



**Nestlé** Good food, Good life



## Creating Shared Value and Sustainability Report 2020

Nestlé. Unlocking the power of food to enhance quality of life for everyone, today and for generations to come.

## A message from our Chairman and CEO



  
**U. Mark Schneider**  
 Chief Executive Officer

  
**Paul Bulcke**  
 Chairman

# Nestlé. Unlocking the power of food to enhance quality of life for everyone, today and for generations to come

**2020 was an extraordinary and challenging year. The COVID-19 pandemic severely impacted everyone's lives and created much instability and uncertainty.**

Nestlé responded immediately and with clear priorities, activating and implementing measures to keep our people safe, and ensuring the supply of essential foods and beverages to consumers.

We also provided care for our communities, as well as financial and in-kind support to business partners. For example, we joined forces with the International Federation of the Red Cross and Red Crescent Societies to provide urgently needed help for emergency services and caregivers and to strengthen healthcare systems. Our *Always Open for You* platform supported the food service industry by extending credit terms, suspending rental fees on coffee machines and offering free products when those businesses are able to reopen.

It is in times as challenging as these that we can truly demonstrate how business can be a force for good. This is what Creating Shared Value (CSV) has always been about, focusing energy and resources where we can make the greatest positive impact on people and the planet.

Last year, the time frame for many of our public commitments came to an end. We have made progress that everyone at Nestlé can be proud of, having fulfilled the majority of our commitments. We are intensifying our efforts to close the small gaps on the few that remain.

Despite the clear challenges of the past year, we have continued to respond to consumer demands and do our part for the planet by developing products that deliver great taste and nutritional value while minimizing their environmental impact. For example, we have significantly invested in plant-based products, launching *Garden Gourmet* brand's *Sensational Burger* and *Sensational Vuna*, our vegan tuna alternative, in Europe.

Our commitment to supporting youth opportunities has also not wavered. Amid the pandemic, we have scaled up online training to ensure continuity of our internship and apprenticeship programs. We have made significant progress on our journey to sustainable packaging too. This included the investment of USD 30 million (CHF 26.4 million) in the Closed Loop Leadership Fund to lead the shift from virgin plastics to food-grade recycled plastics in the US.

In 2020, we reaffirmed our support for the UN Global Compact and were again named a LEAD company in recognition of our ongoing determination to help achieve the UN Sustainable Development Goals (SDGs). We are defining new ambitions that will push us to go further and faster, drive progress on social issues and support a healthy food system.

We have set new commitments to achieve 100% reusable or recyclable packaging by 2025 and to achieve net zero greenhouse gas emissions by 2050, supported by our [Net Zero Roadmap](#) with tangible, time-bound targets to reduce emissions, within and beyond our operations. Our actions include working with 500 000 farmers and 150 000 suppliers to support them in implementing regenerative agricultural practices, planting hundreds of millions of trees within the next 10 years and completing the company's transition to 100% renewable electricity by 2025.

This report provides a detailed overview of how Nestlé is making a difference across our three impact areas – individuals and families, communities and the planet. We know that amazing things should and *can* happen when we all work together. This belief is at the heart of CSV and will drive our business in 2021 and beyond.

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Further detail about our report scope, strategy and governance, KPIs and materiality, as well as our GRI and UNGPRF indices can be found in the [Creating Shared Value and Sustainability Report 2020 Appendix](#)

# Our journey

A timeline of our achievements over the years: from the birth of Nestlé to the evolution of Creating Shared Value (CSV), and beyond.

## 1867

Nestlé is founded by Henri Nestlé, who develops *farine lactée* to tackle high infant mortality



## 1997

Nestlé sets its Nutrition, Health and Wellness vision

## 2002

Partnership with the International Federation of Red Cross and Red Crescent Societies signed to collaborate on HIV prevention, WASH in cocoa supply chains, and disaster relief, including joint COVID-19 relief in 2020

## 2010

The *Nestlé Cocoa Plan* and *Nescafé Plan* are both launched. They are designed to develop sustainable cocoa and coffee supply chains, improve social conditions in farming communities and ensure profitability



## 2016

The 2030 CSV ambitions are refined and targets set for the next five years

## 2018

*Nestlé for Healthier Kids* is launched globally, reaching 29 million children in the first year of launch to improve how they eat, drink and live



## 2020



The ambitious Nestlé Net Zero Roadmap is launched, following the announcement of Nestlé's 2050 climate commitment in 2019



## 1982

Nestlé is one of the first companies to develop policies based on the WHO International Code of Marketing of Breast-milk Substitutes. In 2011, Nestlé becomes the first breast-milk substitute company to be included in the FTSE4Good Index



## 2006

The CSV approach is formally adopted, followed by the first CSV Forum in 2009, beginning regular engagement between stakeholders and our leadership

## 2011

Nestlé is the first food company to work with the Fair Labor Association to tackle child labor risk in the cocoa supply chain



## 2017

*Nestlé needs YOUth*, which aimed to support 10 million young people in their search for employment, is launched globally

## 2019

Nestlé inaugurates the Institute of Packaging Sciences to advance the development of safe, functional and sustainable packaging

Individuals and families

# Nestlé for Healthier Kids

**80 million** children have received nutrition education and over 4000 nutritious foods and beverages have been launched since 2016 with support from our flagship Nestlé for Healthier Kids initiative.

[Read more on page 20](#)



# Fighting micronutrient deficiencies

**196 billion+** servings

of micronutrient fortified foods and beverages provided in emerging countries with high vulnerability of deficiencies during 2020.

[Read more on page 15](#)



# Supporting informed choices

**98.3%** of product packaging based on net sales now displays the Nestlé Nutritional Compass, providing at-a-glance information to help consumers make informed choices for a healthy, balanced diet.

[Read more on page 17](#)



# Engaging children in cooking

**350 million** parents in over 35 markets reached through the 2020 #cooktogether campaign.

[Read more on page 20](#)

## Communities

# Cutting deforestation

**90%** of our main forest-risk commodities that we buy (palm oil, pulp and paper, soya, meat and sugar) have been assessed as deforestation-free, as of December 2020. Over the past ten years, we have been using a combination of tools, including supply chain mapping, risk assessments, certification, satellite monitoring and on-the-ground verification, to ensure they are not linked to deforestation.

[Read more on page 31](#)



# Growing livelihoods

**235 million** quality plantlets distributed to coffee growers to support higher yields and incomes, exceeding our original target by 15 million by 2020.

[Read more on page 32](#)



# Tackling child labor

**127 550** children protected against the risk of child labor since 2012 through support such as income-generating activities, bridging classes, school kits, school renovation and building.

[Read more on page 33](#)



# Nestlé needs YOUTH

**10 million** young people have been supported by the Global Alliance for YOUTH that Nestlé founded in 2014. We also expanded *Nestlé needs YOUTH* initiative across our operations to help empower millions more young people to begin careers or access training.

[Read more on page 40](#)

Planet

# Caring for water

**1.4 million** beneficiaries in the areas surrounding our facilities have increased access to WASH projects. We have worked with local stakeholders and organizations to achieve this over the course of our commitment.

[Read more on page 48](#)



# Closing the loop

**88%** of our packaging by weight is reusable or recyclable. 15 markets now have stakeholder alliances dedicated to addressing waste management and marine littering.

[Read more on page 53](#)



# Providing climate leadership

**37%** reduction in greenhouse gas emissions per tonne of product since 2010. By launching our Net Zero Roadmap, we are aiming to halve emissions by 2030 and be net zero by 2050.

[Read more on page 50](#)



# Achieving zero waste

**95%** of our factories have now reached zero waste for disposal status. All our factories have waste diversion processes in place and we will continue to work toward achieving 100% zero waste across our business.

[Read more on page 54](#)



# What's next?

**Nestlé has worked to be a force for good since its foundation and the conclusion of our 2020 commitments is simply another step in this ongoing journey. Now, we're going further.**

We're doing this because we are the Good food, Good life company. We exist to unlock the power of food to enhance the quality of life for everyone, today and for generations to come. And the future of 'Good food' is at stake – from the 'goodness' of its nutritional content to its reliable accessibility and affordability for all.

Now, as the global conversation increasingly turns to stopping rising temperatures and reversing years of biodiversity destruction, the way we fulfill our purpose has never been more important. In 2021, we will see a host of global events, from the United Nations Food Systems Summit to the Convention on Biodiversity and the UNFCCC COP26. It is also the year in which Nestlé will go further and publish fresh commitments. At this pivotal moment, Nestlé has not only made a commitment to reach net zero emissions across the whole of our operations by 2050, we have backed it up with the publication of our detailed roadmap.

To achieve this will require radical action across our whole value chain, from switching to renewable energy in our factories and offices, to looking for new innovative packaging solutions for our products, to working with our suppliers and farmers on future-proofing our food system.

In fact, the majority of our impact comes from agriculture – the way we grow and produce the ingredients that make up our products. This is why we're focusing on more regenerative agricultural practices.

Our new commitments will build on our Net Zero Roadmap and our work in regenerative agriculture. They will focus on how we will work together to create a resilient future for our planet, and the resources and communities upon which we depend to feed the world.



## It's time for us to do even more.



# Our 2020 commitments and progress

Status of our commitments  
 Achieved Extended or partially achieved

## For individuals and families

Enabling healthier and happier lives

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



### Offering tastier and healthier choices

### Inspiring people to lead healthier lives

### Building, sharing and applying nutrition knowledge

- ✔ Launch more foods and beverages that are nutritious, especially for mothers-to-be, new mothers, infants and children
- ✔ Further decrease sugars, sodium and saturated fat
- ✔ Increase vegetables, fiber-rich grains, pulses, nuts and seeds in our foods and beverages
- ✔ Simplify our ingredient lists and remove artificial colors
- ✔ Address under-nutrition through micronutrient fortification
- ✔ Apply and explain nutrition information on packs, at point-of-sale and online
- ✔ Offer guidance on portions for our products
- ✔ Leverage our marketing efforts to promote healthy cooking, eating and lifestyles
- ✔ Empower parents, caregivers and teachers to foster healthy behaviors in children
- ✔ Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly
- ✔ Inspire people to choose water to lead healthier lives
- ✔ Partner for promoting healthy food environments
- ✔ Build and share nutrition knowledge from the first 1000 days through to healthy aging
- ✔ Build biomedical science leading to health-promoting products, personalized nutrition and digital solutions

## For our communities

Helping develop thriving, resilient communities

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



### Enhancing rural development and livelihoods

### Respecting and promoting human rights

### Promoting decent employment and diversity

- ✔ Improve farm economics among the farmers who supply us
- ✔ Improve food availability and dietary diversity among the farmers who supply us
- ✔ Implement responsible sourcing in our supply chain and promote animal welfare
- ✔ Continuously improve our green coffee supply chain
- ✔ Roll out the *Nestlé Cocoa Plan* with cocoa farmers
- ✘ Assess and address human rights impacts across our business activities
- ✔ Improve workers' livelihoods and protect children in our agricultural supply chain
- ✔ Enhance a culture of integrity across the organization
- ✔ Provide effective grievance mechanisms to employees and stakeholders
- ✘ Roll out our *Nestlé needs YOUth* initiative across all our operations
- ✔ Enhance gender balance in our workforce and empower women across the entire value chain
- ✔ Advocate for healthy workplaces and healthier employees

## For the planet

Stewarding resources and the environment

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



### Caring for water

### Acting on climate change

### Safeguarding the environment

- ✘ Work to achieve water efficiency and sustainability across our operations
- ✔ Advocate for effective water policies and stewardship
- ✘ Engage with suppliers, especially those in agriculture
- ✔ Raise awareness on water conservation and improve access to water and sanitation across our value chain
- ✔ Provide climate change leadership
- ✔ Promote transparency and proactive, long-term engagement in climate policy
- ✔ Improve the environmental performance of our packaging
- ✔ Reduce food loss and waste
- ✔ Provide meaningful and accurate environmental information and dialogue
- ✔ Preserve natural capital







# For individuals and families

## 2030 ambition

To help 50 million children lead healthier lives each year

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# Offering tastier and healthier choices



## Our commitments to offering tastier and healthier choices

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

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



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

## Why it matters

Food and good nutrition are fundamental to our health. What we eat also brings us well-being and enjoyment; and it is part of our cultural identity.

In recent years, there has been an increasing demand for food that is healthier for people and the planet.

This shift in thinking has occurred at a time when our populations are growing and many people globally suffer from malnutrition. This is due either to not getting enough food or eating too much food with limited nutrients. In 2020, the COVID-19 pandemic reinforced just how important it is for people to have access to healthy, great tasting and affordable food.

Nestlé is passionate about making better nutrition accessible while inspiring people to explore and enjoy food that supports their health.

At the same time, we are helping to reshape food systems so that they also contribute to regenerating the environment that provides our raw materials.

## What we achieved

Unlocking the power of food is central to all that we do at Nestlé. By setting ambitious commitments, we have been able to deliver real change and innovation in food and nutrition.

As part of this work, we have launched distinctive food concepts that are both healthier and more sustainable, including *Sensational Vuna*, a vegan tuna alternative, and a plant-based Nesquik drink.

We have also renovated some of our most iconic products to reduce sugars, sodium and saturated fat, and have been adding positive nutrients and micronutrients, together with whole grains, vegetables, nuts and seeds.

We work hard to help many of the world's most vulnerable people by improving the affordability of nutrient-dense products. We have been further expanding the reach of our micronutrient fortified favorites and launching new products such as fortified porridge in Southeast Africa. In addition, we have partnered with like-minded institutions to scale up research and drive awareness of micronutrient deficiencies.

## Looking ahead

We will keep innovating to create more accessible, affordable and nutritious products that are good for people and for our planet. This is how we will live up to our purpose: unlocking the power of food to enhance quality of life for everyone, today and for generations to come.

# Launching more nutritious products

## Our commitment

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

Achieved

## Our objective

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

Achieved

## Our action and achievements in 2020

### Addressing the multiple nutritional needs of children

In 2020, we were able to continue addressing multiple aspects of child nutrition thanks to our broad range of brands. We continued to reduce excess sugar, salt and fats across our portfolio, as well as add in key nutrients such as fibers, proteins, vitamins and minerals.

We also addressed other important aspects of child health, such as food allergies. In August, we announced the acquisition of [Aimmune Therapeutics, Inc.](#), a biopharmaceutical company that develops treatments for potentially life-threatening food allergies. Aimmune's recently launched Palforzia is the only peanut allergy drug to be approved by the US Food and Drug Administration (FDA) for use by children.

### Supporting affordable, accessible nutrition

In 2020, we launched our [Nestlé Cerevita Instant Sour Porridge](#), an affordable, nutritious solution for Southeast African consumers.

Made with whole grains and cereals, it is fortified with key vitamins, fiber and protein to help tackle local nutritional challenges. We leveraged our science and technology capabilities to develop a porridge that is adapted to local taste preferences and nutritional requirements while minimizing production costs to ensure affordability.

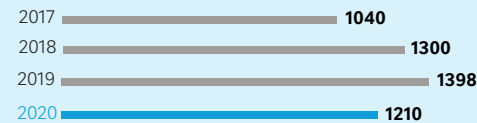
## Overall achievements

Since the start of our commitments, we have launched over 4000 nutritious products that help give children and families better choices. We have made it easier for parents to find good food kids love, as many of the products we have launched under our commitment are fortified with essential micronutrients and have less added sugar or salt. We have also offered more plant-based products and expanded our range of organic choices with natural ingredients.

These have included new options from favorite brands like *Nesquik*, *Gerber* and *Cheerios*.

Throughout, our efforts have been informed by research from our [Nestlé Feeding Infants and Toddlers Study \(FITS\)](#) and our [Kids Nutrition and Health Study \(KNHS\)](#). In many cases, these guided our reformulation efforts so they met local nutritional needs. We are proud of achieving our 2020 commitment and will use the valuable learnings we have gained to lay strong foundations for our future work.

### New nutritious products for kids and families



## Looking ahead

It can be difficult to find food and beverage options that support healthy development and that children love. We will continue to support parents by offering new and innovative products that are tasty and address key nutritional needs in infants, children and new mothers.

## Offering innovative alternatives with plant-based beverages



In 2020, we continued to expand our dairy alternatives range with the launch of a plant-based, ready-to-drink version of *Nesquik* chocolate drink in Europe.

Made from 100% natural ingredients, the new recipe features a combination of oats, peas and sustainably sourced cocoa. As a result, this kids' favorite is a good source of plant-based protein.

It also uses less sugar than milk-based *Nesquik*, while still offering the familiar *Nesquik* taste in a naturally lactose-free product. The new recipe has even been certified by [The Vegan Society](#).

[Read more about this story and others online](#)

# Reducing sugars, sodium and saturated fat

## Our commitment

### Further decrease sugars, sodium and saturated fat

Partially achieved 🟡

## Our objectives

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

Extended 🟡

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

Extended 🟡

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

Achieved ✅

## Our action and achievements in 2020

### Reformulating products to address nutritional challenges

Many people around the world are consuming too much sugar, sodium and saturated fat. We are working on reducing these ingredients in our products without compromising on taste.

### Reducing added sugars

In our efforts to reduce added sugar, we have focused on some of our most popular brands, including *Nesquik* and *Milo*. We have achieved an overall reduction of 4.5% toward our ambitious 5% goal. This has been achieved through investment in research and development (R&D) to develop new technologies, and the introduction of new reduced-sugar and no-added-sugar products from confectionery brands including *KitKat* and *Les Recettes de l'Atelier*.

### Cutting sodium

We have achieved a reduction in sodium added to our products across some of our most iconic brands. For example, in 2020, we implemented a new recipe for *Maggi Tablet Light* bouillon cubes sold in Côte d'Ivoire, with a 15% reduction in sodium.

Although our achievement is below our 10% target, our progress against a large portfolio of globally popular products represents a meaningful improvement in reducing sodium intake in people's diets. We will continue to work toward our commitment to help individuals and families meet global recommendations.

### Reducing saturated fat

We have met our saturated fat objective. In the course of this work, we have reduced the levels of saturated fat in many products, including in brands such as *Maggi*. Another key achievement was replacing palm oil with a more nutritious, locally grown, high-oleic sunflower oil in our popular Asian noodles, which reduced saturated fat by around 70%.

## Overall achievements

We have removed the equivalent of 60 000 tonnes of sugar since 2017 – over 30% more than the amount removed between 2014 and 2016. We have also achieved almost 10 000 tonnes of salt reduction in foods and beverages since 2017. That is around 3.5 times more than the amount removed between 2013 and 2016. As well as these achievements, we are proud to have met the 10% reduction for saturated fat set in 2014. Taken together, this represents an important increase in our offering of tasty products with improved nutrition.

