global communication campaigns in 2022 that addressed our major health risks. These reinforced the importance of physical activity, active breaks, healthy eating and mental health.

As part of the campaigns, we ensured the availability of healthy food at Nestlé canteens. In 2022, 94.6% of our canteens offered a healthy meal (94.4% in 2021) and 54.5% of our markets provided a nap room or equivalent space for resting.

More broadly, the #*HealthyLives* program includes guidance and interactive exercises across four dimensions: physical activity, sleep, nutrition and mental health, and is available in 16 languages. So far, 33136 employees have participated with 509 974 video views.

We also continued to develop our *Pleaz* global digital platform. The platform provides easy access to active breaks. In *Pleaz*, employees can find guided exercises from stretching to mindfulness that help unwind and renew their energy in a quick active break. Since the launch of *Pleaz* in July 2021, we had 60 452 activations in the platform, underlining a high level of interest from our employees.

The Nestlé *My Health Numbers* program enables us to measure the overall health risks of our employee population, helping us to better understand health profiles and the impact of health on productivity and to build strategic, targeted and evidence-based interventions. The program was available to 233 385 employees at the end of December 2022 (227 640 in 2021) and based on the cumulative data, 108 830 Nestlé employees so far have participated in the global program (49 687 in 2021). The most prominent health risks continue to be stress, unhealthy eating, lack of physical activity, weight management and poor-quality sleep.

We continued our series of *HealthTalks* webinars, with 4066 views in 2022 (14 480 in 2021). They covered the topics of long COVID-19 and eating good food for a better mood.

The number of employees reached through global employee health promotion communication campaigns such as #*HealthyLives* and Mental Health Week in 2022 was 156 600.

In addition, we continued to work with industry bodies, including with the Consumer Goods Forum, where we are a member of the Employee Health and Well-being working group.

In 2022, our recordable illness rate per million hours worked was 0.66. There were no recordable fatalities from illnesses and we unfortunately recorded 20 irreversible illnesses.

Safety

We deeply regret that six people lost their lives while working for us in 2022 (three in 2021). Four were Nestlé employees and two were employed by a contractor. Four fatalities involved road traffic accidents, one occurred on a construction site and one during production operations. All fatal accidents are investigated by an independent investigation team to establish the root causes. We take action to prevent recurrence and share the lessons learned across the company.

In 2022, 64.6% of our sites had zero recordable injuries and our Group recordable injury rate per million hours worked was 1.21, an 11% reduction compared with 2021. However, there were still 22 serious injuries in 2022 (13 in 2021). We believe that the occurrence of any incident is unacceptable and we believe that by executing our strategy, we will achieve significant improvements in our safety performance in line with our zero-harm vision.

Sustainability capability building

In Europe, we engage employees through various online training courses on sustainability. Also, a lot of hands-on farm visits and educational activities bring sustainability spirit within our teams.

Compensation and benefits

We have continued to work toward our commitment to roll out our Global Parental Support Policy across all markets, with 100% markets covered by the end of 2022. We can also report that all Nestlé employees are covered by statutory or, when appropriate, sponsored insurance and post employment provisions.

Outlook

In 2023, we aim to keep building our personal and career development resources. We will expand our use of AI to develop and train our employees, rolling out key tools in more markets around the globe.

Our employee relations teams will be instrumental in implementing [human rights salient issue action plans](#) that relate to our own workforce. These are focused on freedom of association and collective bargaining, health and safety at work, living income and living wage, forced labor and responsible recruitment, and gender equity, non-discrimination and non-harassment.

Within our employee health and wellness agenda, we will continue to work through our roadmap toward our 2023 goals. Going forward, we intend to expand well-being to include additional focus areas (such as those relating to financial, social and career considerations), in addition to the existing physical and mental well-being pillars. We plan to update our Global Parental Support Policy and, by the end of 2023, expect every market to have an employee relations strategy in place.

We will also continue to strengthen our safety culture in the context of our zero-harm ambition, placing increased focus on road safety, life-saving rules and impactful safety systems, and we will further develop the *Nestlé Global Women in Safety Network*.



Our flexible approach to employment means that we allow our employees to work remotely when possible.

Agents of change

The importance of our new Domestic Violence Victims Guidance.