## Looking ahead

We have a gap of 0.5% to meet our commitment to reduce added sugars by 5% by the end of 2020, as our reformulation work slowed down due to COVID-19. However, our efforts to reduce sugar continue. For example, we developed a new patented technology that significantly reduces sugar while enriching products with healthy fibers. This new technology was introduced in *Milo* products in Southeast Asia in 2020, and will be further rolled out in 2021.

We will continue to reduce sodium at a pace that supports consumer preferences. We will also continue to use unsaturated oils rich in essential fatty acids and replace saturated fats whenever possible.

We remain committed to continuously improving the nutritional value of our products and setting strong nutritional targets for our innovations. In this context, we are exploring new ways to add healthier ingredients and enhance the overall environmental sustainability of our products.

## Adding healthier fat to old favorites: McKay Museo



*McKay* is a pioneer brand in the biscuits category, with over 125 years of history and tradition in the Chilean market. In 2020, we reformulated our popular *McKay Museo* biscuits for children. While the previous ingredient list was simple, it contained ingredients that we are looking to reduce, including sugars and saturated fat.

After reformulating the product, the biscuits now contain natural ingredients such as fruit juice and date paste for sweetening. In addition, palm fat has been replaced with sunflower seed paste. These changes mean the biscuits are free of nutrient warning labels.

[Read more stories online](#)

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

# Adding vegetables, fibers and whole grains

## Our commitment

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

Achieved ✓

## Our objectives

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

Achieved in 2019 ✓

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

Achieved in 2019 ✓

## Our action and achievements in 2020

Many people all over the world do not have enough vegetables, pulses, nuts, fibers and whole grains in their diets. We are working to increase the quantity of these elements in great tasting products that are easily accessible.

We achieved both of our objectives in 2019 but still continued to go further during 2020.

### Promoting whole grains

Studies show that people who eat 70 g of whole grains a day lower their risk of cardiovascular disease mortality by 23% and reduce their risk of cancer mortality by 20%. That is why the majority of our cereals now feature whole grain as the main ingredient.

To promote the value of whole grains in healthy diets, we are a proud supporter of the [Whole Grain Initiative](#). This was launched to increase global whole grain consumption and is helping support the 2017 [Vienna Whole Grain Declaration](#).

### Helping families consume more vegetables

Every second, our *Maggi* brand is used to prepare over 21 000 food portions globally, while every minute, consumers add more than 250 tonnes of fresh ingredients to their *Maggi* meals. To encourage people to add vegetables to the dishes they prepare using these products, we provide tools such as online recipes and nutritional advice. An example of this is our MyMenu IQ guide, which helps people to balance their meals.

In addition, we have added more vegetable and fiber-rich grain content to many of our *Maggi* products themselves. These reformulations are particularly helping families with children to increase their vegetable intake.

### Bringing more plant-based products to market

To meet the demand for products that are better for people and the planet, we have launched several plant-based options this year, such as *Garden Gourmet's Sensational Burger* in Europe, plant-based *Milo* in Australia and *Sensational Vuna*, our vegan tuna alternative in Switzerland.

In Germany, our *Maggi* brand has piloted a new soup range called *Krumm Glücklich* ('Crooked but Happy'), made from vegetables that were destined to become food waste. The soup offers a simple way to help people consume more of their daily recommended intake of vegetables while helping tackle food waste at the same time. If the pilot proves popular, the soup will be launched commercially in early 2021.

## Overall achievements

Through product reformulations and new launches, we are providing millions more servings of healthy ingredients such as vegetables, pulses, brans and whole grains. Following more than 10 years of reformulation, whole grains are now the main ingredient in over 88% of our breakfast cereal recipes.

## Looking ahead

Achieving our commitments in this area is only the start. We will draw on our experiences so far to redouble our efforts and launch many more nutritious products in the coming years.



### Promoting International Whole Grain Day

Whole grains are key for a healthy diet, but many people do not consume enough of them. We are tackling this by making them a core ingredient in many of our cereals and by supporting visible initiatives that promote whole grains. In 2020, we took part in International Whole Grain Day with a month-long social media campaign aimed at inspiring and educating more people on how to increase their whole grain intake.

We also reaffirmed our commitment to increasing whole grains in our foods and voiced our support for international governments and policymakers to ensure:

- Consistency in dietary guidelines with an emphasis on whole grains.
- Clear front-of-pack labels that recognize the important contribution of whole grains to healthy diets.
- Education and marketing campaigns on the benefits of whole grains.

In addition, we promoted the International Whole Grain Day webinar, featuring the [Whole Grain Initiative](#), the Food and Agriculture Organization and a host of global leaders.

[Read more about this story online](#)

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

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

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

# Simplifying ingredient lists

## Our commitment

### Simplify our ingredient lists and remove artificial colors

Achieved ✓

## Our objectives

**By 2020:** Continue removing unfamiliar ingredients

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

Food plays a big part in how people take care of themselves and their families. Consumers are increasingly demanding that the products they buy have recognizable ingredients with more natural formulations they understand and trust.

### Removing unfamiliar ingredients

In 2020, we continued to improve the formulation of our products by removing unfamiliar ingredients in several iconic brands, including *Nesquik*, *Maggi*, *La Lechera*, *Nescafé* and *Starbucks*.

For our reformulation of *Nesquik*, we replaced maltodextrin with oat flour, added 65% more cocoa and cut the number of ingredients from 12 to 8.

### Finding alternatives for artificial colors

Only 1% by weight of all colorants used in our foods and beverages is defined as artificial. Replacing all artificial coloring while still meeting technical and regulatory requirements is a complex undertaking; however, we are determined to close the small remaining gap. We will continue to innovate with alternatives containing more natural elements that our consumers enjoy.

### Making chocolate simpler

At Nestlé, we are always looking for new ways to simplify ingredient lists in line with evolving consumer expectations. As part of this, we explored whether chocolate, usually made of multiple ingredients, could be made from the cocoa fruit alone.

The result is our *KitKat Chocolatory Cacao Fruit Chocolate*, which is the first chocolate to use the beans and pulp of the cocoa tree's fruit as the only ingredients. The pulp naturally sweetens the chocolate, eliminating the need for refined sugars and cutting down on production waste.

The *KitKat Chocolatory Cacao Fruit Chocolate* was launched in 2019 through our *KitKat Chocolatory* in Japan, followed by Australia and Brazil in 2020. In 2021, we will significantly expand the range of products using this manufacturing technique.

We have also used simple formulations with fewer ingredients in our *Les Recettes de l'Atelier* confectionery brand. For sale in France, Spain, Italy, the UK, the Netherlands and the Czech Republic, the brand's products are made with 100% sustainably sourced cocoa and do not contain any artificial colors, flavors or preservatives.

The changes we have made to both *KitKat* and *Les Recettes de l'Atelier* are also helping to improve incomes for [cocoa farmers globally](#) by using cocoa exclusively from the *Nestlé Cocoa Plan*.

## Overall achievements

Over the course of our commitment, we have reworked many of our most iconic brands to have simpler ingredient lists. As a result, it is now easier for consumers to understand what goes into our products and make choices that align with their needs and their values.

## Looking ahead

We will soon finalize our work to remove the small amount of artificial colors still used in our products and to meet our commitment. We will continue to reformulate and innovate to create products with simple, understandable and natural ingredients.

## Coloring Smarties with natural ingredients



For our *Smarties* confectionery products, we developed new recipes free of artificial colors globally, with the final removals having taken place in Australia, Canada and South Africa.

The artificial colors have been replaced with natural ingredients from foods that provide color properties, such as sweet potato spirulina, turmeric and beetroot.

In addition, our *Smarties* brand is now using recyclable paper packaging for its confectionery products worldwide.

[Read more about this story and others online](#)

\*There is no internationally agreed legal definition of what is an 'artificial' color. Nestlé's position regarding these substances is based on our factual ingredient and processing knowledge

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

# Micronutrient fortification

## Our commitment

### Address under-nutrition through micronutrient fortification

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

In many parts of the world, getting vital nutrients from food alone is simply not possible. Nestlé is passionate about addressing this need by fortifying commonly consumed foods and beverages with essential micronutrients.

### Providing fortified food to millions

In 2020, we delivered 196.6 billion\* fortified servings of foods and beverages. Of our popularly positioned products for lower-income consumers, 81% were fortified with at least one of the [Big 4 micronutrients](#). These are iron, iodine, vitamin A and zinc. Their benefits include helping prevent poor health and productivity loss, supporting brain development and maintaining normal function of the immune system.

### Reducing micronutrient deficiencies

We work with partners and governments across the world to help promote awareness around micronutrient deficiency. We also invest in improving access to fortified foods, supporting research and hosting awareness campaigns.

We have collaborated with stakeholders in 10 countries in recent years: Burkina Faso, Cameroon, Côte d'Ivoire, Egypt, Ghana, Myanmar, Nigeria, the Philippines, Senegal and Sri Lanka.

Examples include our support for the Egyptian Government's 2030 vision to combat iron deficiency in mothers-to-be and children under 3 years of age.

Furthermore, in partnership with the University of Ibadan, we participated in a study into kids' nutrition and health in Nigeria.

### Reframing our biofortification approach

In recent years, we have worked closely with stakeholders in Nigeria and Zimbabwe to develop supply chains for biofortified maize. We have used this maize in some of our porridge recipes in Nigeria.

We believe in the potential of biofortification and will continue engaging with stakeholders to inform them of the benefits of these crops. Going forward, we will focus on broader food and agricultural

systems to accelerate transformational change, helping to both protect biodiversity and improve the livelihoods of farmers in our supply chains.

In addition, we remain committed to expanding our large-scale voluntary efforts to make affordable and fortified products more accessible.

## Overall achievements

Our iconic and popular brands such as *Maggi*, *Bear Brand* or *Cerevita* give us a powerful platform to provide accessible fortified products for vulnerable populations – which is particularly important during the COVID-19 pandemic. Research in 2018 showed that we had reached over 100 million households with children across eight countries with high vulnerability of micronutrient deficiencies.

By making small changes to our popular products, we can positively impact diets. India's [2015-16 National Family Health Survey](#) showed, for example, that 53% of females and more than 22% of males between the ages of 15 and 45 suffered from anemia, frequently caused by iron deficiency, with an almost equal split across rural and urban India. In line with our [Micronutrient Fortification Policy](#), our *Maggi 2-Minute Masala Noodles* were fortified with 15% of the daily iron requirements in 2017. As our product is core to about 70% of urban diets in India – amounting to more than 2.5 billion servings eaten each year – this change had a huge reach, playing a meaningful role in combating one of India's leading micronutrient deficiencies.

## Looking ahead

We will continue to innovate around affordable and accessible nutrition, and to further enlarge our fortified foods and beverages offering.

We also want to inspire the next generation to innovate in this space. To this end, we have developed an [initiative](#) to support young students in Africa on projects related to affordable nutrition.

## Tackling iron deficiency in Africa



Iron deficiency is a public health problem that impacts millions of women and children across Central and West Africa. To promote awareness and drive behavior change, we launched the *Live Strong with Iron* campaign.

The campaign will run for three years and feature our own employees as ambassadors for the consumption of iron-rich foods. We are also collaborating closely with civil society, stakeholders, including media, and government on the issue.

A 2020 consumer survey in Ghana found high awareness of the importance of iron and the sources of common iron-rich foods (78%) among respondents, but fewer than half (49%) actually consumed these foods regularly. Many consumers did not realize how vulnerable they were to iron deficiency anemia, highlighting the importance of the campaign's focus on promoting awareness.

[Read more about this story and others online](#)

\*We have made adjustments to the scope of reporting to cover a larger number of countries in 2020 compared with 2019. Our focus is now on all emerging countries as per the [UN definition](#)

# Inspiring people to lead healthier lives



## Our commitments to inspiring people to lead healthier lives

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

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



**How we map our material issues to the UN SDGs**

## Why it matters

Encouraging individuals and families to lead healthier lives is extremely important. We contribute to this by offering clear nutrition information and intuitive portion guidance to ensure consumers have the facts they need to make good food choices.

From supporting breastfeeding to encouraging good nutrition, healthy hydration and regular exercise, we promote healthier lifestyles from birth. We know that children who are taught to eat well and exercise regularly are more likely to grow up to be fit, healthy adults.

## What we achieved

One of the most important ways we encourage balanced diets is by providing clear information on the nutritional value of our products, on packs and beyond.

Fifteen years ago, we began adding nutritional guidance and facts to the back of our packaging through our *Nestlé Nutritional Compass*. Today, it is on 98.3% of our products worldwide, based on net sales figures.

Since 2011, we have been an industry leader in promoting breastfeeding and marketing breast-milk substitutes responsibly. We were the first company to receive FTSE4Good recognition for our efforts. To ensure we comply with our policy and procedures for the implementation of the World Health Organization's International Code of Marketing of Breast-milk Substitutes (WHO Code), we audit company-wide activities and report annually on our findings.

Throughout the COVID-19 pandemic, we have remained committed to encouraging healthier choices. Home cooking, in particular, has become a more important feature of family life. By launching campaigns to get children involved in meal preparation, we help encourage healthy habits that can last a lifetime.

We actively promote the value of water for healthy hydration, as demonstrated by our *Be Heroes at Home* campaign, launched in 2020 across eight countries. Meanwhile, more than 8000 chefs worldwide have been supported with education services to better understand what the out-of-home food industry will look like in a post-pandemic world.

## Looking ahead

We are proud to have inspired many people to lead healthier lives. Now we must build on our work to encourage informed food choices, going beyond simply ensuring consumers understand nutritional values. This means highlighting the impact our products have on the planet and the communities where they are produced.

We will continue to add increasingly transparent on-pack nutrition communication that is both intuitive and meaningful. This will help people make informed decisions related to our products and the portions they need to consume as part of a healthy and balanced diet.



# Providing nutritional information

## Our commitment

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

Achieved

## Our objective

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

Achieved

## Our action and achievements in 2020

### Expanding nutrition information

People want to know more about what they eat and drink and the impact on their health, and this means understanding the nutritional composition of their favorite products. We provide transparent nutrition facts across as many platforms as possible, supporting consumers to make the right food choices for themselves and their families.

Every year, we make more nutrition information available to consumers and, as a result, successfully completed our commitment in 2020. Wherever relevant, we support and implement voluntary front-of-pack nutrition labeling schemes, helping consumers to make informed and healthier choices easily at point-of-sale.

In June 2019, we announced the front-of-pack nutrition labeling scheme Nutri-Score as our preferred system in Continental Europe. Since then, we have been implementing it at scale, wherever it is permitted. Products displaying this intuitive system are now on shelves in eight countries: Austria, Belgium, France, Germany, Luxembourg, Portugal, Spain and Switzerland.

Nutri-Score offers a holistic assessment of foods and beverages, giving each product a color-coded score from A–E based on nutritional value. For Nestlé, it already appears on several brands, including *Garden Gourmet* plant-based products, *Nesquik* chocolate-flavored milk, *Nestlé Dessert* chocolate, *Maggi* culinary products, and breakfast cereals such as *Nestlé Fitness* and *Chocapic*.

Our plan is to implement Nutri-Score labels on around 7500 products by 2022.

## Overall achievements

Since 2005, when we first implemented the *Nestlé Nutritional Compass* – our nutritional information tool with tips on how to include our products in a balanced and healthy diet – we have empowered millions of consumers to make educated decisions about Nestlé products. By 2020, we had applied it to 98.3% of our packaging.

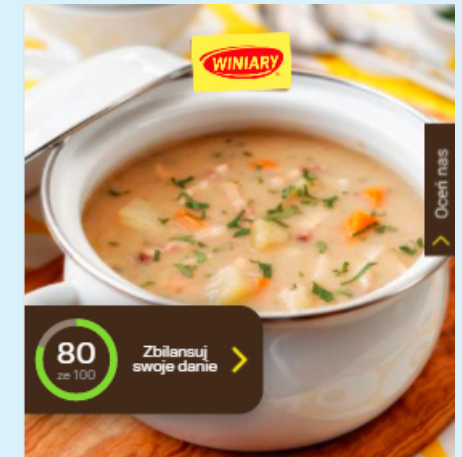
In 2014, we also began introducing Guideline Daily Amount (GDA) information. This is now present on 82.9% of our products, offering consumers transparent information on our nutritional values.

Percentages for these two guidance systems are measured against net sales. As such, any percentage decreases year on year are not reflective of decreases in the number of products they are available on.

## Looking ahead

We are expanding our on-pack communication, offering information beyond nutrition alone. This will include sharing compelling stories about how our products are not only beneficial to the health of individuals and families, but also to the communities where they are developed and to the planet. Through this information, we hope to better connect with consumers on the topics that matter most to them.

## Scoring meals with MyMenu IQ



Cooking is an important part of life for many of our consumers. To help provide simple nutritional advice, we have launched a new meal-scoring service on our recipe websites in Mexico and Central and West Africa.

MyMenu IQ is a scientifically validated nutritional service that ranks the nutritional balance of meals on a scale of 0 to 100. This empowers individuals and families to choose recipes that support a healthier, more balanced diet.

By the end of 2020, MyMenu IQ had been launched in 6 countries and 10 websites globally, with more to come in 2021.

[Read more stories online](#)

# Offering portion guidance

## Our commitment

### Offer guidance on portions for our products

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

How much people eat can be just as important as what they eat. That is why we have long been committed to providing easy-to-understand portion information on our products. Initially, our commitment focused on providing guidance on children's products. We then applied the lessons learned in the development of portion advice for teenagers and adults.

### Providing better portion guidance

In 2019, we began chairing the Industry Best Practice Guide Working Group in Australia, as part of the Australian Government's [Healthy Food Partnership](#) (the Partnership). The working group is developing an Industry Best Practice Guide to support and inspire the broader food industry to improve guidance on servings.

Throughout 2020, the working group undertook an analysis of current policies and data to better understand the efficacy of potential strategies. Draft recommendations have been developed, with the aim of launching a new strategy to guide serving recommendations in both the retail and out-of-home sectors by the end of 2021.

### Offering more intuitive portion messaging

In 2020, Nestlé Brazil updated the Nutrition, Health and Wellness section of its website to offer a more interactive user experience. New infographics and reference articles share clear information on adequate portions for different product categories, while interactive calculators show consumers the nutritional impact of their food and portion choices.

We have extended these tools beyond the corporate website, with various brand websites and social media platforms featuring them too. We have also shared the content with external audiences, such as healthcare professionals, to increase our reach.

## Simplifying portion guidance through packaging design

Since the beginning of the commitment period, we have gradually increased guidance on portions we provide through product form, pack design, serving device or dispenser. By doing so, we are making it easier for consumers to understand recommendations at a glance. While we do not currently use quantitative measurements to track this guidance, we will continue to identify ways to bring our consumers even more intuitive portion information.

## Overall achievements

The *Nestlé Portion Guidance* initiative was established to help consumers understand what appropriate portions of our products look like.

This guidance has been a key feature on our product packaging since 2013 and we have worked hard to bring it to more products each year. In 2020, 64.2% of our children's and family products, based on net sales, offered portion guidance on packs worldwide.

## Looking ahead

Historically, the portion guidance we have provided on products for children, teenagers and families refers to an ideal portion size. We are currently evaluating the impact of moving this guidance to a more realistic portion size that aligns more closely with how much consumers actually eat.

### Providing pre-portioned superfood drinks with nesQino



With the launch of our new *nesQino* brand, we are bringing personalized superfood drinks to consumers in single-serve form.

People can choose from a range of ingredients, including fruits, vegetables, nuts, seeds, roots, microalgae and probiotics, tailoring the product to their personal requirements.

A specially designed cup blends everything together, while our smartphone app enables people to choose whether they want to enjoy their drink hot or cold. Consumers can also explore recipes and nutritional information to identify the perfect, all-natural combination.

[Read more stories online](#)

# Marketing healthy choices

## Our commitment

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

Achieved ✓

## Our objective

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

Achieved ✓

## Our action and achievements in 2020

### Developing marketing to promote healthy lifestyles

Offering nutritious foods and beverages is one way to help people live healthier lives. We also need to inspire people to make better lifestyle choices. We do this by supporting our consumers, especially parents and caregivers, to select products and activities that are better for them and their families.

We have continually increased the proportion of our marketing spend that goes toward promoting healthier choices. By the end of 2020, we had achieved close to a 106% increase of the share of expenditure on products that actively support healthy lifestyles since we began our commitment.

Throughout 2020, several of our brands played an active role in encouraging families to stay healthy during the COVID-19 pandemic. By sharing healthy recipes and simple tips online, our *Maggi* brand is championing the goodness of home cooking. Meanwhile, *Milo* is [engaging more children to keep active at home](#).

## Overall achievements

We are committed to marketing products and encouraging consumer choices responsibly and transparently. We are a member of the World Federation of Advertisers (WFA) and, in 2019, became a founding member of the WFA Global Alliance for Responsible Media (GARM). The Alliance provides a forum for like-minded industry peers, media companies and digital platforms to ensure safe online spaces for viewers and advertisers. In addition, it contributes to our wider strategy for safe, transparent and accurate advertising.

We are helping to build GARM's capabilities year on year to reach a standardized approach to harmful content, with GARM creating a new working charter in 2020.

Alongside a dedication to building better online spaces, we are committed to marketing our products and services in a responsible and transparent manner. While we achieved our objective in 2017 to only market choices to children that help them achieve a nutritious diet, this is an action we remain dedicated to.

We audit our Marketing to Children practices annually. In 2020, the results once again showed strong compliance, particularly across our television advertising. We are also monitored by the voluntary EU Pledge initiative, as well as by its partner the European Advertising Standards Alliance, in six EU countries. Nestlé demonstrated 98.9% compliance with EU Pledge criteria and 98.6% with the stricter [Nestlé Marketing Communication to Children Policy](#).

Since 2019, we have implemented industry-leading practices in the monitoring of our policy, and commissioned yearly external audits with independent verifiers Ernst & Young (EY) for a selection of our markets. For example, in 2020, our Marketing to Children activities in Russia were audited, with the [report publicly available on our website](#).

## Looking ahead

We will continue working with organizations such as the WFA and the [International Food and Beverage Alliance \(IFBA\)](#) to improve responsible industry marketing of products designed primarily for children. Within Nestlé, we continually review our own Marketing to Children practices and will continue to do so, especially across our digital platforms. We understand the sensitivity of this topic and strive to lead the industry in marketing to children responsibly.

We know that many consumers want to act in ways that lessen their impact on the planet. We will develop our outreach efforts to encourage the consumption of foods with stronger environmental credentials, as well as greater nutritional benefits. For example, by highlighting the value of a well-balanced diet, with increased consumption of plant-based products, we can show consumers how they can have a smaller environmental footprint, contributing to efforts to [safeguard the environment](#).

### Promoting home cooking with Maggi recipes



Since the start of the COVID-19 pandemic, cooking at home has become an even more important part of life for many families. To support this, our *Maggi* brand now offers simple, nutritious online recipes that bring healthy *Maggi* products together with fresh ingredients.

Globally, our recipe websites usually receive approximately 30 million views every month. Since the pandemic, however, these pages have seen a 34% increase in traffic, highlighting the important role *Maggi* has played in encouraging healthy meals at home.

[Read more stories online](#)

# Promoting healthy behaviors in children

## Our commitment

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

Achieved

## Our objective

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

Achieved

## Our action and achievements in 2020

### Encouraging healthy lifestyles from childhood

Good habits start early – and nutrition and exercise are no exceptions. Children who have healthy, active lifestyles are more likely to grow into fit and healthy adults. Through our *Nestlé for Healthier Kids* initiative, we help parents and caregivers give children the best start in life.

During 2020, over 19.8 million children were supported through our nutritional education and behavior change programs. As in previous years, we took a two-pronged approach: reaching children through school educational materials, and their caregivers through public communication campaigns.

Throughout the COVID-19 pandemic, we have had to rethink how we can best work with schools to educate children about healthy eating. One way to do so has been to offer more teaching modules online. This way, children still received important nutrition education even as schools closed in response to local restrictions.

### Cooking together

A key factor in encouraging healthy habits is to get children excited about nutritious food. Research shows that involving children in food preparation increases the likelihood that they will try more fruits and vegetables. In 2019, we launched a new global online campaign, *#cooktogether*, through which we encourage parents to involve their children in the preparation of delicious, healthy meals and snacks.

Having reached over 100 million caregivers in the first year, in 2020 we expanded the campaign to more than 35 markets. By the end of the year, we had reached at least 350 million parents and caregivers through more than 1.5 billion social media impressions. We have also developed initiatives in collaboration with food professionals to engage children in healthy eating.

## Overall achievements

Our first efforts to support childhood nutrition through education and behavior change were launched under two separate initiatives: *United for Healthier Kids* and *Nestlé Healthy Kids*. Approaching our ambition this way, our early programs reached around 10 million children.

By bringing everything together under the umbrella of *Nestlé for Healthier Kids*, we have expanded our reach to support over 80 million children since 2016 across more than 80 countries. Through these engagement programs, in addition to our campaigns to provide caregivers with important information, we are now promoting healthy childhood behaviors in the majority of countries in which we sell our products.

## Looking ahead

The COVID-19 pandemic has signaled the need to be flexible and to work differently. We are developing our activities in response to this. For example, we are continuing to digitalize our school education programs so that children can receive nutrition information wherever they are.

We will also engage families in adopting habits that are healthier for the planet as well as themselves. This includes the promotion of plant-based diets, at-home food waste reduction and increased packaging recycling.

The progress we have made throughout the commitment period is just the start. We will continue developing global nutritional education as we progress toward our wider ambition to support 50 million children every year by 2030.

## Reshaping online education in Australia



Healthy food for the future

New resources celebrating International Chef's Day

We believe that online education should be as teacher-friendly and student-led as possible. In 2020, Nestlé Australia began updating its entire online *Nestlé for Healthier Kids* school program to make nutrition information as accessible as possible. This is especially timely in view of the COVID-19 pandemic.

Set to launch in early 2021, the refreshed site will align with national curriculums, bringing nutrition to life with lesson plans, worksheets, games and other teaching resources. It will also include a new area dedicated to environmental sustainability.



[Read more about this story and others online](#)

# Supporting breastfeeding

## Our commitment

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

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Advocating for breastfeeding-friendly environments

We support and protect breastfeeding throughout Nestlé and beyond. We have installed 545 breastfeeding rooms in Nestlé facilities and supported the installation of 5517 in global communities.

In 2019, we launched our [Global Parental Support Policy](#). Among other updates, the policy requires that all Nestlé facilities with over 50 female employees provide rooms or spaces for breastfeeding. By the end of 2020, we had committed to implementing these inclusive and enhanced standards across 30% of countries where we operate, a figure set to increase in the future.

### Ensuring best practices for breast-milk substitutes

We are leading the industry in promoting breastfeeding and responsibly marketing breast-milk substitutes (BMS). In 2011, we became the first manufacturer of BMS to be recognized in the FTSE4Good index, and we have maintained our inclusion in the index every year since.

To ensure BMS marketing standards are upheld throughout Nestlé, we self-assessed compliance through internal and external audits in 18 countries in 2020. This is lower than the 30 countries usually

covered, but many audits could not take place in 2020 due to the COVID-19 restrictions.

### Leading the industry in WHO Code implementation

Through its policy, Nestlé recognizes the WHO Code and subsequent relevant resolutions as the international reference framework for the promotion of BMS and, at a minimum, complies with the WHO Code as implemented by national governments everywhere.

In 2020, we welcomed a Call to Action from civil society organizations, the WHO and Unicef for BMS manufacturers to fully implement the WHO Code. In response, [we committed to:](#)

- Stop the promotion of formulas for infants aged 0 to 6 months in all countries by 2022.
- Engage with stakeholders to advance industry commitments on the promotion of BMS products for 0 to 12-month-olds while ensuring compliance with antitrust laws.
- Advocate for widespread Code adoption. Nestlé supports regulations for products for babies aged 0 to 12 months globally.
- Continue providing transparent information to the Access to Nutrition Index (ATNI).

- Offer technical expertise to BMS companies working to create a robust WHO Code-aligned policy and governance system.
- Support coalitions advocating for more supportive parenting environments and the elimination of inappropriate BMS use.

In 2020, we developed a [video](#) to enhance employees' knowledge of the Code. Distributed across all markets, the video was designed to encourage company-wide compliance. Throughout the year, 2536 employees also completed formal training on breastfeeding and the WHO Code.

### Maintaining transparent reporting

In 2020, we launched our [Leading the Way: Responsible Marketing of Breast Milk Substitutes 2019 Report](#). The report openly details instances of noncompliance, how they were addressed and how we will increase compliance.

Based on our audits, we reported 107 instances of noncompliance, resulting in disciplinary actions (warning letters and/or dismissals) for nine people. Of these incidents, 61% involved external trade partners.

## Overall achievements

Whether a parent decides to feed their baby with breast-milk, BMS or a combination of both, we want mothers and babies to receive optimal nutrition in the first 1000 days of life. That is why we have developed and marketed a range of products to support all parents, no matter what they choose.

Since 2013, Nestlé has been assessed by ATNI for marketing policies and practices. We achieved top-two rankings in the 2016 and 2018 BMS sub-indices.

## Looking ahead

We encourage other manufacturers to follow our lead in complying with the FTSE4Good BMS criteria and improve their performance in the ATNI BMS sub-index. To date, two other companies have also been recognized by FTSE4Good and another voluntarily follows the criteria. As we go forward, we will push for more robust industry action, encouraging other BMS producers to meet these requirements.

### A love like no other: Launching our Global Parental Support Policy across the Philippines



When we launched our Global Parental Support Policy, several markets acted quickly to implement it, including the Philippines.

The policy launch fell during Valentine's Day celebrations. The day's theme – 'Love Like No Other' – paid homage to the special bond between parents and children.

Through this new, gender-neutral policy, primary carers will receive 18 weeks' parental leave. Secondary carers will also be offered four weeks' paid leave regardless of gender.

[Read more about this story and others online](#)

# Encouraging healthy hydration

## Our commitment

Inspire people to choose water to lead healthier lives

Achieved ✓

## Our objective

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

Achieved ✓

## Our action and achievements in 2020

### Engaging consumers in healthy hydration

Water is essential for every cell in the body, helping to remove waste products and carry nutrients. However, many people do not drink enough water throughout the day.

We celebrate plain water as the best option for healthy hydration and are proud to encourage it as the first choice for people globally. We have exceeded our objective to launch hydration campaigns, with 55 countries now formally incorporating the Choose Water module into *Nestlé for Healthier Kids* initiatives.

Throughout 2020, we launched a *Be Heroes at Home* hydration campaign across Brazil, Egypt, Iran, Jordan, Lebanon, Nigeria, Spain, Turkey, Saudi Arabia and the United Arab Emirates (UAE). Created in response to the COVID-19 pandemic, the campaign highlighted the crucial role consumers can play in keeping people safe by staying at home if they can. Furthermore, it showed how *Nestlé Pure Life* helps keep people both hydrated and entertained, thanks to a range of water-centered activities. Similar campaigns were launched in Argentina, Pakistan and the US.

## Overall achievements

In addition to offering water products, supporting healthy hydration habits in individuals and families requires behavior change initiatives that promote the benefits of choosing water.

Many of our campaigns encourage healthy hydration from an early age, equipping parents and caregivers with knowledge and information to encourage children to drink more water. By continuing to promote child-friendly tools, such as the *TummyFish* app, which was first launched in 2016, we are helping to make water the fun drink of choice for kids. Our *Wild About Water* campaign, which brings hydration to life with animal-shaped bottles and exciting water facts and activities, was launched in 2019 in 15 markets. In 2020, we maintained the campaign and expanded it to one more market.

## Looking ahead

We want our water products to offer nutritional benefits beyond hydration. While plain water remains at the core of the Nestlé Waters portfolio, we are also exploring new innovations that meet a variety of consumer preferences. This includes developing water products with increased vitamin and mineral levels.

We will take a more integrated approach to our public education efforts. By bringing together the health benefits of water with the [environmental efforts we are making in this area](#), we can develop campaigns that champion the needs of people as well as the planet.

### Launching Hydration Week in Argentina



In July 2020, *Nestlé Pure Life* launched a week-long campaign dedicated to educating consumers in Argentina on the health benefits of drinking water.

Hydration surveys brought into focus what people already knew about hydration, and provided information on the importance of drinking more water.

The media campaign reached more than 10 million people and included a collaboration with mother/baby influencers.

[Read more about this story and others online](#)

# Health-promoting food environments

## Our commitment

### Partner for promoting healthy food environments

Achieved ✓

## Our objective

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

Achieved ✓

## Our action and achievements in 2020

### Developing out-of-home nutrition education and support

With the pandemic dramatically impacting our out-of-home and food service customers, we are proud to have supported them through our *Always Open For You* platform.

Nestlé Professional also continued to partner with the World Association of Chefs' Societies (Worldchefs) to develop free educational tools for food professionals. In 2020, we created a webinar series on nutrition, health and wellness, as well as a podcast about the future of nutrition in a post-pandemic world. This includes the role chefs will play in promoting healthy diets in the out-of-home environment. We also sponsor the World on a Plate podcast and enable free education through weekly episodes, which have listeners in 104 countries. Together, these resources are publicly available to all chefs and culinary professionals, educational institutions and anyone who is interested all over the world through [Worldchefs website](#).

Our *Nutripro* materials enable professionals to access nutritional knowledge, insights and emerging trends in the food service sector. In 2020, through our partnership with Worldchefs, over 2000 copies of the magazine were distributed, while online content received approximately 55 000 impressions.

## Promoting healthier choices in-store

Good food decisions start in-store. Through retail initiatives, we can use our influence, and that of our retail partners, to encourage consumers to fill their shopping baskets with healthier options.

We have continuously leveraged our long-standing leadership role within the Consumer Goods Forum (CGF), a global CEO-led industry network, to encourage these healthier lifestyle choices.

In April 2017, we supported the creation of the CGF Collaboration for Healthier Lives. To date, through the program, we have developed relationships with 24 retailers, 90 manufacturers and 47 stakeholder groups, from public health authorities to academics. We have helped develop various reports on global efforts to address health challenges, contributing, for instance, to the launch of the *Healthy China, Nutrition First* analysis.

In April 2020, the CGF created the Collaboration for Healthier Lives Coalition of Action. This was established to drive impactful cooperation across 14 countries to inspire healthier lifestyles. When the COVID-19 pandemic struck, however, the focus was quickly shifted to ensure more food and hygiene supplies were distributed to vulnerable people and communities. Additional resources were diverted to research the impact of COVID-19 on consumer health and well-being.

In addition to promoting healthier consumer choices, we want to empower employers to prioritize workforce nutrition. Through the CGF, we have supported the development of the Workforce Nutrition Alliance, which aims to improve nutrition for 3 million employees by 2025.

## Overall achievements

The Nestlé Professional LinkedIn page offers information on developments in the food service industry, as well as chefs' healthy eating tips. In 2020, over 117 000 people followed the page, a figure that rises year on year.

As well as helping established food professionals expand their knowledge, we are committed to developing new talent. Together with Worldchefs, we offer a free online program called *Worldchefs Academy*, which introduces young people to the culinary sector. In 2020, more than 11 000 young chefs from across the world made the decision to enroll at the academy, which is now also available in Spanish and Portuguese.

## Looking ahead

We will continue engaging with local stakeholders to promote health and wellness initiatives for consumers and employees through our role in the Collaboration for Healthier Lives coalition.

We want to be a trusted partner for the out-of-home sector, especially as it recovers from the impact of the pandemic. Through our collaboration with Worldchefs and our magazines (*Nutripro* and the newly developed *Planetpro*), we will continue to share tips on how food professionals can offer options that are not only healthier but planet positive as well.

### International Chefs Day: Healthy Food for the Future



International Chefs Day is celebrated every year on October 20. This year we developed a virtual toolkit to enable the day to be continued online during the COVID-19 pandemic.

Through a range of digital resources, chefs engaged children on the impact food production and consumption have on the environment. A child-friendly sustainability booklet helped to bring this year's theme – *Healthy Food for the Future* – to life for over 112 000 children.

[Read more stories online](#)

# Building, applying and sharing nutrition knowledge



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

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

## Why it matters

Good diets start with an understanding of nutritional needs, which is why Nestlé has always been committed to enabling innovative scientific research. For decades, we have not only produced tasty and nutritious foods, but also driven the science and technology that have made them possible.

We research and develop science-based nutritional solutions to promote health across life stages from pre-conception to healthy aging. This ensures we have solid scientific foundations for unlocking the power of food to enhance quality of life for everyone, today and for generations to come.

## What we achieved

Our research and partnerships have made vital contributions to our understanding of nutrition, especially in the first 1000 days of life. We have applied these and other learnings to the development of multiple health-promoting products, in addition to sharing findings in peer-reviewed papers and participating in conferences globally.

We have invested heavily in [research activities](#) globally, both through our own operations and by providing support for external initiatives.

We have also empowered parents and caregivers to track and understand good diets through accessible digital tools. A good example of this work includes [Bear Brand's Tibay calculator](#).

## Looking ahead

Our work to drive and share innovation is fundamental to who we are as a company. We will continue to research, develop and share nutrition knowledge even as we move beyond our 2020 commitments. This means supporting ongoing innovation to create science-based nutrition solutions that we can scale, and that work for as many people as possible.

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



**How we map our material issues to the UN SDGs**



# Sharing nutrition knowledge throughout life

## Our commitment

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

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Building nutrition knowledge

To enhance global understanding of nutritional needs, we continued both our [Feeding Infants and Toddlers Study \(FITS\)](#) and [Kids Nutrition and Health Study \(KNHS\)](#). These studies enable us to better understand children’s dietary intakes and the impact of factors such as meal timing, types of foods consumed at each meal and feeding practices.