In June 2022, thousands of people marched against gender violence and femicide in Buenos Aires as part of a movement in its seventh year called *Ni Una Menos*, or "Not One Woman Less." Protesters sang loudly, beat drums and lit pink candles, illuminating the Argentine parliament to remember victims in a country where an average of one femicide is recorded every 35 hours, and [81% of those killed are classified as victims of domestic violence](#).

This demonstration was a colorful and vibrant show of solidarity for a sensitive issue, one which is not always addressed in public, let alone in the workplace. Very often, domestic abuse is seen as a private matter, where victims go unheard and uncared for. And while the threat looms largest in the home, the risks can quickly reach into the

workplace, impacting performance, leading to absenteeism and disrupting careers.

At Nestlé, the health and well-being of every employee is our priority. We're proud of the progress we have made to empower women, and we're determined to maintain the pace of change by being open about difficult subjects and tackling domestic abuse head on. The workplace can be a sanctuary for those who might otherwise suffer in silence.

Following the global guidance and to strengthen our efforts, we launched our Guidance for Providing Support for Employee Victims of Domestic Violence or Abuse Policy in November, in the Plata Region of Argentina, Paraguay and Uruguay. The guidance is being rolled out globally and provides direction for markets to support employees experiencing or surviving domestic violence. It also aims to raise awareness among employees, remove fears of stigmatization at work for victims and provide guidance to HR Business Partners and People Managers when supporting people in these situations.



Thousands marched against gender violence in Argentina in 2022. Our Domestic Violence Victims Guidance aims to improve support for employee victims in the country.



"Addressing the issue head on is a win-win for employees and for Nestlé."

Belén Corti
Nestlé Medical Specialist

In tandem with the launch, the HR team in Argentina chose November 25, the International Day for the Elimination of Violence against Women, to share a podcast addressing domestic violence with employees. During the broadcast, Belén Corti, Nestlé Medical Specialist and community psychologist, talked about different types of abuse – mental, physical, economic and sexual – and gave example situations in a family environment or in a current or past relationship. Most importantly they explained how and where to get help.

"One of the biggest challenges in addressing domestic violence in the workplace is getting employees to recognize the value of speaking up," Gonzalo Ramos explains. "If we can demonstrate that we are here to support employees and have a team of specialists on standby to provide confidential and constructive advice, we can provide employees with credible solutions."

The podcast was the first in a planned series of events to help bring the new policy to life. From 2023, the HR team – working closely with NGOs – will travel to each Nestlé location in the region to talk to employees in a bid to break down the taboo surrounding the issue. They will also run several programs to train leaders and reinforce the message that violence and abuse should never be tolerated at home or in the workplace.



A podcast discussing the topic of domestic violence was the first in a series of events to promote the new guidelines.

The foundations of ethical business



We continue working to earn trust as an ethical and sustainable business. Trust in Nestlé is fundamental to our culture and to the value chain evolution we are leading.

Background

To earn the trust of stakeholders, organizations are expected to operate with high standards of integrity and business ethics.

In order to meet such expectations, we ensure that the company promotes open and transparent communication and interaction. We also ensure the continuous evolution of a *Speak Up* culture, where people and a healthy working environment will always be protected.

Earning trust is crucial – the trust of customers, consumers, investors, employees, governments and all other stakeholders is fundamental to succeeding as a business over the long term.

Nestlé values this trust above all else. It is the basic foundation on which our business is built. We work to deserve this trust and to safeguard our reputation by behaving ethically, by enabling people to speak up when concerns arise and by managing data responsibly and with transparency. In addition, the regulatory environment has continued to become more rigorous and to touch more deeply on the need for companies to conduct sustainable businesses and operations.

Approach

We conduct business in an ethical and principles-based manner, even in the absence of applicable regulatory requirements. We take a coordinated, holistic and risk-based approach to monitoring our conduct against regulatory requirements, societal expectations and our internal standards. Our commitment to integrity, fairness and authenticity are enshrined in our company's [purpose and values](#).

Our [Corporate Business Principles](#) are mandatory for all employees and are supported by our [Code of Business Conduct](#) and other policies. In particular, the Code specifies certain non-negotiable minimum standards in key areas of employee behavior, including integrity, compliance with laws, conflicts of interests, antitrust and fair dealing, bribery, corruption ([UN Global Compact Principle 10](#)), discrimination and harassment, and accurate reporting and accounting.