Throughout 2020, we continued to collect and analyze data in Brazil, Nigeria and the United Arab Emirates (UAE). We will share our findings at conferences and through publications in 2021.

In the Philippines, we launched a [new range](#) of *Nido* nutritional milk drinks for different age groups covering ages 1 to 5. The formulations are tailored to support the age-specific developmental milestones of Filipino toddlers. We also created the *NutriTods Program* – a guide that gives caregivers expert tips on age-appropriate nutrition to support optimal physical, social and cognitive development for young Filipino children.

### Shaping the future of infant and maternal nutrition

To build knowledge on the impact of prenatal nutrition interventions on childhood growth and development, we continued the clinical study [NiPPeR](#) (Nutritional Intervention Preconception and During Pregnancy to Maintain Healthy Glucose Metabolism and Offspring Health). In 2020, the trial completed the follow-up of more than 550 babies throughout their first year of life. Additional follow-ups at the ages of 2 and 3 and a half will continue until 2022.

The first results from the study were presented at the American Society of Nutrition Conference in a presentation entitled ‘Preconception Dietary Patterns and Their Sociodemographic and Lifestyle Correlates in a Multi-Country Cohort: The NiPPeR Study’.

### Supporting mobility during aging

We also focus on health at later life stages. Decreasing mobility is one of the top challenges of aging. In China, we launched a milk product for adults that has a unique combination of ingredients

to support bone health, muscle strength and joint functionality. The powdered beverage under the *YIYANG Active* brand has been clinically proven to enhance mobility during aging, and is the first Nestlé product to gain functional food approval in China.

### Sharing what we learn

The [Nestlé Nutrition Institute \(NNI\)](#) shares nutrition-focused information and education with healthcare providers. It is active in over 178 countries and its 19 websites have 425 000 members worldwide. In 2020, NNI launched the NNI Campus, which provides practical information covering a wide array of subjects. It comprises the HMO (Human Milk Oligosaccharides) Academy, Toddler Hub and Sustainability Portal, with more organizations set to join in 2021.

## Overall achievements

To date, FITS and the KNHS research initiative have studied more than 77 000 infants, toddlers and children across Africa, Australia, China, Mexico, the Middle East, the Philippines, Russia, South America and the US.

Since 2014, through KNHS, we have published 68 peer-reviewed papers in collaboration with research partners around the world. Results have been shared with health professionals through NNI workshops and scientific congresses, and key findings from FITS are now available on the [NNI Research Portal](#).

## Looking ahead

Our work to develop science-based products and services from the first 1000 days through to healthy aging continues.

We want to learn more about how nutrition, combined with active lifestyles, can support health across all generations of people and pets. To do this, we will continue to invest in research and complement our internal capabilities through partnerships with leading universities, research organizations and start-ups.

## Helping kids thrive



In 2020, *Gerber* launched two new gummy multivitamins based on data collected in our FITS study in the US.

The study found that the majority of 2 to 4-year-olds do not eat sufficient foods (such as fish) that contain Docosahexaenoic acid (DHA), an essential type of Omega 3 fat.

In response, *Gerber* created *Lil’ Brainies Multivitamins*, which are formulated with an Omega Tri-Blend made with chia seed oil, plant-based DHA and choline. This formulation helps children get these crucial nutrients during the important early learning and exploration stage.

Our new gluten- and GMO-free *Grow Mighty Complete Kids Multivitamins* contain key nutrients to help strengthen kids’ immune systems and bone and eye health, while also supporting their brain development. They offer an easy way to tackle nutritional deficits in children’s diets and help them get the best possible start in life.

[Read more stories online](#)

# Enhancing biomedical science

## Our commitment

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

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Giving parents and caregivers the tools to support better childhood nutrition

We continuously explore new ways to help parents and caregivers make the best nutritional choices for their child's development. In the Philippines, our *Bear Brand* range of affordable, fortified foods and beverages launched a new digital nutrition assessment tool, the *Tibay calculator*. This tool, which is a collaboration between the Food and Nutrition Research Institute in the Philippines and Nestlé Research scientists, helps caregivers understand the quality and diversity of their child's diet. Based on an algorithm designed to calculate diet diversity scores, the calculator identifies nutrient gaps in the diets of 6 to 12-year-olds and provides diet and product recommendations to help parents close this gap.

### Growing our personalized nutrition portfolio

We explore personalized and targeted nutritional products and solutions across different life stages and specific health conditions – and even for pets.

This also includes research on the gut microbiome and how we can support healthy digestion, an effective immune system and general well-being.

In 2020, Nestlé Health Science's personalized vitamin subscription service, *Persona Nutrition*, expanded its operations and reach. Today, its online assessment – which creates personalized nutritional recommendations – is available to meet the unique needs and lifestyle goals of people in more than 160 countries.

### Creating solutions for mild cognitive impairment

In 2020, we launched *BrainXpert*, a ground-breaking ketogenic drink that is clinically proven to support brain function in people with mild cognitive impairment (MCI).

MCI affects 12–21% of individuals age 60 and older. The disruptive symptoms of this condition include memory loss, forgetfulness and a decline in decision-making ability and judgment.

A study showed that *BrainXpert* effectively reduced symptoms and led to a significant improvement in participants' cognitive abilities. These results give new hope to people with MCI.

## Unleashing innovations in pet care

*Purina LiveClear*, launched in 2020, is the first and only cat food that helps cat owners by managing allergies caused by cat hair and dander.

The breakthrough product is the result of more than a decade of research dedicated to finding a safe, effective way to improve quality of life for cats and their owners.

## Overall achievements

Over the course of our commitments, our research has been translated into science-based interventions and products for different populations.

We have also launched multiple digital-profiling tools targeted to specific age stages and health conditions. In addition, we have released research-driven and innovative new pet products that support animals and owners.

## Looking ahead

We will continue investing in biomedical research to enable us to provide targeted solutions for different health conditions across all life stages in people and pets.

We are focused on creating personalized nutritional products based on our research into dietary patterns, genetics, the microbiome and metabolic response.

Where possible, we will apply our research across categories to develop science-based nutrition concepts for humans and pets.

## Creating science-based solutions for healthy aging



For years, Nestlé scientists have been examining ways to restore cellular health with nutrition and promote healthy aging. Our aim is to support consumers in later life stages to maintain vitality and enjoy a high quality of life.

To achieve this, we are increasing our focus on nutritional concepts that support better outcomes for aging populations. Our newly launched *Celltrient Cellular Nutrition* solutions target deep inside cells to help renew key natural processes that can decline as we age. The product comes in powder drink mixes or capsules, and represents a new generation of solutions to target the key drivers of aging.

[Read more stories online](#)



# For our communities

## 2030 ambition

To improve 30 million livelihoods in communities directly connected to our business activities

### In this section

- 28 Enhancing rural development and livelihoods
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# Enhancing rural development and livelihoods



## Our commitments to enhancing rural development and livelihoods

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

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



**How we map our material issues to the UN SDGs**

## Why it matters

Millions of farmers produce the food that nourishes us. Yet many of them struggle to earn a living income.

Families who are battling to make ends meet may be faced with making difficult sacrifices. This can include taking children out of school to help on farms or being unable to afford nutritionally balanced foods to sustain their families.

Poverty in rural communities, and its related challenges, is discouraging young people from following careers in farming. As a result, the farming population is aging, and with fewer young farmers growing the crops we need, global food systems are under strain.

As the world's biggest food company, we can help agricultural communities make changes that enhance rural incomes now and build a prosperous future for the next generation of farmers.

## What we achieved

Tackling the challenges of agriculture and poverty requires an integrated, sensitive approach. In recent years, we have used an innovative Theory of Change (ToC) model to scale up our capabilities and impact.

Using ToC, we identify the issues that matter most. We then measure our progress and continuously test our assumptions about allocating resources.

Through this approach, we have developed local farmer support strategies that are unique to specific raw materials, such as coffee and dairy. We have also invested in helping farmers create more resilient businesses through initiatives such as *Farmer Connect*. In 2020, this included providing basic training to more than **355,000 farmers** and developing future farm enterprises through our agripreneurship program, which benefited more than **39,000 young farmers**.

Enhancing farmer incomes is critical; however, we must ensure we are addressing other challenges faced by farming communities. We were also the first company to implement a Child Labor Monitoring and Remediation System (CLMRS), which has now been adopted by other companies.

## Looking ahead

Through these initiatives, more farmers are achieving economic stability, more ingredients are responsibly sourced and human rights are more deeply embedded into agricultural supply chains.

Of the five commitments in this area with a 2020 completion date, three have been fully met. We are on the way to closing the remaining gaps, and the learnings have provided the foundation for our related future ambitions.

# Delivering impact through Farmer Connect

## Our commitment

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

Achieved

## Our objective

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

Achieved

## Our action and achievements in 2020

### Improving farm economics

We work with many different types of farmer all over the world in order to source the raw materials we need. The success of our business relies on the success of these rural communities, which is why we share an interest in their development. In 2015, we published our *Rural Development Framework*, which used insights gained from studying 11 countries to guide our approach.

By continuously helping family farms improve their economic sustainability, our intention was to make farming more attractive. Through collaboration and effort, we achieved our objective a year early.

While we are pleased with this accomplishment, we believe that improving farmer skills to enhance prosperity and livelihoods is an ongoing task. In 2020, however, this work was disrupted by the COVID-19 pandemic. In response, we accelerated our plan to move as much of our farmer engagement and support as possible onto mobile platforms.

## Overall achievements

Every year, we train or retrain hundreds of thousands of farmers through our *Farmer Connect* program, helping to spread farming practices and skills around the world. Sharing these insights will enable farmers to develop more sustainable farms that are resilient to a changing environment and evolving market demands. This is a positive step to transform the outlook for farming communities facing the challenge of aging populations. As part of the solution, we also identified tens of thousands of young people as agripreneurs.

Through this global program, we are helping secure the next generation of young farmers, developing the knowledge and skills they need to sustainably manage their farms.

It nurtures their entrepreneurial spirit through three pillars:

- Developing farmers of the future
- Transforming farms for the future
- Creating conducive environments for farmers to expand their offering

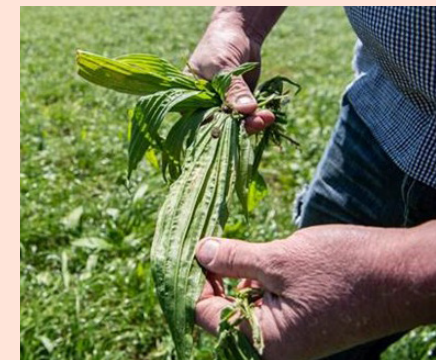
By giving young farmers what they need to kick-start their careers in agriculture, we have helped ensure farming can continue and grow for future generations.

## Looking ahead

Nestlé has committed to achieving net zero emissions by 2050. Meeting this vital goal will depend on significantly scaling up regenerative agriculture. That means refining and growing our agripreneurship program. We will actively enhance this program to align with our newly developed [Net Zero Roadmap](#).

To achieve this, we will intensify our engagement with farmers so that the solutions we create for and with them achieve positive and sustainable change in agricultural systems.

## Meeting our net zero pledge with farmers



In 2020, we launched our [Net Zero Roadmap](#) detailing how we will reach our net zero commitment. One of the key pillars of the strategy is to work with farmers to increase the use of regenerative agricultural practices.

We are leveraging the work we have already done to develop skilled agripreneurs and future-fit farmers across priority raw materials like dairy, coffee and cocoa. Working with these talented and passionate suppliers, we will build on their knowledge and experience to help create net zero farms. Our efforts will include cutting methane emissions, helping farmers take advantage of new technology, and extending leading soil and land management techniques.

Our goal is to help the half a million farmers from whom we directly and indirectly purchase ingredients to adopt sustainable practices and enhance their livelihoods.

[Read more about this story online](#)

# Improving farmers' diets

## Our commitment

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

Extended 🕒

## Our objective

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

Extended 🕒

## Our action and achievements in 2020

### Enabling dietary diversity

We believe the health of farming families is intrinsically tied to their resilience and that a good diet is key to well-being. By promoting diverse diets and greater access to nutritious foods, we are nurturing stronger farming communities.

This is challenging work, made even harder by the COVID-19 pandemic. Despite this, we have continued to progress our efforts and seen some positive outcomes, helping support diet diversity at a time when it is needed more due to the pandemic and the associated health impacts.

In Kenya, our *Farmer Family Nutrition* pilot program has shown that, with training and support from our local partners Coffee Management Services and Simlaw Seeds, the adoption of kitchen gardens has increased by 35% since 2017. More than three-quarters of the farmers surveyed indicated that the supply of vegetables from their garden met their household needs. A 'train the trainer' approach has been introduced to support both the gardens and a healthy eating initiative. Four local demonstration plots have been established for trainers to show how nutritious vegetables can be introduced.

To support farmers further, we have introduced entrepreneurship training programs. This will help them use any excess produce from their kitchen gardens to generate extra income with which to purchase more diverse, nutritious foods.

We have also developed other pilot projects to help us explore how best to work toward achieving our objective of improving food availability and dietary diversity. These pilots were developed in Mexico, the Philippines, Indonesia and Côte d'Ivoire, and where possible, connected to existing Nestlé farmer programs.

## Overall achievements

Over several years, we have developed and launched multiple initiatives that take a comprehensive approach to addressing the causes of poor diet.

Our work around the world includes:

- **Kitchen gardens** to support household nutrition and food security.
- **Entrepreneurship training for farmers** in Kenya.
- Supporting **women in agribusiness** with the [FarmStrong Foundation](#) in Côte d'Ivoire.

- **Food bank** donations to support over 7500 households in Mexico – including those in rural communities – through our partnership with the Bancos de Alimentos de México.

- Teaching **crop diversification** to farmers in the Philippines.

We have also implemented our *Nestlé for Healthier Kids* program in the targeted rural communities to help ensure children eat nutritious foods.

## Looking ahead

The COVID-19 pandemic both disrupted the pilots and demonstrated their value. Good health, supported by sustainable access to nutritious food, will be crucial to developing healthier, more resilient communities as the world continues to battle COVID-19 and its effects. The relationships we have developed in our pilot regions will help drive this work further in the coming years.

We will also continue working to meet this commitment and have extended it until 2021, which will allow us to finish collecting the results.

### Creating kitchen gardens and food and nutrition security



Since 2017, our *Farmer Family Nutrition* pilot program in Kenya has trained 657 farmers in basic nutrition and kitchen garden management, and 535 in cooking healthy meals. Households experiencing food inadequacies of three months or more in the previous year reduced from 57% to 40% from baseline to the current period.

Meanwhile, the household adoption of kitchen gardens has increased from 52% to 87%, with more than 90% of farmers reporting the kitchen garden training as useful.

However, the farmers also reported longer dry periods than before, and so access to water for irrigation is a limiting factor. Although 61% of families reported that COVID-19 had affected their food security (through increased food demand at home, increased food prices, possible income reduction), 81% believed that the program had helped maintain their dietary diversity during this time.

[Read more about this story online](#)

# Implement responsible sourcing

## Our commitment

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

Partially achieved 🟡

## Our objectives

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

Not met

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

Achieved ✅

\*Definition of the responsibly sourced and traceable priority categories can be found on page 14 of the [Creating Shared Value and Sustainability Report 2020 Appendix](#)

\*\*The new audit methodology changed the scope of the audits. Today, audits are based on site compliance instead of spend and volume percentages, with a focus on the higher risk and most important suppliers. As such, both the scope and key performance indicator of our program have evolved, resulting in this objective not being met for 2020

\*\*\* Definition of deforestation-free key commodities can be found on page 17 of the [Creating Shared Value and Sustainability Report 2020 Appendix](#)

## Our action and achievements in 2020

### Tracing ingredients to their source

Good food is about more than just taste. Our ingredients must be sustainable. Our responsible sourcing program helps us trace ingredients to their origin and understand how they were produced.

In 2019, we met our target of 70% responsibly sourced and further increased this percentage in 2020.

### Sourcing from audited and compliant suppliers

In 2020, we continued the important work on our audit program. During the year, the calculation methodology and scope changed, on request of internal clients. The new methodology\*\* meant we not able to complete and meet our Tier 1 objective.

### Protecting children

Our efforts to source responsibly have enabled us to make important progress in promoting human rights in agricultural supply chains, especially around [child labor in cocoa-growing communities](#).

Our Child Labor Monitoring and Remediation System (CLMRS) has yielded strong results in recent years. As of 2020, CLMRS covers over 80 000 cocoa farmers in West Africa, and over 14 000 children benefited from preventive and remedial interventions during the year.

### Avoiding deforestation

As of December 2020, 90% of the key forest-risk commodities we buy that are in scope – soya, palm oil, meat, sugar, and pulp and paper – were assessed as deforestation-free\*\*\*. We will continue to work with

smallholder farmers and large suppliers to reach [100% deforestation-free by 2022](#).

Through the [Cocoa & Forests Initiative](#), we also participate in additional programs to tackle the deforestation associated with cocoa farming in Ghana and Côte d'Ivoire. Read more about the [Nestlé Cocoa Plan](#) [here](#).

### Scaling up animal welfare

In 2020, we were ranked in the top 15% of assessed food companies on welfare standards and practices, for the first time, by the [Business Benchmark on Farm Animal Welfare](#). We were also commended for our transparency on animal welfare in our supply chain.

### Taking a forest positive approach



In 2020, we took an [important step](#) toward evolving our strategy from a focus on [no deforestation to a forest positive approach](#). This means we will source from suppliers who are actively conserving and restoring forests while promoting sustainable livelihoods and respecting human rights.

We carried out a [Forest Footprint pilot exercise](#) across Indonesia's Aceh province to better understand forest- and peatland-related risks within our palm oil supply chain. The exercise helped us assess our exposure to future deforestation risks and land rights conflicts in Aceh. We believe this process is an important factor in helping us develop our forest positive strategy for the future.

[Read more stories online](#)

We are going further by helping improve animal welfare in agriculture more broadly. This has driven our work with the [Global Coalition for Animal Welfare](#). During 2020, three new companies joined the Coalition. This is a critical step toward scaling up responsible and compassionate farming. We also lead the Coalition's Laying Hens Working Group to advance cage-free eggs globally, having met our own goal of sourcing cage-free eggs for Europe.

### Harnessing Technology

In 2020, we continued our work with OpenSC, a platform founded by [WWF-Australia](#) and [Boston Consulting Group Digital Ventures](#). We have completed the initial test phase of our project in South America to track palm fruits from the farm to the mills and to Nestlé. A new coffee project with OpenSC is trialing our approach in tackling social and environmental monitoring in coffee regions. In 2021, we intend to test the outcome of this collaboration with consumers on at least one Nestlé product.