We integrate these policies and standards into our business planning, activities, operations, performance reviews and auditing. Where our own principles and policies differ from local legislation, the higher standard applies.

Business ethics and compliance

Our comprehensive Compliance Program supports the continuous development and implementation of our Corporate Business Principles based on ethics and integrity. It empowers our employees and managers to do the right thing for the right reason. The program supports our work related to environmental and social matters and is a foundation for making Nestlé a force for good.

Managing data responsibly and ethically

Our commitment to protecting personal data and privacy is reflected in our mandatory Global Privacy Program, our Data Ethics Framework and our Corporate Business Principles. We are transparent about how we process people's data and provide meaningful control over how personal data is collected and used. We avoid using data and technology in ways that are unethical or could lead to discrimination and exploitation or cause harm.

SDG CONTRIBUTIONS



Using technology to drive sustainable supply chains

As we build closer relationships and create greater transparency throughout our supply chains, technology and data have a huge role to play.

We use technology to track where our raw materials are sourced from, ensuring greater traceability. We also use it to manage the vast amount of information that this creates. This data is used to help drive supply chain improvements and evaluate the responsible measures applied at each stage.

Technology is integral to many of our initiatives, including our income accelerator program that facilitates direct payments to farmers, among other benefits. We make sure to keep data safe to respect farmer and supplier privacy. We use data from satellite monitoring to evaluate forest areas at risk, a strategy that is aimed at preventing deforestation before it happens.

Altogether, this use of technology helps us in our sustainability efforts throughout our supply chains.



We have been using technology to improve sustainability in Côte d'Ivoire since 2011.

OUR 4 COMPLIANCE PROGRAM PILLARS

1. Compliance governance and culture

Our strong culture of business ethics is led and driven by senior management. We are determined to ensure that our policies, standards and procedures, supported by robust governance and processes, enable us to conduct business in an ethical and principles-based manner, to fulfill our business requirements and to meet societal evolution and expectations, while reinforcing a *Speak Up* culture.

2. Communication and training: dissemination of processes and tools

We run yearly communication campaigns to share and reinforce ethics and compliance guidance, and to share information on the evolution of our compliance culture, principles and values. Training materials and tools are continually developed and implemented to support and monitor this process.

3. Monitoring and reporting

Our global CARE social audit program was started in 2005 and is aimed at verifying that all employees and Nestlé-operated sites comply with local legislation, our Corporate Business Principles and our Code of Business Conduct. External auditors assess compliance with our Corporate Business Principles against seven pillars: conditions of work and employment, business integrity, safety and health, environmental sustainability, security, local communities and labor accommodation. In addition, our Human Rights Framework and Roadmap provides a comprehensive approach for assessing and developing preventive and corrective measures to respect human rights in our business relations with third parties.

4. Closing gaps

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

In all areas: automation of systems and processes

The execution of our Compliance Program is supported by the continuous deployment and improvement of digital tools, which provide effective and actionable monitoring and reporting.

External viewpoint

Race to the top



Gerbrand Haverkamp
Executive Director, World Benchmarking Alliance

The importance of transparency in corporate reporting.

The private sector has a critical role to play in achieving the SDGs. Companies that robustly measure, manage and report their impacts help us move toward a more sustainable future for everyone. But doing this is easier said than done. How do we incentivize and accelerate the biggest players in the private sector to get on board? How do we move from simple statements of intent to changes in corporate behavior?

One way is by increasing levels of transparency and accountability. In an ideal world, every company would publicly commit to achieving science-based targets, they would produce all the relevant data internally to track progress, and then publish this data for stakeholders who could help drive progress, and shareholders who could make better decisions on how and where to invest. However, without a universal governing body or framework, companies often fall short of this ideal.

By benchmarking companies, you can create a kind of league table on SDG impact. You tap into a company's competitive spirit and trigger a race to the top. At the World Benchmarking Alliance, we use publicly available data, company questionnaires and reliable third-party sources to rank companies from first to last. We focus on the companies that can have the biggest impact, offering them a scorecard with suggestions on how to improve. All the rankings are made available for free.

The benefit of benchmarking

Companies can use our benchmarks to assess progress against their peers and use our methodologies as guidance for what science and society expect. As soon as a benchmark is made public, it immediately shows performance and provides a common global language for talking about sustainable business practices. How did we perform? What can we do to get better?