## Overall achievements

We believe transparency and progress are mutually dependent. New technologies, like satellite monitoring, worker voice mechanisms and blockchain have been critical to understanding the issues we face in the supply chains and how to address them.

## Looking ahead

From 2021, we will move beyond addressing deforestation in our supply chains. We will build a forest positive strategy that aims to actively conserve and restore forests while promoting sustainable livelihoods and respecting [human rights](#).

We are using our membership of the Global Coalition for Animal Welfare to transition to higher standards for broiler chickens in the US by 2024 and in Europe by 2026. More investments in plant-based innovations will continue work to enhance standards for farmed animals and farmer livelihoods. This will, in turn, ensure we meet our aspirations for prosperous farming communities and [net zero](#).

# Responsible coffee sourcing

## Our commitment

### Continuously improve our green coffee supply chain

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Sourcing coffee responsibly

Coffee is one of the world's most popular beverages, with billions of cups enjoyed every day. Enhancing responsible practices in coffee farming is crucial to its future.

Our dedication to improving our coffee supply chain meant we surpassed our objectives. In 2020, *Nescafé* exceeded the 70% responsible sourcing goal, reaching 75%.

We have achieved this by taking an integrated approach that supports positive environmental and economic impacts for farmers. Examples of our work include the distribution of coffee plantlets, development of partnerships to train farmers and monitoring and improving labor rights.

### Distributing coffee plantlets

Since 2010, we have been distributing high-yield, disease-resistant plantlets to farmers under the *Nescafé Plan* to increase farm productivity and income. Our 2020 goal was to distribute 220 million plantlets. We exceeded this, achieving 235 million. Our distribution program covered 15 countries, with particularly notable successes in Colombia, Mexico and Vietnam.

### Improving farm economics

We believe that quality coffee should come from resilient farmers growing profitable crops. To ensure this happens, we partnered with Rainforest Alliance to launch monitoring and evaluation (M&E) activities on farms in three countries in 2014. Rainforest Alliance now trains and supervises local partners to conduct M&E in 13 countries, with a plan to expand to all 15 countries where our farmer field programs are located.

We have started collecting data in several countries. We will begin reporting this data as soon as it is available. In the meantime, we will keep tracking our progress and highlight areas for improvement.

### Monitoring and improving labor rights

We have established intensive monitoring, engagement and remediation programs for labor rights in Mexico and the Philippines.

While COVID-19 created some challenges, we continued our programs, working with Certificadora de Productos Sostenibles (CPS) in Mexico and with [Catholic Relief Services](#) in the Philippines.

During 2020 in Mexico, our partner Verité carried out renewed labor rights training for our farmers, our agronomist team and our local partner CPS. CPS then surveyed 232 medium-to-large farms (more than 10 hectares) in the states of Chiapas and Veracruz. Out of this total, 19 were found to be hiring minors (those under 18 years old as per Mexican law). All were formally notified and committed to take immediate corrective actions. These actions were followed up closely by our local team.

As part of the 2020 survey, CPS revisited the four farms that were found to be hiring minors in 2019 and had then agreed to take corrective actions. There was no hiring of minors observed on these four farms.

We believe that we have made significant progress in tackling unacceptable child labor practices on coffee farms in Mexico, and we will continue these efforts until the practices are eradicated.

### Meeting Nespresso's targets

We now source 93% of the coffee for *Nespresso's* permanent range through the *AAA Sustainable Quality Program*. This coffee-sourcing program was

developed with Rainforest Alliance and focuses on building long-term relationships with farmers to drive sustainable improvements.

## Overall achievements

Over 75% and 93% of the coffee for our *Nescafé* and *Nespresso* brands respectively is responsibly sourced. This has led to improved livelihoods for farmers, a more robust approach to human rights and focused protection of the environment in coffee-growing communities. For example, our *Nespresso* brand made a significant contribution to conserving forests. Over the past six years, the brand has planted close to 5 million trees across nine coffee-growing countries, with various partners, including [PUR Projet](#).

## Looking ahead

Having met our 2020 sourcing objectives, we are scaling up our ambitions. By 2025, we aim to have 100% responsibly sourced coffee for *Nescafé*.

*Nespresso* has committed to being [carbon neutral by 2022](#), which will support our work to achieve net zero emissions by 2050. This new target will help drive our ongoing work to produce exceptional coffees, build a resilient and regenerative agriculture system, and drive sustainable livelihoods.

### Nescafé enhancing productivity in Mexico



In Mexico, we have been working closely with coffee-growing communities since 2001. In the last 10 years, our coffee agronomists have visited about 6700 coffee farms, given more than 6000 training sessions and reached more than 100 000 farmers. During the same period, 39.5 million coffee plantlets have been distributed, renovating more than 15 900 hectares of land and benefiting over 34 000 coffee farmers.

Thanks to these interventions, productivity in Veracruz increased by more than 90% between 2014 and 2019. While in Chiapas, we recorded an increase in the same period of more than 150%.

[Read more stories online](#)

\*Definition of the coffee volumes considered responsibly sourced can be found on page 14 of the [Creating Shared Value and Sustainability Report 2020 Appendix](#)



# Nestlé Cocoa Plan

## Our commitment

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

Extended

## Our objective

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

New

## Our action and achievements in 2020

### Taking an integrated approach

Cocoa is a key ingredient in many of our products, and we are committed to sourcing 100% of it through our *Nestlé Cocoa Plan* by 2025. Cocoa issues include deforestation, child labor and lack of living income for cocoa farming households. Around 70% of the world’s cocoa comes from West Africa, which is why most of our efforts are concentrated there. We have developed the *Nestlé Cocoa Plan* to address social and environmental issues and create a responsible cocoa supply chain. Our original 2020 commitment was updated in 2019, to source all the cocoa for Nestlé confectionery through the Plan for 2025. However, while we have retained the 2025 deadline, our commitment now applies to all the cocoa we purchase, regardless of the product it will be used in.

### Sourcing responsibly through the *Nestlé Cocoa Plan*

In 2020, the *Nestlé Cocoa Plan* launched two pilots to address agricultural poverty and support living incomes for farmers. One pilot aims to spread the insight and learnings of successful farmers, while the other – the Household Income Accelerator (described in the case study on the right) – uses cash incentives to encourage more responsible farming practices.

We continued to monitor the children in our supply chain despite the COVID-19 pandemic. Some results, however, have been impacted because we had to shut down certain remediation efforts from March to September.

### Tackling deforestation

In 2020, we achieved another milestone when we released the first [Cocoa & Forests Initiative progress report](#).

The report details the extent of our work to tackle deforestation and promote regenerative practices in Côte d’Ivoire and Ghana. This includes distributing over half a million forest trees and mapping tens of thousands of farmers to ensure farms do not extend into protected areas.

In 2020, we launched the Cavally Forest project with the Côte d’Ivoire Government and Earthworm Foundation. The forest is a key biodiversity region and home to endangered species that spans Côte d’Ivoire, Liberia, Guinea and Sierra Leone. The partnership will tackle the threat of deforestation by working with the communities in or near the threatened forest. We have recruited our field team and are currently working to collect diagnostics of the current challenges. Using this information, we will co-create and implement sustainable land use plans.

### Incentivizing prosperity with living income pilots



Our innovative living income pilot is designed to accelerate change at the farm, co-operative and household level.

Using financial incentives, we will encourage behavior change that will steadily and sustainably deliver economic growth for cocoa farmers in Côte d’Ivoire. Incentivized actions include applying good agricultural practices, introducing alternative income streams, running a robust Child Labor Monitoring and Remediation System (CLMRS) program and planting shade trees.

[Read more stories online](#)

Picture taken before the COVID-19 pandemic

## Overall achievements

As we have increased the scope of the *Nestlé Cocoa Plan*, we have achieved results that will transform cocoa supply chains beyond Nestlé. For example, our work in tackling child labor has generated a truly transparent model that other companies have used to begin rolling out new systems across their supply chains. To protect children in cocoa-growing communities we scaled up our Child Labor Monitoring and Remediation System (CLMRS) work and published two landmark [child labor reports](#) that are industry-leading in terms of their transparency and data reporting. Today, we are monitoring over 86 000 children. As a result of our efforts, nearly one-third of all children were no longer in child labor in 2020.

## Looking ahead

The results our cocoa supply chain programs have achieved so far show that they work. Now we want to expand on these successes, maintaining positive momentum by scaling up these initiatives and bringing them to new sourcing regions.

This includes expanding CLMRS to cover all of our West Africa sourcing, and accelerating the rollout of the *Nestlé Cocoa Plan* in Brazil. In recognition of this, we have extended our objective to source all cocoa for Nestlé through the *Nestlé Cocoa Plan* to 2025.

We will continue our work to preserve forests and support the broader aim of reducing our carbon footprint and achieving net zero emissions by 2050.

Our efforts across our cocoa supply chain will include partnerships with others such as the World Cocoa Foundation and the International Cocoa Initiative to share learnings and scale efforts.

We will keep reporting to the leading standards we have developed. In the near future, we will be measuring the impact of our work through the Netherlands’ [Royal Tropical Institute](#) and reporting the progress of our living income pilots.

# Respecting and promoting human rights



## Our commitments to respecting and promoting human rights

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

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



**How we map our material issues to the UN SDGs**

## Why it matters

As the world's biggest food and beverage company, we use our scale and reach to respect human rights and protect people all along our value chain. We do this by developing and deploying best practices and nurturing partnerships that make lasting changes.

## What we achieved

We have scaled up our human rights efforts significantly over the past decade. This has enabled some fundamental changes while actively raising the bar for transparency and understanding around child labor. In 2012, we became the first company in the cocoa industry to introduce a comprehensive Child Labor Monitoring and Remediation System (CLMRS). In 2017, we became the first to openly report child labor risk in our supply chain. Our [landmark report](#) detailed our efforts to tackle child labor and provided an honest insight into our successes and challenges.

We know that child labor and other human rights abuses are exacerbated by rural poverty. That is why we take a holistic approach focused on securing resilience in the communities we source from. We have significantly increased our efforts to improve livelihoods for farmers. This includes launching multiple living income pilots across different raw materials.

We also continue to refine and improve our grievance mechanisms. These are a lifeline to help workers in our supply chain protect their rights and are essential to ensure our business partners are meeting our standards. In addition, we continue to explore new technologies to strengthen our supply chain auditing tools.

Our Human Rights Due Diligence program drives our human rights work. This program will be kept up to date with revisions to 18 different corporate policies, standards and commitments to incorporate the most relevant and impactful human rights elements and language. An example of this is the updated version of our [Corporate Business Principles](#) and our [Responsible Sourcing Standard](#). We have also conducted multiple impact assessments in at-risk countries, trained hundreds of thousands of employees on human rights awareness and added new categories of data to our reporting.

## Looking ahead

Expectations and best practices around human rights are evolving continuously. There will always be more to learn and new ways to engage with our employees, farmers and communities.

From transparency on child labor to training our employees and improving our grievance reporting systems, we have achieved many significant milestones over the course of our 2020 commitments. But there is still more to do.

That is why we have revised our commitment to reflect our continued dedication to protecting human rights globally. In 2021, we will publish our Human Rights Framework and Roadmap, developed by our internal [Human Rights Community](#).

# Assess and address human rights impacts

## Our commitment

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

Partially achieved 🟡

## Our objectives

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

Achieved ✓

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

Achieved ✓

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

Extended 🟡

## Our action and achievements in 2020

### Raising awareness and driving implementation

We need our own people to help us respect and promote human rights across our supply chain. Training them drives awareness, understanding and the implementation of best practices. Since 2011, we have trained 282 532 employees on human rights globally, starting with the countries that have a high risk of human rights violations.

In 2019, we launched an online human rights training tool in all countries where we have operations and made it a mandatory element of induction training. By the end of 2020, 157 250 employees had completed their training during the year. As our commitment came to an end, we analyzed data at country level, and have identified a handful of countries with gaps in terms of percentage of employees trained. These are mainly low-risk countries with a substantial number of factory workers with no computer access and where in-person training was made difficult in 2020 because of COVID-19 restrictions. However, we will ensure that we close the gap in these countries by the end of 2021.

### Completing our impact assessments

By the end of 2020, we had achieved our objective, completing six human rights impact assessments in our upstream supply chain. They include one for palm oil in Indonesia, two for cocoa in Côte d'Ivoire and three for hazelnuts in Turkey.

Some of our progress in 2020 has been assessed by the Fair Labor Association and published in a [report](#) evaluating our Child Labor Monitoring and Remediation System (CLMRS) [efforts in Côte d'Ivoire](#).

### Promoting binding standards

We support mandatory human rights due diligence legislation. In 2020, the European Commission announced that it would build a legal framework to establish mandatory human rights standards. Nestlé joined 25 other global corporations in signing a [declaration](#) in support of the move.

## Overall achievements

In the supply chains for each of our priority [raw materials](#), our due diligence work serves as a powerful enforcer that puts human rights programs and initiatives at the heart of our efforts.

For example, our CLMRS sets new standards for transparency in the cocoa industry, actively [transforming lives](#) for thousands of children.

Every farmer should have access to an income that meets their basic needs. In our [cocoa](#) and [coffee](#) supply chains, we have launched living income initiatives that will provide farmers with the living income we believe is their right.

Additionally, we launched regional programs to support economic resilience in coffee and cocoa communities in regions including West Africa and Brazil, focusing on empowering women and promoting income diversity.

## Looking ahead

In an uncertain world, our commitment to respecting human rights in our business activities matters more than ever.

In response, we are linking our human rights agenda with other sustainability priorities. For example, our Net Zero Roadmap specifically references the importance of a just and fair transition to a lower carbon world. In packaging, we want to complete baseline assessments in three different locations to help us understand the human rights risks and impacts in the plastics recovery and waste management sectors.

We are also exploring multiple options and technologies for promoting human rights across our value chain. These approaches include further tech-enabled worker voice mechanisms, as well as digital surveys that provide new ways to reach workers beyond traditional audits.

We will continue to train our people on human rights and keep the topic front of mind, recognizing the vital importance of everyone at Nestlé in meeting our objectives in this area.

In 2021, we will publish our Human Rights Framework and Roadmap, developed by our Human Rights Community.

## Expanding due diligence with our new Human Rights Community



To continuously embed human rights into our business activities, we launched a new internal [Human Rights Community](#) in 2020.

Made up of 25 Nestlé employees, the Community meets monthly to oversee the implementation of the Nestlé Human Rights Due Diligence program. Its members represent all relevant functions that manage human rights within Nestlé.

In 2020, the work of the Community helped us clarify our [governance structure](#) and develop a new Human Rights Framework and Roadmap that will be published in 2021.

[Read more about this story online](#)

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

# Protecting workers and children

## Our commitment

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

Achieved ✓

## Our objective

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

Achieved ✓

## Our action and achievements in 2020

### Building strong relationships

Human rights are a global priority for Nestlé. By engaging at a local level in the communities where we have a presence, and by collecting data and tracking our impact, we have been able to refine and scale up our human rights efforts to help hundreds of thousands of people in multiple ways.

As part of our responsible sourcing program, we assess and address labor rights risks across our agricultural supply chains. In many cases, we identify issues that require tailored interventions and collaborations with our partners and suppliers. In 2020, more than 73 000 agricultural supply chain workers benefited from interventions to address and improve labor rights. Interventions included the provision of grievance mechanisms, training sessions on labor rights or renovation of workers' accommodations.

### Using data to drive improvement

COVID-19 lockdown measures made it more difficult to track much of our data in 2020. Despite the disruption, internal and external stakeholders along our supply chains showed their commitment to driving progress on our [initiatives](#). This is particularly important because [analysis](#) in some cocoa-growing regions shows a rise in the risk of child labor during lockdowns.

We also continued supporting human rights through improving grievance mechanisms to enable stakeholders to confidently report issues. For example, in Malaysia, continued collaboration with Sime Darby Plantation (SDP) and the Responsible Business Alliance supported the development of our available reporting resources.

Together, we launched the second phase of the palm oil industry's first Workers' Voice (Suara Kami) grievance helpline. After successfully completing the pilot in February 2019, this new phase sees the helpline expanded to cover more than 23 000 of SDP's migrant workers, the majority of whom are from Indonesia, India, Bangladesh and Nepal.

As a result, we are able to analyze all reports made to this and other grievance lines and identify trends and opportunities for improvement.

## Overall achievements

Our work throughout the commitment period has supported more responsible agricultural supply chains globally. This has been acknowledged by [KnowTheChain](#), which ranked Nestlé third out of 42 companies and highlighted our leadership in transparency.

We have positively impacted the lives of more than 73 000 workers in 2020 through our labor rights activities, and positively impacted the lives of over 127 000 children in our agricultural supply chains through our remediation efforts.

## Looking ahead

We want to support thriving and resilient rural communities, where child labor risk has been eliminated, human rights are respected and farming offers a sustainable future. We will continue taking action on the ground with our partners. We will also keep helping to tackle root causes through collective action and engagement.

Our efforts to address child labor risk in our West African cocoa supply chain and our [hazelnut supply chain in Turkey](#) have delivered insights that we can build on. From this, we developed a new risk assessment tool to understand child labor risks across all the priority commodities we buy. The results of these assessments will define our new strategy to tackle child labor risk.

## Recognition of our Child Labor actions



Nestlé, with support from the International Cocoa Initiative (ICI), developed the Child Labor Monitoring and Remediation System (CLMRS) to identify and remediate child labor. Since its launch in 2012, the approach is being increasingly adopted by the industry as best practice. The system uses facilitators within cocoa-growing communities who raise awareness on the issue of child labor, identify cases and request remediation action. The ICI implements and manages the program on the ground.

In 2020, the Fair Labor Association (FLA) published a [report](#) evaluating the impact of our CLMRS in Côte d'Ivoire. The report assessed whether the cocoa farmers, workers, and their families believe they have benefited from the CLMRS and how it is impacting the incidence of child labor.

The FLA report recognizes the progress we have made on increasing transparency, school attendance and income-generating activities. It also highlighted the benefits of our various remediation strategies, which we are now expanding based on these learnings.

[Read more about this story online](#)

# Our culture of business ethics and integrity

## Our commitment

**Enhance a culture of integrity across the organization**

Achieved ✓

## Our objective

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

Achieved ✓

## Our action and achievements in 2020

### Integrated assurance for our value chain

Business ethics and compliance are a fundamental condition for Creating Shared Value. Our commitments to integrity, fairness and authenticity are stated in our purpose and values, our *Corporate Business Principles* (see case study on right) and *Code of Business Conduct*. Our comprehensive Compliance Management System enables our employees and managers to do the right thing for the right reason while protecting and strengthening Nestlé’s reputation. It supports our advocacy strategy for environmental and social matters, and it is a condition for making Nestlé a ‘force for good’.

### Leveraging our information technology (IT)

During 2020, we implemented a range of new tools. These tools automate the execution of our compliance audit program (CARE) and consolidate audit results and operational results, such as the completion of our mandatory corporate training courses.

The new tools are part of our IT Roadmap, designed to streamline and standardize our compliance processes.

The Roadmap will guide our way forward, leveraging new IT capabilities and enhancing our third-party risk management.

We also added a new compliance section to our *Know Your Supplier* questionnaire, which covers our global procurement operations. If information about a supplier triggers red or yellow flags on compliance questions, our Legal and Compliance teams immediately conduct a review.

## Overall achievements

Our evolution continues to adapt to emerging risks. It promotes and protects ethics and compliance across the organization, creating sustainable value for our activities and operations. It also strengthens our reputation and legitimacy in the eyes of our stakeholders.

### CARE audits 2020

Audits carried out	124
Locations covered	245
Improvement opportunities identified	212
Gaps closed in the year	73

## Looking ahead

We will continue to promote compliance with our employees. Future efforts will also focus on the evolution of how we execute our integrated reporting system, our mandatory compliance training and our compliance communication.

## Updating our Corporate Business Principles



As society continuously transforms, we evolve with it. That is why, in July 2020, we launched our updated *Corporate Business Principles*, which include our positions on sustainability, human rights, diversity and inclusion, transparency and open communication.

The new Principles were shared across the company through an internal digital communication campaign in July 2020, accompanied by mandatory training on the key elements. In addition, all our markets were provided with a tailored local communication plan.

[Read more about this story online](#)

# Grievance mechanisms and remediation

## Our commitment

**Provide effective grievance mechanisms to employees and stakeholders**

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Strengthening our grievance systems

At Nestlé, we want all our employees to work in a safe and healthy environment, based on constructive professional relationships and where everyone is empowered to speak up. This is fundamental to staying true to our values, which are rooted in respect. Our work on human rights depends on a robust reporting system that gives anyone along our value chain the confidence to speak freely.

We maintain two reporting systems: our *Integrity Reporting System* for internal employees and *Tell us*, the independently operated system for all stakeholders. We have been continuously analyzing trends from these platforms, such as report volumes and the rate of substantiated reports. In 2020, we used insights from this analysis to drive improvements.

A new automated flagging feature went live across both our platforms to help us expedite the more serious allegations. This will generate more efficiency and transparency in how we handle potential violations that misalign with our *Corporate Business Principles*.

### Grievance reporting in numbers

Every year, confidence in our grievance reporting mechanisms has grown and we have experienced a corresponding collective increase in reporting across the two platforms.

In 2020, through our *Integrity Reporting System*, we received 1624 messages – slightly down from 1740 during 2019. Of these, 464 cases were substantiated and related to issues such as abuse of power and/or harassment/bullying, labor practices and kickbacks. So far, 1583 cases have been investigated and closed.

During the same period, our *Tell us* reporting platform received 1681 messages – 40% up from the 1178 during 2019. Of these, 68 were substantiated and related to matters such as human resources (HR) issues, fraud, compliance and safety. So far, 1138 have now been closed.

#### Nestlé Integrity Reporting System (2020)

Number of messages received	1624
Number of cases closed	1583
Number of cases substantiated	464

#### Tell us (2020)

Number of messages received	1681
Number of cases closed	1138
Number of cases substantiated	68

## Overall achievements

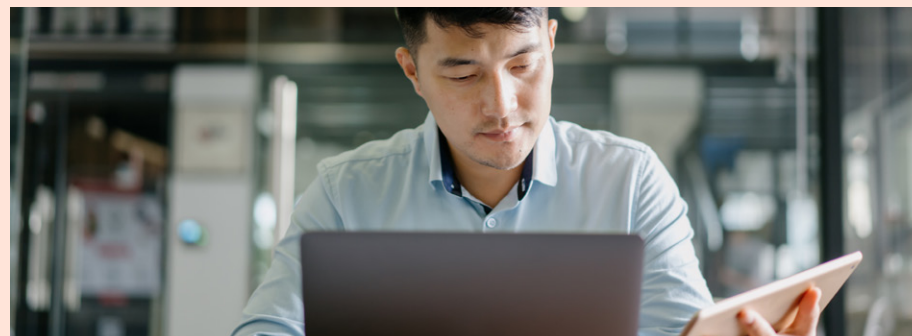
With the increased awareness of the system due to internal communications and the effectiveness of the platform, the collective number of cases has been increasing. Decisive action has been taken in all substantiated cases, which has served to strengthen confidence in the platform.

Our approach to advancing our grievance reporting mechanisms and transparently reporting their use has been fundamental to embedding a Speak Up culture. This in turn has helped us step up our responses to high-risk and sensitive allegations.

## Looking ahead

Over the next two years, we will roll out the case management system (CMS) tool across all markets (see the case study below), which will empower an automated data consolidation and enable a more efficient trend analysis. In addition, we will unify the *Integrity Reporting System* and *Tell us* platforms into one global reporting system, thereby simplifying the overall handling of cases and reinforcing Nestlé's role in society.

### Creating better reporting systems



In 2020, we piloted the CMS tool designed to streamline how we handle grievance cases in the system. The tool has been launched in five markets: Brazil; Greater China Region; Russia and Eurasia; the Middle East and North Africa; and Colombia.

The CMS tool marks an important step in the evolution of our system and will improve our capabilities to capture, document and monitor the cases. The CMS will be rolled out to all markets in 2021–2022.

[Read more about this story online](#)

# Promoting decent employment and diversity



## Our commitments to promoting decent employment and diversity

- 40 Roll out our *Nestlé needs YOUth* initiative across all our operations
- 41 Enhance gender balance in our workforce and empower women across the entire value chain
- 42 Advocate for healthy workplaces and healthier employees

## Why it matters

Building sustainable economies will depend on ensuring the next generation is able to access employment opportunities. Yet young people around the world are struggling to find such opportunities or to start their own business. This situation has only become more challenging as a result of the COVID-19 pandemic.

As a major employer, we can make a positive difference, providing employment, training and skills development opportunities to young people. We also use our platform as a global company to influence key stakeholders and drive collective action. We encourage better practices in workplaces globally, including diversity, which is an integral part of our company's culture. We develop workplaces that lead by example, by increasing representation of women at all levels and supporting the health and well-being of hundreds of thousands of employees.

## What we achieved

Our *Nestlé needs YOUth* initiative is helping young people around the world. We offer training, mentorships and professional development opportunities and advance the skills they need to kickstart their careers. In response to the COVID-19 pandemic, we scaled up the digitalization of our programs to ensure continued support for young people amid global restrictions.

Through the Alliance for YOUth, we collaborate with hundreds of like-minded business partners globally, regionally and locally to [promote youth employment and employability](#).

We apply the same passion and commitment to taking care of the people who work for us. Our safe and inclusive workplace represents the diversity of our global markets. Empowering women is a particular focus and one that drives broader anti-bias efforts across our business. Today, 43% of our managers are women.

We also empower our local offices to develop and host relevant, impactful programs to increase diverse representation among our workforce. Diversity and inclusion are the foundation of our strength. They are one of the ways we bring our purpose and values to life. To read more go to [Supporting our people web page](#).

## Looking ahead

We want to scale up the strong results we have achieved to date with our youth-focused initiative and alliance to broaden their impact.

We will continue our Gender Balance Acceleration Plan that puts further emphasis on increasing the number of women in senior executive positions globally. Today, we are on track to achieve [our 2022 commitment to have 30% women in our top 200+ positions](#).

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



**How we map our material issues to the UN SDGs**

# Opportunities for young people

## Our commitment

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

Extended

## Our objectives

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

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

Extended

## Our action and achievements in 2020

### Building tomorrow together

The global *Nestlé needs YOUth* ambition focuses on our core impact areas of employment and employability, agripreneurship and entrepreneurship.

*Nestlé needs YOUth* was launched to help 10 million young people access economic opportunities by 2030. Since 2014, we have established over 300 private sector partnerships to develop the skills and resources young people need to enter the workplace or start their own business.

We have accelerated the digitalization of *Nestlé needs YOUth* and its activities. For example, in Mexico, Nestlé developed an entrepreneurship program to support young innovators through mentoring and strategic support for their businesses. This has helped us to maintain momentum regionally and locally during the COVID-19 pandemic.

In addition, we launched the *Nesternship* initiative across our Zone AOA (Asia, Oceania and sub-Saharan Africa). This digital internship program helps young people gain professional experience remotely, which is a lifeline opportunity for those affected by the pandemic.

### Growing the Global Alliance for YOUth

The Global Alliance for YOUth was launched in 2019 and today counts more than 20 multinational companies among its members. The initial commitment was to support 6 million young people to develop the necessary skills to thrive in the world of work, today and tomorrow. The Alliance exceeded all expectations and positively impacted more than 10 million young people in 2019 alone. In response, the Global Alliance scaled up its commitment, aiming to support 15 million young people by 2022.

## Overall achievements

Since the start of our commitments, we have offered more than 43 000 apprenticeships and traineeships worldwide and provided over 100 000 job opportunities for young people under 30.

In addition, in 2020 more than 1 million young people have attended work readiness training events in person or online, and over 3088 entrepreneurs have benefited from advanced mentoring.

As part of the same objectives, and aligned with our ambition to increase the number of young people choosing a career in farming, we have identified around 9920 agripreneurs who can become future-fit farmers.

## Looking ahead

Through *Nestlé needs YOUth*, we will keep working toward our 2030 commitment to help 10 million young people access economic opportunity.

We are also developing important new commitments to keep leveraging the momentum we have built to help young people reach their potential.

## Reaching youth around the world



In October 2020, Nestlé and The Global Alliance for YOUth organized a Facebook live event for Europe, Middle East and North Africa (EMENA) featuring the European Commissioner for Jobs and Social Rights, Nicolas Schmit. Nestlé and the Alliance for YOUth announced that they will offer 300 000 first jobs, apprenticeships and traineeships across EMENA by 2025. Nestlé will contribute 40 000 of these positions.

Under Nestlé's leadership, the fifth Pacific Alliance Youth Summit, hosted by Nestlé Chile, took place virtually for the first time in late

November with more than 20 000 participants. The focus of the event was on tackling the social and economic integration of young people impacted by the COVID-19 pandemic.

Through these opportunities, we aim to help young people gain the skills necessary to shape the society of tomorrow and contribute to a sustainable COVID-19 recovery.

[Read more stories online](#)



# Empowering women

## Our commitment

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

Achieved ✓

## Our objective

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

Achieved ✓

## Our action and achievements in 2020

### Changing the face of our workforce

We understand that if we are to build a company that serves everyone, it must be one that also mirrors the richness and cultural diversity of society. That is why we are building a more diverse company through our [Gender Balance Acceleration Plan](#). Launched in 2019, the plan aims to increase the proportion of women in our top 200+ senior executive positions to 30% by 2022. By the end of 2020, we had achieved 25.6% representation. Meeting the goal was achieved through measurable goals, anti-bias training, and mentoring and sponsorship programs.

In line with our inclusive people practices, our performance and rewards management systems are built on the standards of fairness and parity. To make sure that men and women performing comparable jobs are paid equitably and that no systemic gender bias exists, a worldwide equal pay assessment process is now conducted regularly.

We were also recognized by the Bloomberg Equality Index for the second time for advancing the gender balance in our workplace and our transparent reporting.

### Accelerating opportunity for women across our supply chain

Since 2015, we have achieved more than we anticipated – improving livelihoods for women in 10 locations along our supply chain. Our work has focused on several key supply chains (dairy, coffee, cocoa and hazelnuts) and contrasting locations: Guatemala, Brazil, Turkey, Côte d’Ivoire, Ethiopia, Rwanda, Kenya, Iran, India and Indonesia.

We spent 2018–2020 assessing gender roles in these locations and developed appropriate activities to pilot.

Since 2019, pilot activities have included a gender capacity strengthening program for agronomists in our coffee supply chain. The program was co-designed by Nespresso and KIT Royal Tropical Institute. It assigns regional gender trainers to work closely with agronomists for a minimum of six months to help them become more aware of inequalities and to recognize the critical role of women in coffee production.

## Overall achievements

Strengthened policies and training are transforming our workplaces into truly inclusive spaces. We are especially proud of our best practice parental leave policy and our robust sexual harassment training. We have also scaled up support for [breastfeeding in our own workplaces and beyond](#).

The range of approaches to support women along our supply chain are helping us change their economic outlook. For example, our efforts on income diversification training are helping women in cocoa-growing communities in West Africa support their families while gaining financial independence and work experience.

## Looking ahead

Momentum is key to creating lasting change for women who work at Nestlé and beyond, in our supply chains. We have made solid progress, but we must keep building on the foundations we have laid. We have collated feedback from our supply chain pilots and will be using this to refine other impact plans and commitments going forward.

## Recognizing leaders



In 2019, Ghazal Nemati, Application, Innovation & Renovation Agriculture Manager (Nestlé Iran), was named among women leaders advancing sustainability in their company.

Ghazal has been a pioneer since the start of her career with us. She has been a driving force in developing large-scale dairy farms in Iran to produce infant-grade quality milk. Her visionary approach has ensured the farms adopt water stewardship and biodiversity projects. Moreover, Ghazal has used her success to inspire other women to move into the dairy and agricultural sectors by leading several female empowerment programs.

[Read more stories online](#)

# Workplace health and safety

## Our commitment

### Advocate for healthy workplaces and healthier employees

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Caring for employees during the COVID-19 pandemic

The COVID-19 pandemic has been transformational – both in the external world and within Nestlé. Throughout this disruptive and uncertain period, the health, safety and well-being of all our employees have been our priority.

We are encouraging remote working as much as possible and given parents the flexibility to manage their family and professional responsibilities.

We have put additional safety measures in place in our offices, factories and distribution centers, and halted international travel for business purposes. We made our workplaces as safe as possible for our people and offered additional support by way of testing campaigns, flu vaccination campaigns and other measures wherever feasible and applicable.

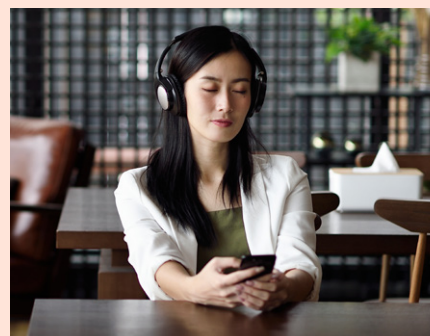
We also offer free meals and transport for staff in factories and distribution centers where relevant. We provide generous sick leave arrangements for those who do contract the virus, and financial support for employees affected by temporary stoppages during the pandemic.

### Inspiring healthier lives

The pandemic’s impacts, while considerable, did not disrupt our scheduled commitments to the well-being of our employees. We are pleased to have made good progress through our three major global programs – *Know Your Numbers* (KYNP), *#HealthyLives* and *Stress and Resilience*. By the end of 2020, we had made KYNP available to 87.6% of our employees\*. In addition, around 22 962 employees had completed video sessions of the *#HealthyLives* training program and 79% of our human resources business partners had undergone *Stress and Resilience* training.

This is a significant achievement given our size and geographic spread. We also continued to lead through industry bodies, including our work with the Consumer Goods Forum where we are a member of the Employee Health & Wellbeing working group.

### Safeguarding healthy futures for employees



As the COVID-19 pandemic led to lockdowns, we wanted to inspire and empower our employees to embrace healthy habits and safeguard a healthier future for themselves, their families and our business. In late 2020, we launched two pilots focusing on physical and mental health.

The first pilot provides an easy-access digital platform to encourage healthy breaks. This helps remove the stigma behind taking a break during working hours. The science-based breaks offer fun and motivating activities for breaks and are designed to help tackle the effects of sedentary lifestyles. These include mindfulness exercises and office yoga.

The second pilot includes an app with a variety of virtual activity challenges such as competing on steps, distance or active minutes. There are individual and team-based tasks, enabling employees to drive healthy lifestyle changes and have fun.

[Read more stories online](#)

Furthermore, we engage with our industry through conferences, such as the European Health Network. In 2020, we remained committed to sharing our expertise and supporting key initiatives through these groups, with our key collective focus being our industry’s response to the COVID-19 pandemic

## Overall achievements

Our KYNP employee health program has given us significant insight into employee health profiles. The program includes an initial anonymous screening (biometrics and health risk assessment), followed by professional guidance leading to targeted health support. While none of the data we collected is connected to individual employees, it will be key to developing effective wellness programs and interventions going forward. Throughout 2021 and onward, we will be aiming for higher participation and driving better use of data insights for the continued development of targeted health interventions.

## Looking ahead

Poor mental health is one of the three most reported work-related illnesses globally. Emerging trends from KYNP also identify stress as a key risk among employees. We believe the pandemic and the profound changes it has caused to the professional and personal lives of our employees will lead to a rise in mental health challenges. In 2020, the focus on the mental health and well-being of employees was strengthened through customized communication and webinars offered to employees globally through different internal channels and platforms. We will continue to drive interventions that support our employees’ overall well-being with a holistic approach, considering mental and physical health.

\*Calculations of the *Know Your Numbers* data are not based on the total workforce.



# For the planet

## 2030 ambition

To strive for zero environmental impact in our operations

### In this section

44 Caring for water

49 Acting on climate change

52 Safeguarding the environment



# Caring for water



## Our commitments to caring for water

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

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



**How we map our material issues to the UN SDGs**

## Why it matters

Water is key to all life. As our climate changes, so does the availability of water. Extreme weather events, such as droughts and flooding are also occurring increasingly frequently. Although this is a global problem, the impacts are felt locally, especially by vulnerable societies.

Water is a vital resource for farmers. Without it, they cannot grow the raw materials needed to produce our foods and beverages. We are passionate about helping make the changes our suppliers need to protect this precious resource. We work closely with them to ensure water is used more efficiently, now and for the future.

## What we achieved

Protecting water sources requires robust actions. Our 2020 commitments for water stewardship were ambitious from the start, and we are proud of our results.

We have reduced our direct water withdrawals per tonne of product by 32% since 2010. These savings have been achieved, in part, through robust water management, something that our bottled water facility in Ontario, California, exemplifies. In August 2020, it became the first food and beverage factory to receive platinum-level Alliance for Water Stewardship certification.

As well as minimizing our water footprint, we support our local communities. Access to water, sanitation and hygiene (WASH) services is a basic human right. With the arrival of the COVID-19 pandemic, WASH has become more important than ever. We extended a long-standing partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC) to secure access to clean water and sanitation in eight countries in sub-Saharan Africa.

Everything we have achieved to date supports our flagship *Caring for Water* initiative and its four key impact areas:

- Agricultural supply chains
- Communities
- Factories
- Watersheds

## Looking ahead

While we continually reduce our direct impact on watersheds, we realize more can be achieved through collective action and engaging all our stakeholders. We are already taking practical steps. As part of an integrated approach to environmental sustainability, Nestlé Waters has set robust goals for water withdrawals and carbon neutrality by 2025. Across the whole of our organization, we will drive systemic change in water use by strengthening partnerships with our suppliers, industry peers, governments, academia, scientists and sustainability organizations.