Our Theory of Change is simple: by comparing one company to another in a public way in front of investors, customers, employees, NGOs, regulators, trade associations and other stakeholders, we can spotlight the best and worst performers. We can recognize the companies that lead and hold those that lag behind to account, ultimately encouraging both to improve. Our aim is that businesses will fulfil their responsibility in helping to transform the system for both people and the planet.

In the long run, greater transparency and accountability for corporate reporting allows investors to influence the companies they invest in, helps governments to develop better policies, drives civil society to direct public support and partnership efforts and enables individuals to decide where to spend their money or where they'd like to work. In other words, it creates a marketplace for companies to make a real difference.

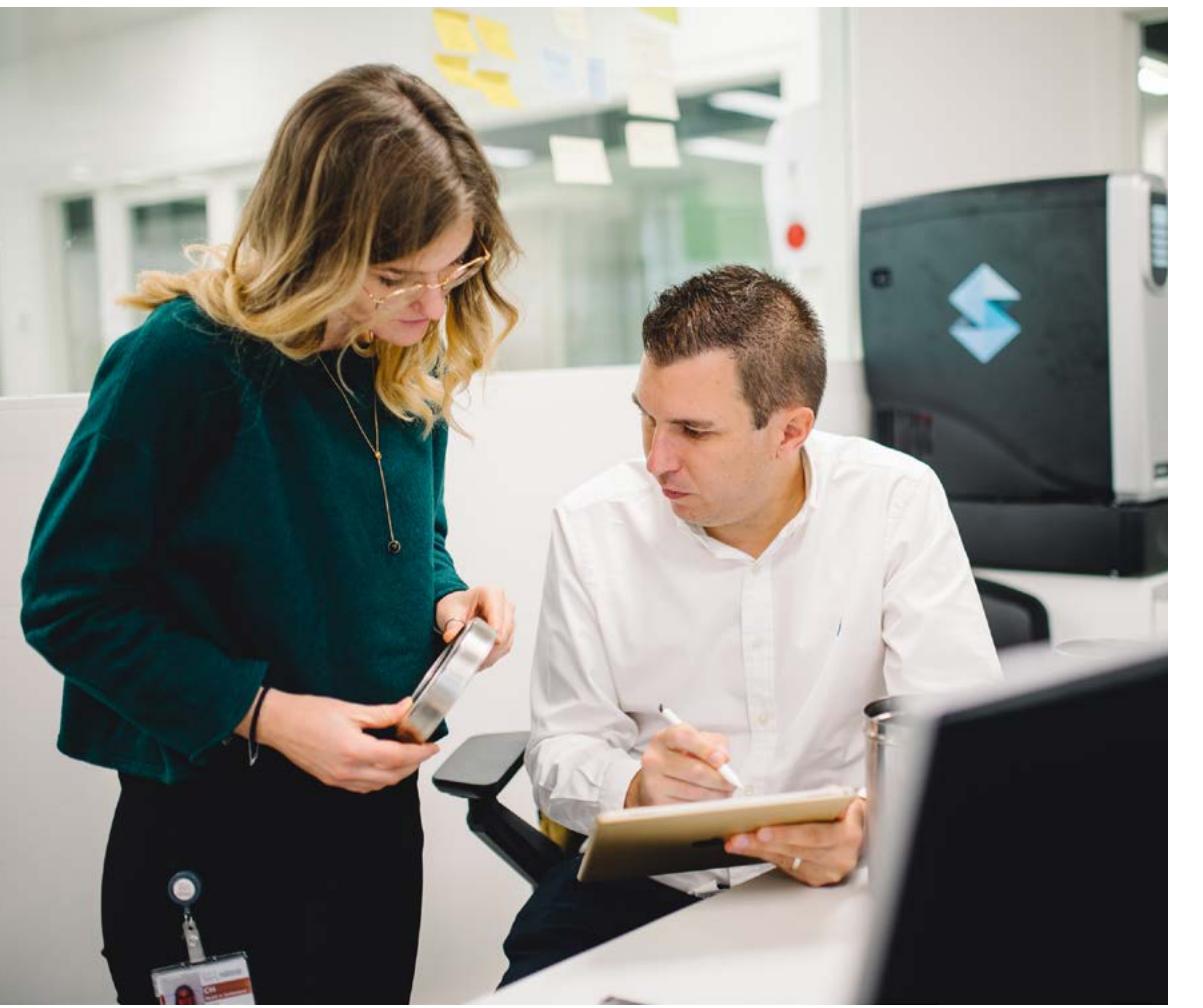
#2

Nestlé ranks #2 of 350 companies in the World Benchmarking Alliance's Food and Agriculture Benchmark

A coffee tree nursery with new coffee varieties. Transparency starts at the very beginning of the supply chain.

See Nestlé's full World Benchmarking Alliance scorecard [here](#).





Performance

Speak Up: a global non-compliance concern reporting channel

Speak Up is our global platform for reporting non-compliance concerns, available for all Nestlé's employees and other stakeholders. It is independently operated by a third party to ensure anonymity when requested. The system also complies with key regulations. It is complemented by the case management system, which is operated by our teams in the markets and records all cases reported through *Speak Up*. This helps to analyze relevant anonymized key performance indicators, trends and statistics on an ongoing basis.

Every allegation reported through *Speak Up* is professionally and confidentially handled. In 2022, we received 2516 messages on non-compliance allegations and compliance-related questions. Of the cases investigated, 578 messages were substantiated. As a consequence of substantiated cases, 154 employees had to leave the company and 11 service providers' contracts were terminated.

Rising awareness of *Speak Up* led to an increase in the volume of messages received in 2022. Even though the number of substantiated cases remained at similar levels to those of 2021, the total number of employees who had to leave the company and number of service providers whose contracts were terminated increased, which clearly shows that compliance with our policies and standards, as well as with applicable laws and regulations, is non-negotiable.

We empower our employees to raise any compliance concerns.

* Messages substantiated related to kickbacks and did not involve government officials.

***Speak Up* cases**

Total cases through *Speak Up*



We published an updated *Speak Up* guideline in all markets. The guideline covers recommendations and requirements on the handling, review and investigation of all non-compliance allegations. It also provides direction on the execution of our non-retaliation commitment to all allegations raised in good faith.

Non-compliance concerns raised through *Speak Up* by category

Breakdown categories for <i>Speak Up</i> messages	Messages received	Messages substantiated
Abuse of power and/or mobbing/bullying	743	222
Unfair treatment	368	26
Labor practice	272	69
Harassment (excluding sexual harassment)	168	52
Fraud (misappropriation or misconduct on accounting/financial statement)	128	35
Safety and health	122	21
Violation of laws/regulations	120	27
Gifts, families and relatives, conflicts of interest	91	22
Bribery and corruption	88	22*
Violence and discrimination	86	16
Sexual harassment	81	36
Confidential information, Privacy Policy (data privacy, trade secrets, intellectual property)	65	8
Third-party compliance	54	8
Seeking compliance advice	43	5
MANCOM members related	27	6
Human rights (child labor, forced labor and modern slavery risks)	16	0
Environmental impact	14	2
Trade sanctions	12	0
Antitrust and fair dealing	9	0
Non-compliance with WHO Code	5	1
Executive Board member/senior managers in Switzerland	4	0

Employees are required to take compliance training every year.



Compliance and Corporate Business Principles training

To help strengthen our compliance culture, we continue promoting the global mandatory e-learning sessions, delivering 817 312 modules in 2022 (1.2 million in 2021, 300 000 in 2020). Much of the training is related to our Corporate Business Principles.

Employees are required to complete a set of 11 mandatory e-learning sessions.

CARE audits

The number of CARE audits continued to register a positive evolution in 2022, at 264 (247 in 2021). This trend reflects a return to a full regularity in performing CARE audits as the impact of COVID-19 becomes less severe.

Our CARE reviews have a broad scope. Their content is based on the SMETA social auditing methodology and enriched with requirements specific to Nestlé. The [Danish Institute of Human Rights](#) also provided input on the program. The wide range of topics include health and safety and working conditions, such as labor accommodation for on-site workers.

All our operational sites are subject to a business integrity review through the CARE Program within the three-year CARE cycle, which reviews and validates bribery and corruption prevention and training.