# Improving water efficiency

## Our commitment

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

Extended ☺

## Our objectives

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

Extended ☺

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

Extended ☺

## Our action and achievements in 2020

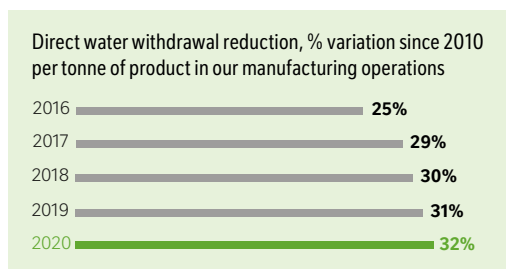
### Achieving industry-leading water withdrawal reductions

Sustainable water use has long been a priority for Nestlé, even before we set our 2020 commitments. As such, we were already operating very efficiently when we established official objectives. By the end of 2020, we had built on this strong foundation, investing in technology and process developments to reduce direct water withdrawals per tonne of product by 32% versus 2010. Some of our markets are even further ahead. For example, in Spain, we have approximately halved water withdrawals per tonne of product since 2010.

Changes in product portfolio across the commitment period have resulted in us falling just short of our target of 35%. For example, while we had achieved a high level of water use efficiency in bottled water facilities, reductions in the production of these products have translated into a decline in overall water use efficiency performance. To account for future evolutions in our product portfolios, we are transitioning away from a global water use efficiency target to focus on progress at the product category and factory levels.

### Carrying out Water Resource Reviews

To control our water impact, we must first understand it. Our *Water Resource Reviews* offer valuable insights into where we can improve water efficiency and management.



Water withdrawals at our factories by product category (m<sup>3</sup> per tonne of product)

Category	2010	2020	% reduction since 2010
Milk products	5.5	3.4	37
Confectionery	7.2	3.2	56
Nutrition and healthcare	13.6	8.3	39
PetCare	1.2	1.1	10
Powdered and liquid beverages	13.9	5.8	59
Prepared dishes and cooking aids	5.5	3.3	40
Water	1.7	1.5	11

Despite delays caused by the COVID-19 pandemic, we carried out two *Water Resource Reviews* throughout 2020, reaching a total of 34 reviews since 2016.

## Overall achievements

We are always looking for new ways to save water. By constantly reviewing our factories and processes, we have successfully reduced our water withdrawals year on year.

In 2014, our reviews uncovered an opportunity in our dairy factories. By developing a state-of-the-art method of extracting water from processed milk, we could recycle recovered water back into operations. Thanks to this technology, we are actively helping to relieve the pressure on important water sources near several of our factories.

## Looking ahead

We have already achieved significant water use savings, but we will not stop there. We will continue to invest in new technologies and initiatives, closing the gap between our existing water withdrawal rate and our 35% target.

As well as building on our internal efforts, we are aware that we must develop water-saving initiatives throughout the value chain, particularly in water-stressed regions. We will work collaboratively with our agricultural suppliers and local communities to invest in water-saving technologies that deliver both environmental and social benefits. At the same time, we will work with other stakeholders from catchment areas surrounding our facilities to develop joint responses to local water protection.

## Safeguarding water with real-time insights



We want to ensure we are always using water in the most efficient ways possible. That is why, in 2019, we began installing *Aquassay* technology in our factories to monitor water from source through to discharge.

The technology, which helps factory managers highlight areas for improvement in real time, has now been fully deployed in 10 sites. Additionally, 21 facilities are in the implementation phase, with 15 more scheduled to install *Aquassay* throughout 2021.

# Water stewardship advocacy

## Our commitment

### Advocate for effective water policies and stewardship

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Encouraging collaborative action for water stewardship

Water is a shared resource, so protecting it must be a shared responsibility. We are pursuing joint action to preserve vulnerable water sources and ensure sustainable water management.

One such collaboration is the 2030 Water Resources Group (2030 WRG), of which we have been a dedicated member since its launch in 2008. We have supported the group to create multi-stakeholder platforms (MSPs) in water-stressed areas, committing to add one new partnership each year for a decade. Each MSP is developed through a three-pronged approach:

- **Analyze** the issue
- **Convene** a 'hydro-economic' analysis to identify solutions
- **Transform** water management through targeted solutions

We have supported the group to create 14 MSPs in water-stressed locations in the last decade, thus achieving our commitment (adding, on average, one country/state for every year over a 10-year period).

We continue to actively contribute to the 2030 WRG. In 2020, we contributed to research into how to harness the multi-stakeholder approach to address water issues locally. Starting with Cape Town, South Africa, we will support hydro-economic analyses of water-scarce cities to understand how domestic water use can be reduced.

During 2020, several MSPs redirected resources to increase access to water and sanitation services in a rapid COVID-19 response. Plans have been established across Mongolia, Mexico, Kenya, Brazil, Ethiopia, Tanzania and South Africa to support economy recovery and job creation.

### Implementing the Alliance for Water Stewardship (AWS) Standard

We have significantly surpassed our objective to uphold the AWS Standard. Between 2017 and 2020, the Standard was implemented in 41 locations, with several of our markets achieving even more important milestones. For example:

- In August 2020, Nestlé Waters North America achieved two firsts. Our bottled water plant in Ontario, California, became the first food and beverage factory globally – and Nestlé Waters the first company in any sector in North America – to receive platinum-level AWS certification.
- In Pakistan, AWS certification for the last of our four factories made this the first Nestlé market to achieve 100% certification by 2020.

By 2025, all Nestlé Waters sites will be certified to the AWS Standard. We have also begun implementation in other business areas, achieving certification in several food and beverage factories across Mexico, Ecuador, Spain and Ireland.

## Overall achievements

Through the 2030 WRG, nearly USD 1 billion (CHF 8.8 billion) has been mobilized in water security responses. Since 2018, the World Bank Group has hosted the 2030 WRG, allowing efforts to be scaled up. To date, 25 projects are active in collaboration with the World Bank Group, with another 29 opportunities in the pipeline.

To improve our own stewardship, we have continuously implemented the AWS Standard across more sites every year. To date, we have achieved AWS certification in 41 sites.

## Looking ahead

Water sources and watersheds demand increasing protection – tailored to the requirements of each country. By harnessing collective knowledge, we are connecting the issue of water stress with climate change and biodiversity to offer more integrated solutions. More critically, by drawing on the resources and influence of the 2030 WRG, we will continue to actively encourage political leaders to place greater importance on water-related issues.

### Funding efficient irrigation in Tanzania



Agriculture in Tanzania is responsible for 85% of national freshwater withdrawals. However, inefficient practices mean that up to 45% of this is lost.

The 2030 WRG is working with 3000 farmers in the Pangani and Rufiji Basins to increase access to financing for improved technologies, such as drip irrigation systems, to reduce water losses.

[Read more about this story and others online](#)

Picture taken before the COVID-19 pandemic

# Engaging with our suppliers

## Our commitment

### Engage with suppliers, especially those in agriculture

Extended 🌱

## Our objective

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

Extended 🌱

## Our action and achievements in 2020

### Implementing action plans

Farmers rely on a constant supply of water to grow the crops we need for our key raw materials. This means that efficient water management is essential – especially for those working in water-scarce areas.

We have always taken a targeted approach to agricultural water use by partnering with growers to address local needs. The development of detailed action plans has helped identify the most pressing issues, including drought and flooding resilience, wastewater treatment and sustainable agriculture methods.

During the commitment period, we implemented several action plans in water-stressed areas throughout our supply chains for coffee, dairy and cereals. These action plans have enabled us to target water management initiatives in high-priority sourcing areas.

This commitment is still in progress for our sugar supply chain due to foundational steps taking longer than originally planned. Beyond 2020, we will place a stronger emphasis on environmental considerations, working with our producers to identify and address their key water management needs.

### Overall achievements

Since the beginning of this commitment, we have developed long-term initiatives to improve water use efficiency. These have been developed in collaboration with various suppliers, using advanced technologies and global best practices.

- Coffee farmers in Colombia, Brazil and Vietnam
- Wheat producers in the US
- Dairy producers in South Africa, Pakistan, India and Iran
- Tomato growers in Spain

These projects are evolving as our capabilities and supplier needs develop.

We know that implementing and scaling ongoing programs such as these are key to achieving long-term improvements. We continually look for new ways to work with our suppliers to further enhance water management.

## Looking ahead

As we move beyond 2020, we will work diligently to complete the implementation of our remaining action plans. This will inform the development of more ambitious, collaborative water interventions.

Water use in our agricultural supply chains remains a priority for Nestlé, and we will work with growers to improve the management of this precious resource. In particular, we will strengthen our focus on addressing irrigation inefficiencies in water-stressed areas.

### Saving water with tomato suppliers in Spain



In Extremadura, Spain, nearly 90% of water use occurs in the agriculture sector. With rains both seasonal and scarce, strong water management is key.

We have worked with stakeholders throughout our Spanish tomato supply chain to improve water use. This has included installing new technologies such as buried irrigation, humidity sensors and flow meters.

Since 2013, we have achieved water savings of over 1 million m<sup>3</sup> with our tomato suppliers. This has contributed to our Miajadas factory in Extremadura becoming the first European food factory to achieve AWS gold-level certification in 2020.

[Read more about this story and others online](#)

Picture taken before the COVID-19 pandemic

# Access to water, sanitation and hygiene

## Our commitment

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

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Implementing guidelines on the human right to WASH

Access to water, sanitation and hygiene (WASH) is a key human right. We can, and must, play our part in breaking down barriers to WASH access in our local communities.

That is why, in 2015, we developed our [Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation](#). To date, these rules have been implemented in all of our markets and key agricultural supply chains.

We cannot do it alone – we need the support of our suppliers to make sure WASH is accessible everywhere. We have included the human right to WASH as an urgent consideration for our Tier 1 suppliers in the [Nestlé Responsible Sourcing Standard](#).

### Launching local WASH projects

Over the course of this commitment, we have worked with local stakeholders and organizations to increase access to WASH projects for 1 407 443 beneficiaries in the areas surrounding our facilities.

WASH is key to keeping people safe, particularly during the COVID-19 pandemic. In 2020, we built on a long-standing partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC) to ensure more people had access to safe water and sanitation. To do this, we:

- Donated CHF 3 million to the IFRC’s global COVID-19 response fund.
- Established partnerships with local IFRC branches, offering CHF 7 million in financial support and in-kind donations.
- Launched [WASH programs in eight countries in sub-Saharan Africa](#) to combat the spread of COVID-19.
- Matched employee donations.

## Overall achievements

We realize different communities have different priorities. If our support is to have positive impact, we need to understand these unique needs. In 2019, we developed a Community Relations Process (CRP) tool for our medium- and high-risk markets. This mapping tool helps us identify key community stakeholders, with whom we then engage on tailored WASH interventions. In the first year, we piloted the CRP tool in Colombia, Mexico, Iran, Pakistan and South Africa. In 2020, we launched it in all medium- and high-risk markets to inform future WASH interventions.

## Looking ahead

We will continue to respond to the needs of the communities surrounding our factories and supply chains. This includes bringing the CRP tool to all our markets, promoting the development of relationships that are mutually beneficial to Nestlé, our stakeholders and communities throughout our value chain.

### Supporting Kenyan communities during the COVID-19 pandemic



In June 2020, we donated nearly CHF 110 000 to support COVID-19 relief initiatives developed by the Kenya Red Cross Society and the IFRC. This donation was just part of our larger response, fighting the crisis with over CHF 10 million in combined financial and in-kind donations to assist people and communities.

Part of the donation went to vulnerable households in Samburu county in the form of cash and food rations. The remainder financed the installation of a solar water-pumping system, water storage and distribution network, and WASH interventions.

[Read more about this story and others online](#)



# Acting on climate change



## Our commitments to acting on climate change

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

## Why it matters

Everyone is affected by climate change, from the farmers who supply us to the consumers who enjoy our products. With increasingly extreme weather patterns already seriously impacting our planet, the time for decisive, collective action is now.

The Intergovernmental Panel on Climate Change (IPCC) has called for global warming to be limited to 1.5°C. It is widely agreed that ambitious policy changes and collective actions are needed to achieve this limit.

As a global company, we are harnessing our scale and reach to influence long-term engagement in climate policy, both within and outside our organization.

## What we achieved

We have been uncompromising in our commitment to reduce climate impacts, leading by example in identifying pioneering solutions.

Our determination has resulted in significant emissions reductions. We have surpassed our goals, achieving a 37% decrease in direct and indirect emissions per tonne of product since 2010. 50% of all our electricity purchased came from renewable sources. Several of our markets even achieved 100% renewable electricity.

We are also addressing impacts outside the direct operations of Nestlé. For example, we are joining forces with other leading companies to advocate for a greener EU trucking industry.

2020 saw us prepare and publish even more ambitious goals and strategies to direct our efforts. As a member of the newly established [Race to Zero](#) coalition, we are joining global leaders in the challenge to achieve net zero emissions no later than 2050. In December 2020, we completed a major study to better understand how we can achieve this goal. The data collected was then used to formulate [new targets, which we have publicly committed to](#).

## Looking ahead

Our goals outline where we want to be by 2050. Our [Net Zero Roadmap](#), which was launched in December 2020 with targets approved by the Science Based Targets initiative (SBTi), is how we will get there.

Historically, we have focused on emissions that are produced within our own factories (Scope 1), as well as those related to the electricity we purchase and use in our facilities (Scope 2). To achieve net zero emissions by 2050, we must now address emissions throughout our value chain. As the vast majority of our emissions come from activities in our supply chain (Scope 3), that is where we must focus efforts, collaborating with various partners to achieve our goals.

The power of our products is key to driving industry action, and we have set goals for some of our best-known brands. *Nespresso*, *S.Pellegrino*, *Perrier* and *Acqua Panna* are planning to achieve carbon neutrality by 2022, with the rest of our Nestlé Waters portfolio achieving the same by 2025.

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



**How we map our material issues to the UN SDGs**

# Climate change leadership

## Our commitment

### Provide climate change leadership

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

We know that cooperation is the cornerstone of climate action, and so we have stepped into a leadership role. This means addressing climate impacts in our own operations as well as our industry as a whole. That is why we have worked hard to reduce GHG emissions across our own business as well.

### Procuring renewable electricity

In 2015, we joined RE100, a global renewable electricity initiative, to accelerate global action and support our own ambitious renewables commitment. By the end of 2020, we achieved what we had committed to, with 50% of electricity met by renewables, a significant increase on 2019 (41%). Our Latin American and Western European markets are now close to 100%. These achievements contribute to our company-wide aim of 100% renewables by 2025.

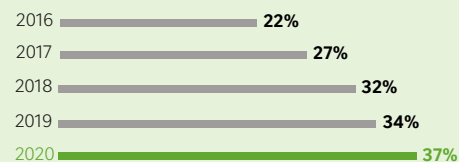
In the US, we took the next step, supporting the development of a [2000-acre solar project in Pecos County, Texas](#). Our largest renewable energy investment to date (by capacity), Nestlé will purchase 100% of the renewable electricity attributes generated, helping to achieve net zero by 2050.

### Reducing our Scope 1 and 2 emissions

Five years ago, we set an ambitious science-based target to reduce Scope 1 and 2 emissions per tonne of product by 2020 (versus 2010).

Today, we are proud to have exceeded it, achieving a 37% reduction. We introduced an interim target in 2016, committing to a 12% drop in absolute Scope 1 and 2 emissions (versus 2014). We have passed this milestone, achieving a 32% reduction by 2020.

GHG emissions reduction, % variation since 2010 per tonne of product in our manufacturing operations



### Reducing distribution emissions

Over 90% of emissions associated with our activities occur outside our direct operations. We are working closely with value chain partners to tackle their climate impact. Since 2014, emissions in our distribution operations have fallen by 11.5%.

In July 2020, we partnered with over 20 organizations to establish the [European Clean Trucking Alliance](#). The alliance is accelerating the decarbonization of road freight transport in Europe, activating transformational change in the trucking industry.

### Reducing warehouse emissions

We have established a program of continual improvement in our warehouses. As a result, we have significantly surpassed our objective, achieving a 52% reduction in warehouse emissions to date.

### Harnessing natural refrigerants

In 2019, our factory in Cacapava, Brazil, replaced 11 chillers units containing synthetic hydrochlorofluorocarbon (HCFC) refrigerants. In their place, we installed systems that run on natural ammonia refrigerants and a heat pump. To date, this switch has seen factory Scope 1 and 2 emissions fall by 60%.

## Overall achievements

We are harnessing more renewable options to power our facilities, drawing on different sources based on local requirements. Our coffee factories are tackling emissions and waste by installing biomass boilers that run on spent coffee grounds.

## Looking ahead

Our brands have an important role to play in accelerating climate action. *Garden Gourmet*, *Garden of Life* and *Sweet Earth* have all set targets for carbon neutrality. Nestlé Waters signature brands *Perrier*, *S.Pellegrino* and *Acqua Panna* are committed to achieving climate neutrality by 2022, with the rest of Nestlé Waters working to achieve the same goal by 2025.

Tackling emissions across the value chain demands collaboration. We have a five-point strategy to focus our interventions:

- Tackling deforestation
- Reducing food loss and waste
- Developing alternative protein sources
- Designing alternative packaging solutions
- Promoting natural climate solutions

## Making every cup of Nespresso carbon neutral



Our coffee brand *Nespresso* has been taking climate action for over a decade, achieving carbon neutrality for Scope 1 and 2 in 2017.

Now the brand has committed to delivering 100% carbon neutral coffee for at-home and professional customers by 2022. Achieving this goal will require tackling Scope 3 emissions throughout the product's life cycle.

[Read more about this story and others online](#)

# Proactive engagement on climate change

## Our commitment

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

Achieved ✓

## Our objective

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

Achieved ✓

## Our action and achievements in 2020

### Implementing the Guide for Responsible Corporate Engagement in Climate Policy

We continued implementing the *Guide for Responsible Corporate Engagement in Climate Policy* throughout 2020. This included disclosing our climate actions and initiatives through public reporting and stakeholder engagement.

In December 2020, we launched our ambitious *Net Zero Roadmap*. Through this document, we are publicly disclosing the steps we are taking to achieve our Science Based Targets initiative-approved net zero targets by 2050. Our membership in the Race to Zero initiative brings us together with other organizations who share this ambition (see case study).

### Supporting a green recovery

Keeping global temperature increases below 1.5°C will require collaborative efforts, with companies, governments and people all working together to minimize emissions. Throughout 2020, we have continued to actively participate in efforts to elevate the importance of climate action.

The COVID-19 pandemic has presented a renewed opportunity to advocate for collective action to achieve global sustainability targets. We have joined other companies in calling on governments to support a sustainable recovery from the pandemic. In September 2020, we backed a World Economic Forum initiative to reset Europe's economy with a growth model to net zero emissions.