CARE audits

	2020	2021	2022
Locations covered by CARE audits	300	379	389
CARE audits carried out	150	247	264
CARE audits improvement opportunities identified	274	333	511
CARE audits gaps closed	253	161	283

Monitoring and reporting

We are constantly evolving our compliance monitoring and reporting. In 2022, we conducted a quality review of consequence management for substantiated *Speak Up* non-compliance concerns, using improved trend analysis data. We have also enhanced our current conflict-of-interest declaration process. Data quality and automation initiatives continue to be our key priorities. By doing this, we ensure visibility and enable better business and management decisions.

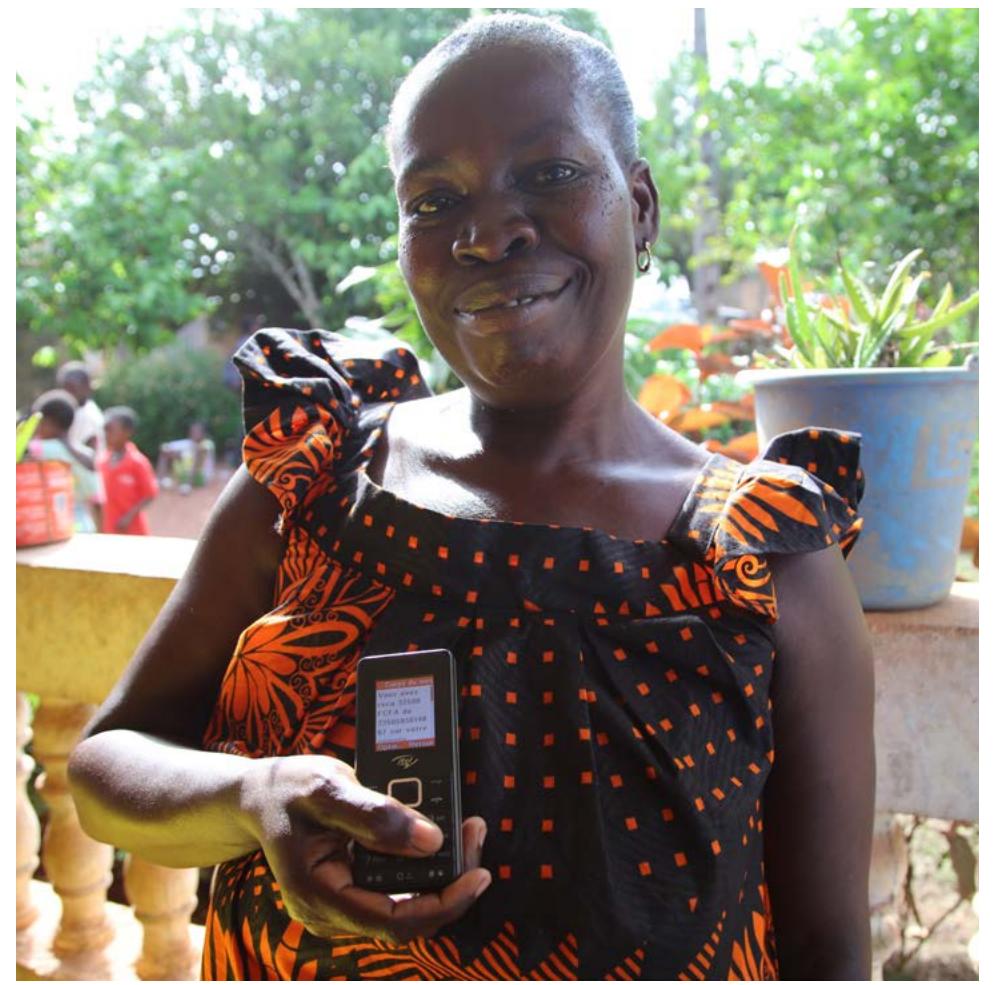
Data protection and privacy

In 2022, we launched our [Salient Issue Action Plan on Data Protection and Privacy](#). It reflects our commitment to privacy and the rights of the individual in relation to digitalization.

Our plan is designed to ensure that we operate to high standards and respond to the growing trend for stronger data protection and privacy laws. We are also responding to the expectations of consumers, investors, customers and regulators on how data is used by corporations.

The plan is based on our Privacy Program, with tools such as maturity self-assessments, privacy impact assessments, vendor privacy risk assessments and internal and external audits used to mitigate risk and report on performance.

The number of data breaches notified to the relevant authorities and affected individuals was eight in 2022. Each reported breach is counted once, regardless of the number of people affected. Also in 2022, we continued to train employees on data ethics and how to manage data legally and responsibly through an iLearn module titled Data Ethics at Nestlé, as well as through our Corporate Business Principles e-learning.



Technology-driven transparency

Our work with partners to test and deploy technology in our upstream supply chains continued in 2022.

In Côte d'Ivoire, we began using mobile payment technology as part of the [Nestlé Cocoa Plan's income accelerator program](#). The technology allowed us to pay premiums as part of the plan directly to the farmers and their spouses. A notable benefit of this technology is that we have a high degree of confidence that the entire incentive reaches the household promptly and that all these transactions are completely traceable.

For many of the rural farmers, this was the first banking facility of any kind that they had ever set up and we provided considerable assistance to them. In many cases, this also involved obtaining basic identity documents, such as birth certificates for farmers.

Ethical business is a core part of our corporate culture.



Mobile technology allows us to make payments from our income accelerator program directly to farmers and their spouses.

Outlook

Looking ahead, we will continue applying and developing our commitments to fairness and authenticity, enabling our employees and managers to do the right thing for the right reason, while protecting and strengthening Nestlé's reputation.

Our mandatory compliance training and relevant communication campaigns will continue to help strengthen our ethical business culture. We continue to evolve and enhance the *Speak Up* program and its case management system, with the support from internal teams and the relevant service provider. Based on the Human Rights Framework and Roadmap, we have issued specific action plans for our 10 salient issues.

Ethical behavior is rooted in respect

Our Speak Up culture.

We promote an inspiring, innovative, transparent and open work environment, where each employee is respected, has the liberty to engage, create and contribute, always with the ability to speak up. Therefore, everyone in the organization is encouraged to speak openly on any matter. Each employee is free to discuss any matter with his or her line manager and, in order to ensure the continuous evolution of such work environments, can approach Human Resources, Compliance or access our *Speak Up* with full confidentiality.

An annual communication campaign

In 2022, we launched our annual employee communication campaign to reinforce the *Speak Up* culture and share the previous year's results. The campaign disclosed the items reported through the channel in 2021 and candidly stated that 133 employees had to leave the company and six service provider contracts had been terminated as a consequence of the substantiated cases.

In addition, we used the World Whistleblower Day on June 23 to promote our *Speak Up* culture across the organization. We conducted a communication campaign to thank our colleagues for having the courage to step forward and report non-compliance concerns. We also used a quiz on our internal Workplace as an engaging way to help employees improve their knowledge of *Speak Up*. Our global campaigns are supplemented by numerous communication campaigns in the markets.

We believe that the robust system and consistent communications are proving a potent mix. Nestlé is sending a strong message and consequently having a local impact through its actions: setting high standards for its employees and external stakeholders, creating a robust framework against which to measure behavior and, importantly, taking decisive consequence management decisions and improvement actions.

All of this is fundamental to remaining true to our values, which are based on respect and ultimately drive our success.

"Our commitment to full confidentiality, protection and non-retaliation on the treatment of all noncompliance allegations made in good faith is essential to ensuring trust in our organization and encourages others to speak up."



Flávio de Souza
Nestlé Chief Compliance Officer



Scan the QR code
take the quiz and
test your knowledge

It is important for employees to feel able to raise concerns – which is why we work hard to build a *Speak Up* culture.

About this report

This Creating Shared Value and Sustainability Report 2022 aims to provide a full and balanced picture of Nestlé's material topics, related impacts and performance in the calendar year ending 31 December 2022. The report is aimed at a broad audience including investors, non-governmental organizations, environmental, social and governance services, customers and suppliers.

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

Reporting scope, boundaries and methodology

This report covers our global operations and contains data for wholly owned companies and subsidiaries that are consolidated in the Nestlé S.A. financial statements, excluding associates and joint ventures and suppliers unless otherwise stated. Our environmental data refers to factories and warehouses, except for acquisitions that occurred after 31 December 2021. Our separate Reporting Scope and Methodology for ESG KPIs document provides more detailed definitions and methodologies for selected strategic key performance indicators with limited assurance. All monetary amounts are in Swiss francs (CHF), unless otherwise stated.