We also collaborated with partners through the Solar Impulse Foundation and the UN Global Compact's Uniting Business and Governments to Recover Better initiative to push for a clean economic recovery.

## Overall achievements

Investor interest in climate change and sustainability is increasing. In response, the investor-led Climate Action 100+ initiative was launched in 2018.

Through this organization, we engage over 500 investors whose shared assets value USD 52 trillion (CHF 45.8 trillion) in open discussions on our latest initiatives, targets, policy support and transparency efforts.

Climate Action 100+ inspired the alignment of our climate reporting with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). They were also a guiding force behind our decision to include social impacts in our climate change analyses.

## Looking ahead

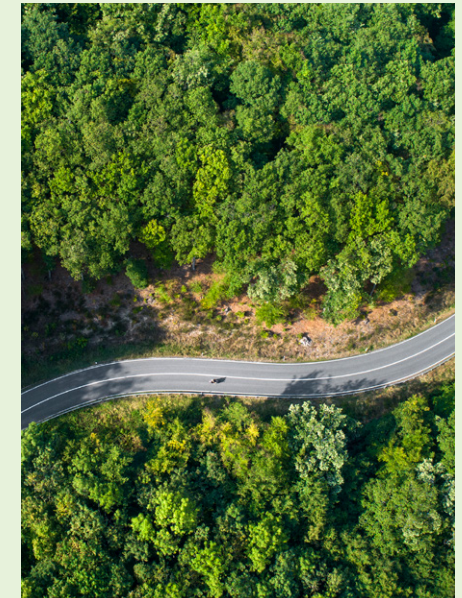
We want to lead our industry in enabling the transition to a sustainable economy. To achieve this, we are setting our sights on bold, new targets.

Our Net Zero Roadmap details how we will achieve zero greenhouse gas (GHG) emissions by 2050. We have developed significant interim milestones, in line with a 1.5°C pathway, to be accomplished over the next five and ten years.

We know each of our markets has unique climate-related needs and challenges. We are focusing efforts at the local level, developing action plans for each zone and engaging with local stakeholders.

Issues impacting the environment are complex and interconnected, and interventions need to reflect this. Our future commitments will take into consideration the relationship between climate action, protecting biodiversity and ensuring that progress delivers social benefits. Working with raw materials suppliers and other key stakeholders, we will continue to tackle GHG emissions while encouraging regenerative agriculture practices to support biodiversity.

## Joining the Race to Zero



In 2020, we joined the Race to Zero, and other cross-sector efforts to achieve net zero emissions by 2050.

Nestlé participated in global events and movements, including UN Climate Week, highlighting our commitment to put this ambition at the heart of every decision we make. We advocated for nature-based solutions, including at the Walmart Sustainability Milestone Summit and later in 2020 we joined the Exponential Roadmap Initiative.

[Read more stories online](#)

# Safeguarding the environment



## Our commitments to safeguarding the environment

- 53** Improve the environmental performance of our packaging
- 54** Reduce food loss and waste
- 55** Provide meaningful and accurate environmental information
- 56** Preserve natural capital

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



**How we map our material issues to the UN SDGs**

## Why it matters

Everything, from people to plants, relies on a thriving environment for survival. However, resources are currently being used at an unsustainable rate. Preserving natural capital and biodiversity is critical to safeguarding this.

We are also seeing plastic packaging waste continue to accumulate in landfills and in our oceans, endangering wildlife. It is an urgent priority for us and a responsibility we take seriously.

Our vision is that none of our packaging, including plastics, ends up in landfill or as litter, including in oceans, lakes or rivers. This means increasing recycling and identifying packaging alternatives, from new materials to delivery systems. It also means using our size and reach to provide information that helps suppliers, farmers and consumers act more sustainably.

## What we achieved

We are pleased to have achieved all our commitments in this area. 88% of our packaging is now recyclable or reusable, while 40% of materials used in 2020 were renewable. We are now using our expertise to innovate new materials, alternative delivery systems and packaging-free options.

We set an objective to reach zero waste for disposal, an aim that requires continuous effort to achieve. In response to the COVID-19 pandemic, we acted quickly to send surplus food to those in need. This had the dual benefit of providing emergency relief while reducing food waste.

As a member of the [One Planet Business for Biodiversity](#) (OP2B) coalition, we are working to preserve biodiversity. At the same time, by collaborating throughout our supply chains, we are scaling up regenerative agriculture and eliminating deforestation.

## Looking ahead

The first step when we began our sustainability journey was to identify our most pressing environmental challenges. These insights informed our 2020 commitments. We are now focusing on developing and broadening our initiatives. We remain committed to building relationships and taking part in initiatives to preserve the planet.

We understand that the issues affecting the planet are interconnected. Our landmark [Net Zero Roadmap](#) will enable us to transform our impact through a holistic approach to environmental protection.

# Improving packaging performance

## Our commitment

### Improve the environmental performance of our packaging

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Analyzing and optimizing our packaging portfolio

Reducing the amount of packaging in circulation is the first step to realizing a future without waste. Understanding this, we accelerated our efforts to avoid the use of at least 140 000 tonnes of packaging. As we accomplished our objective a year early, we spent 2020 focusing on the development of alternative product delivery systems.

We have significantly increased research into bulk systems and packaging-free options. Additionally, we joined forces with reusables experts Algramo, MIWA and Loop to bring more products to market in refillable packaging.

To further improve the sustainability of our packaging, we must understand what our baseline is. In 2020, we used 4.5 million tonnes of material for packaging and placed 352 billion packaging pieces on the market. Of this, 88% was recyclable or reusable, while 40% was renewable. In 2020, recycled materials constituted 35% of packaging used, including 4.2% recycled plastic in plastic packaging.

Percentage of global plastic use by weight and type, % of total

	2019	2020
PET (Polyester)	40%	39%
PE (Polyethylene)	29%	17.8%
PP (Polypropylene)	9%	15.5%
PO (Polyolefin)	4%	7.8%
Laminates	17%	19.1%
Others	1%	0.8%
Not allocated	0%	0%

### Building alliances to address packaging waste

Our initial commitment was ambitious: address packaging waste management and marine littering with alliances in 10 markets. Today, understanding of the issue has advanced, enabling us to accelerate our efforts. By the end of 2019, we had developed stakeholder alliances across 15 markets. Throughout 2020, we built on this, signing 10 national or regional Plastics Pacts for a more circular economy for plastic packaging. Through the Ellen MacArthur Foundation's [New Plastics Economy](#), we also signed a manifesto calling for a global treaty on plastic pollution.

### Harnessing the power of paper packaging



One objective of the Nestlé Institute of Packaging Sciences is to identify and develop ways to safely deliver the same products without plastic packaging.

In September 2020, we launched our Maggi bouillon cubes in paper wrappers. This new packaging is recyclable and certified by the Forest Stewardship Council.

[Read more about this story and others online](#)

## Overall achievements

We have long been committed to developing packaging with a smaller environmental impact. In September 2019, we accelerated our efforts with the inauguration of the Nestlé Institute of Packaging Sciences. A dedicated team of experts is developing functional, safe and environmentally sustainable packaging solutions. It is through this first-of-its-kind institute that we will fast-track the delivery of post-2020 packaging sustainability milestones.

## Looking ahead

By 2025, we aim to ensure 100% of our packaging is recyclable or reusable. In the same period, we will reduce our use of 'virgin' (newly made) plastic by one-third. To target our efforts, we have developed a five-pillar approach:

- Reducing packaging and virgin plastic use: eliminate unnecessary packaging and hard-to-recycle materials.
- Scaling reusable and refillable systems: invest in alternative delivery systems.
- Pioneering alternative materials: identify opportunities to develop better packaging materials.
- Shaping a waste-free future: encourage increased recycling by advocating for, and assisting in, the implementation of extended producer responsibility schemes. Also work to collect and recycle or recover as much plastic as we use in our products under a 'one tonne in, one tonne out' principle.
- Driving new behavior: work with external partners to develop community engagement programs for lasting and impactful change, leading through our brands.

We are aware of the links that exist between packaging waste, climate change and biodiversity. That is why we will align future packaging efforts with our [Net Zero Roadmap](#) and our approach to [preserving natural capital](#).

# Reducing food loss and waste

## Our commitment

### Reduce food loss and waste

Achieved ✓

## Our objectives

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

Achieved ✓

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

Achieved ✓

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

Achieved ✓

## Our action and achievements in 2020

### Participating in Champions 12.3

Every year, a billion tonnes of food is lost before it even reaches consumers. As the world’s biggest food company, we are uniquely poised to make sure more of this food gets from field to table.

Nestlé has been a committed member of [Champions 12.3](#), an initiative to combat food loss and waste, since its 2016 launch. In 2020, we extended our partnership, signing on to their new 10x20x30 initiative. The program brings together more than 10 major food retailers and providers, each of whom engages with 20 of their priority suppliers to halve food loss and waste by 2030. As a supplier, we have committed to taking a ‘Target-Measure-Act’ approach. This involves setting a 50% reduction target in our operations, measuring and publishing losses and waste, and taking action to reduce it.

We are also a member of the Coalition of Action for Food Waste, launched by Champions 12.3 and the Consumer Goods Forum in June 2020. Through the coalition, we have joined forces with 13 other retailers and manufacturers to halve per capita global food waste at the retailer and consumer level.

Reducing food loss and waste has remained an important aim for us during the COVID-19 pandemic. To ensure no food was unnecessarily lost or wasted, we acted quickly to send surplus ingredients to charities and distribution centers.

### Achieving zero waste for disposal in our sites

While we encourage industry-wide action against food loss and waste on a global scale, we know we must also lead by example and tackle the issue internally. Through consistent efforts to minimize inefficiencies, 95% of our factories have now reached zero waste for disposal status.

All our factories have waste diversion processes in place but, in a minority of cases, they are not yet 100% zero waste for disposal. This is primarily due to a lack of existing waste recovery infrastructure. Throughout the COVID-19 pandemic, there were legal requirements around the disposal of waste items such as personal protection equipment (PPE). For sanitation purposes, incineration was the only option. Moving forward we will work diligently and collaboratively on improving infrastructure to achieve 100% zero waste status across our business.

## Clarifying date labels

Many of today’s consumers want to make product choices with smaller environmental impacts. However, guidance on how to store food and when to use it by is not always clear. In January 2020, Nestlé France signed a consumption dates pact developed by the Too Good To Go initiative. Signatories make 10 commitments to the management and understanding of consumption dates centered around four pillars:

- **Educate and raise awareness** among all audiences, from producers to consumers.
- **Clarify** the concepts of ‘use by’ and ‘best before’ dates.
- **Optimize** the value of unsold products.
- **Collaborate** to coordinate good practices and optimize distribution flows.

## Overall achievements

From the start of our commitment period, we have focused on understanding the scale of food losses and waste. We can now take what we have learned to advance effective solutions in collaboration with stakeholders across our entire value chain.

## Looking ahead

Food loss and waste alone is responsible for approximately [8% of all global GHG emissions](#). Tackling the issue of food loss and waste means we are simultaneously taking action against climate change. By aligning our future efforts in this area with our [Net Zero Roadmap](#), we will take a more integrated approach to environmental preservation.

### Working with farmers in Kenya to preserve excess food



We have launched an in-depth survey into farmer family nutrition in Kenya. Through this study, we are identifying solutions to help farmers reduce loss and waste of surplus produce while supplementing their income.

This survey has the potential to facilitate partnerships between farmers and processing firms to increase the preservation of fruits and vegetables.

Through removing barriers to product processing methods, we can reduce food wastage by transforming farmers’ surplus into marketable products. For more information on our efforts to [support farming families in Kenya](#).

[Read more about this story and others online](#)

# Promoting sustainable consumption

## Our commitment

### Provide meaningful and accurate environmental information and dialogue

Achieved ✓

## Our objective

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

Achieved ✓

## Our action and achievements in 2020

### Improving environmental information for consumers

We know consumers want to introduce environmental sustainability into their daily lives, with a better understanding of the impact of their choices. We help them by sharing expert knowledge and tips across our platforms. Today, 88% of the pages on our corporate website include fact-based environmental information.

We have also accelerated the development of brands with purpose, using our product portfolio to educate consumers on responsible consumption. This includes sharing more environmental information on packs, with work continuing to incorporate key sustainability information into the *Nestlé Nutritional Compass*.

In July 2020, our bottled water brand *Vittel* unveiled a new brand identity: 'a natural source of vitality'. Through this refreshed branding, *Vittel* is renewing its dedication to protecting biodiversity in the Vosges region, from which it sources its water. We engaged consumers on this renewed commitment to nature through a television, digital and print campaign across France, Switzerland and Germany.

## Overall achievements

We are always on the lookout for ways to make sustainable habits easier for consumers. Most importantly, we are continuously evolving our digital platforms so consumers can access more environmental information wherever they are. A range of online guides show consumers how they can reduce food waste, from planning the weekly grocery shop to transforming leftovers into delicious, nutritious meals. In 2013, we introduced quick response (QR) codes to some of our packaging. By scanning these QR codes, consumers could instantly access information on the nutritional, environmental and societal impacts of the products they buy.

As a member of the World Business Council for Sustainable Development's (WBCSD) FReSH project, we have worked with partners to develop a 'farm to fork' approach to sustainable consumption. This means using our influence to encourage healthy shifts in how food is produced and what consumers eat to develop a more sustainable global food system.

## Looking ahead

The opinions and interests of investors and consumers will drive change in business operations as we move forward. In turn, we want to continue doing our part to encourage consumers to act more sustainably. By increasing the environmental information available on our platforms, we will support more people to consciously make increasingly responsible choices.

### A Cup of Respect: Championing producers and the planet with Nescafé



In 2018, *Nescafé* launched *Grown Respectfully* to highlight how we are helping coffee farmers build more resilient, responsible businesses. To date, *Nescafé* has shared this message with consumers in over 30 markets.

*Grown Respectfully* is just one stage in *Nescafé's Cup of Respect* initiative. Through a series of online articles, we explain why it is important for consumers to make conscientious choices too.

Under the 'Enjoy Respectfully' pillar, *Nescafé* shares tips for reducing plastic waste with simple switches such as using a reusable coffee cup when on the go. It also highlights how, by simply reducing the temperature of water used to make a cup of coffee to 80°C, consumers could save enough energy to power a 50" LED TV for 1375 hours.

[Read more stories online](#)

# Protecting natural capital

## Our commitment

### Preserve natural capital

Achieved ✓

## Our objective

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

Achieved ✓

## Our action and achievements in 2020

### Sourcing raw materials sustainably

Natural capital is a shared treasure; protecting it is a complex, multi-stakeholder endeavor. We leverage a global network of suppliers to preserve nature wherever we operate. To date, 73% of the volume of our priority raw materials is responsibly sourced.

We are committed to achieving 100% deforestation-free supply chains by 2022. We employ several tools, including supply chain mapping, certification, on-the-ground assessments and satellite technologies, to continually monitor our supply chains for instances of deforestation. In September 2020, we joined the Consumer Goods Forum’s Forest Positive Coalition to drive collective action against deforestation. We are also engaging our suppliers, from smallholders to large-scale operators, in initiatives to achieve our commitment. In Côte d’Ivoire, we are engaging cocoa growers, as well as our partners Earthworm Foundation and the Côte d’Ivoire Government, in efforts to end deforestation in the Cavally Forest.

Our constant dedication has meant that, by the end of 2020, 90% of our forest-risk commodities in scope (palm oil, pulp and paper, soya, meat and sugar) were assessed as deforestation-free\*\*.

## Overall achievements

Every environmental initiative should contribute to natural capital preservation. To ensure this, in 2019, we formally recognized our priorities in a comprehensive, three-pronged approach:

- **Protect:** Work to reduce deforestation, minimize impacts on the oceans and prevent degradation of soils.
- **Restore:** Work with farmers to restore natural rivers and streams, replant field margins and improve soil health.
- **Diversify:** Work with farmers to diversify crops and land use to develop more resilient farms.

While this approach served to highlight our dedication, protecting natural capital is not a new focus for Nestlé. We have been working hard for a decade to address environmental issues in our own supply chains and have achieved a lot. However, we understand that we can further increase our impact through collective action.

For this reason, in September 2019, we became an active member of One Planet Business for Biodiversity (OP2B), a cross-sector coalition with a focus on food and agriculture. OP2B is determined to drive transformational change, catalyzing joint action to protect and restore biodiversity. We are driving this approach throughout our meat, poultry and eggs supply chains, as well as with our cocoa and soya suppliers.

## Looking ahead

2020 has been pivotal for natural capital protection at Nestlé. As a company, our aim is to do no harm. We are dedicated to contributing positively to natural capital protection.

To date, our primary focus has been on supply chain deforestation. This is an important ambition we will continue to work toward. However, we are also aware that to protect natural capital we must go further. That is why we are shifting focus, developing solutions that contribute to forest conservation, reforestation and regenerative agriculture. By 2030, we are committing to planting 200 million trees and to sourcing 50% of our key ingredients through regenerative agricultural methods.

We must also be respectful of how these initiatives impact the livelihoods of smallholders. We will continue to identify solutions that both protect natural capital and support those who produce our ingredients.

## Reforestation Sabah, Malaysia, with Project RELeaf



In September 2020, we committed to planting 3 million trees in Malaysia through Project RELeaf.

This will support our pledge to achieve net zero emissions by 2050. Moreover, the project will restore riverbanks and forests in areas where oil palms grow, helping to develop corridors for local wildlife.

[Read more about this story and others online](#)

\*Due to the sale of our ice cream business in 2020, vanilla will no longer be classed as a priority raw material for Nestlé. Therefore, only the data for our 14 remaining priority raw materials has been verified by our external auditors

\*\* Definition of deforestation-free key commodities can be found on page 17 of the [Creating Shared Value and Sustainability Report 2020 Appendix](#)



# Independent assurance statement

We engaged a third-party organization, Bureau Veritas, to provide independent assurance for this **Creating Shared Value and Sustainability Report 2020**. This process aims to provide assurance to Nestlé’s stakeholders of the accuracy, reliability and objectivity of the reported information and to confirm that it covers our most material issues.

## Summary Assurance Statement from Bureau Veritas UK Ltd

Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Creating Shared Value and Sustainability Report 2020 ('the Report') published on the Nestlé website (<https://www.nestle.com/csv>). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (AA1000AS v3) Type 2 at moderate level of assurance. The scope of Bureau Veritas’ work was limited to Nestlé’s head office based activities where Nestlé consolidates and reconciles data provided by its markets/countries of operation. The assurance was provided over all data and text included in the Report and included an evaluation of the Report’s alignment to GRI Standards and the RE100 criteria. It also included a review of Nestlé’s human rights reporting against the ‘Tier 1’ Assurance Indicators of the UN Guiding Principles Reporting Framework. Bureau Veritas’ full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, and a detailed assurance methodology and scope of work.

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

London, March 2021