Our Annual Review provides an overview of our product categories, operating segments and markets where we operate, as well as any significant changes to our operations in 2022. 'Market' refers to business operations and/or activities at a national level, while 'Zone' refers to a geographic group of markets.

Reporting frameworks

This report has been produced with reference to the Global Reporting Initiative (GRI) Consolidated Set of Standards 2021. We also applied the Sustainability Accounting Standards Board (SASB) Standard for the Processed Foods sector and World Economic Forum Stakeholder Capitalism metrics. Our GRI Content Index and SASB Index are available on our [website](#).

Independent assurance

We engaged two third-party organizations to provide independent assurance of the content of this report in 2022.

Bureau Veritas has provided independent assurance of the accuracy, reliability and objectivity of the information included in this report, and that it covers our material issues. The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (AA1000AS v3) Type 2 at moderate level of assurance. The full assurance statement with Bureau Veritas' independent opinion can be found at www.nestle.com/assurance-statement.

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

- CO₂e reductions compared with business-as-usual scenario, and removals secured in 2022
 - GHG emissions Scope 1
 - GHG emissions Scope 2
 - GHG emissions Scope 3
- Water use reduction in factories
- Percentage of key ingredients produced sustainably
- Percentage of key ingredients sourced through regenerative agriculture methods
- Percentage of assessed deforestation-free for primary supply chains
- Percentage of virgin plastic reduction
- Percentage of plastic packaging designed for recycling
- Number of servings of affordable nutrition with micronutrient fortification
- Number of young people around the world with access to economic opportunities
- Percentage of women in the top 200+ senior executive positions

This assurance engagement was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 to provide limited assurance. Our Reporting Scope and Methodology for ESG KPIs document provides details and definitions of these selected KPIs and can be found at www.nestle.com/sites/default/files/2023-03/reporting-scope-methodology-esg-kpis-2022-en.pdf.

As part of this engagement, EY reviewed the following additional indicators that are related to the selected KPIs for consistency:

- Total Scope 1+2+3 emissions (CO₂e)
- Percentage of renewable electricity sourced
- Percentage of global fleet of vehicles switched to lower-emission options
- Total energy consumed
- Percentage of energy consumed that is renewable energy
- Percentage of energy consumed that was supplied from grid electricity
- Millions of trees secured
- Million tonnes CO₂e secured through tree-planting projects initiated
- Percentage certified sustainable palm oil
- Percentage coffee sustainably produced
- Percentage cocoa sourced through the *Nestlé Cocoa Plan*
- Percentage cage-free eggs
- Percentage Nespresso coffee sourced via the *Nespresso AAA Sustainable Quality™ Program*
- Percentage Nescafé coffee sustainably sourced
- Total water withdrawn in m³/y (+ breakdown by source*)
- Total water consumed in m³/y
- Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress

- Percentage of water consumed in regions with High or Extremely High Baseline Water Stress
- Water withdrawals at our factories by product category (m³ per tonne of product)
- Total weight of packaging in tonnes
- Percentage of packaging made from recycled and/or renewable materials
- Percentage of packaging that is reusable, recyclable or compostable
- Percentage of recycled plastic in plastic packaging
- Packaging pieces placed on the market
- Percentage of global plastic use by weight and type, as % of total
- Total weight of plastic packaging
- Job opportunities for people under 30
- Apprenticeship and traineeship opportunities
- Young farmers trained through *Agripreneurship Program*
- Number of young people impacted through digital events (e.g. career fairs, educational webinars, e-learning programs) that focus on upskilling young people and make them more employable

All other data points are assured by Bureau Veritas, except for waste volumes (page 13) and the % reduction in water withdrawals at our factories by product category since 2010 (page 27), which have not been assured for 2022.

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

✉ creatingsharedvalue@nestle.com



BUREAU
VERITAS



EY assured. The EY limited assurance report and conclusion can be found at www.nestle.com/assurance-statement

Forward-looking statements

This report contains forward-looking statements based upon current expectations and assumptions regarding anticipated developments and other factors. They are not historical facts, nor are they guarantees of future performance since they are subject to numerous assumptions, risks, and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and various factors could cause actual performance to differ materially from that expressed or implied by these forward-looking statements. Nestlé assumes no duty to and does not undertake to update forward-looking statements.