



Nestlé Good Food, Good Life



## Creating Shared Value and meeting our commitments 2018

Progress report

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



Welcome to this 2018 Creating Shared Value progress report. Aimed at shareholders, stakeholders and other interested parties, this report shares detailed information about our issues, impacts and performance against our commitments during the year.

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

## A message from our Chairman and CEO

At Nestlé, we believe that business results and positive societal impact should be mutually reinforcing. To be successful in the long term, we must create value for both our shareholders and for society. We call this approach to business Creating Shared Value and it is an integral part of our strategy.

Improving the nutrition, health and wellness profile of our foods and beverages is at the heart of what we do. We want to contribute to healthier lives, with a particular emphasis on childhood nutrition. Our *Nestlé for Healthier Kids* initiative brings together all our efforts – from product reformulation to supporting parents and caregivers.

We are also driven to positively contribute to the communities where we live and work. Our Global Youth Initiative is just one of the many ways we make an impact. We have expanded our efforts here to address youth unemployment and help 10 million young people access economic opportunities by 2030. Our commitment to foster

diversity and inclusion within our company is another example. We are accelerating our efforts in this area with a particular focus on increasing the number of women in senior executive positions globally.

When it comes to addressing global sustainability challenges, one of our key ambitions is to lead the way in shaping a waste-free future. We are committed to making our packaging 100% recyclable or reusable by 2025, and have already taken specific action on this initiative earlier this year.

As in previous years, we reaffirm our support for the UN Global Compact. As a founding member of UN Global Compact LEAD, we recognize the importance of this platform for driving corporate sustainability leadership and collective engagement toward the 2030 Agenda for Sustainable Development.

We welcome your feedback on this report, our commitments and our performance.



Paul Bulcke  
Chairman

Mark Schneider  
Chief Executive Officer

3	Creating Shared Value
5	Our 2020 commitments and progress
6	For individuals and families
7	Offering tastier and healthier choices
13	Inspiring people to lead healthier lives
21	Building, sharing and applying nutrition knowledge
24	For our communities
25	Enhancing rural development and livelihoods
31	Respecting and promoting human rights
36	Promoting decent employment and diversity
40	For the planet
41	Caring for water
46	Acting on climate change
49	Safeguarding the environment
55	Reporting and governance
56	About this report
57	Independent assurance statement
58	Our key performance indicators





# Creating Shared Value

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

## Focus on key areas

Long-term value creation requires focus. In consultation with experts, we chose to prioritize the three areas where our business intersects the most with society: nutrition, rural development and water. Value creation is only possible with a solid foundation of compliance and a culture of respect, as well as a firm commitment to environmental and social sustainability. Our impact on these focus areas is measured by progress against publicly stated commitments, which are informed by our materiality assessment and regular feedback from external groups.

## The business case for Creating Shared Value

We cannot maximize long-term sustainable value creation for shareholders at the expense of other stakeholders. We believe that societies will not support a business that harms our communities and overall sense of well-being. Creating Shared Value helps ensure that we remain relevant with consumers.

To better connect financial with non-financial value creation and reporting, we worked with Ernst & Young (EY) and Valuing Nature to conduct an impact assessment to calculate the societal and business value generated by our Global Youth Initiative (GYI). Launched in 2017, the GYI is expected to create 10 million economic opportunities for young people over the next decade. The study revealed that the initiative generated a positive business return on investment, and an even higher societal return. More details on the results and methodology have been published on our website.

This impact valuation methodology has been peer-reviewed by FSG and continues to be refined through application to other projects. We are currently conducting an impact valuation of our Caring for Water initiative.

We also participated in the work of the Embankment Project for Inclusive Capitalism (EPIC), which aims at shaping the broader conversation on long-term value creation.



[Read more about CSV](#)

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



## Focusing on our material issues

### The materiality process

Materiality is about identifying the issues that matter most to our business and our stakeholders. Every two years, we plot the economic, social and environmental issues that are of most concern to our external stakeholders against those that pose risks or present opportunities to Nestlé. Conducting a thorough materiality analysis in this way not only helps us to identify issues we need to cover in our reporting, but also helps us to decide where to focus our internal resources.

### Our 2018 materiality assessment

For 2018, the materiality process was evolved to bring both nonfinancial and financial risk identification together and to connect it more closely to business operations. In addition to identifying and prioritizing issues from internal and external stakeholders, the 2018 materiality assessment integrated with the Enterprise Risk Management

process, harnessed the perspectives of mainstream investors, and involved key markets and growth categories.

This was our first materiality exercise since switching from the Global Reporting Initiative (GRI) G4 Guidelines to the GRI Standards. We worked with DNV GL, an independent organization, to conduct the assessment using a formal materiality process to ensure alignment with the GRI Standards.

The issues identified were placed on a matrix, their position relative to the degree of stakeholder interest and potential business impact. These results represent the material issues facing our business. The issues should not be viewed in isolation; they are increasingly interconnected, and oftentimes changes in one can have an impact on others.





# Our 2020 commitments and progress

Status of our commitments

●○○ New ●●○ In progress ●●● Achieved

## For individuals and families

Enabling healthier and happier lives

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

**Offering tastier and healthier choices**

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

**Inspiring people to lead healthier lives**

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

**Building, sharing and applying nutrition knowledge**

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

## For our communities

Helping develop thriving, resilient communities

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

**Enhancing rural development and livelihoods**

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

**Respecting and promoting human rights**

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

**Promoting decent employment and diversity**

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

## For the planet

Stewarding resources for future generations

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

**Caring for water**

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

**Acting on climate change**

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

**Safeguarding the environment**

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







# For individuals and families

Enabling healthier and happier lives

**2030 Ambition** To help 50 million children lead healthier lives.

***Nestlé for Healthier Kids* reached 29 million children in 2018**

Food is not only a source of nutrition, it is vital to our social fabric. In every country, in every culture, food brings people together. However, the way we consume food, and the kind of food we eat, has become a contributing factor to the public health challenges we face today, such as obesity and other forms of malnutrition, as recognized by the [World Health Organization \(WHO\)](#). In addition, consumer food habits are changing. In line with these evolving issues, we are transforming our products, making them healthier and natural, to enhance quality of life and contribute to a healthier future. Our work is supported

by rigorous research, which we share with members of the health and nutrition communities worldwide.

## ***Nestlé for Healthier Kids***

It's never too early to build healthy eating habits. Officially launched in 2018, *Nestlé for Healthier Kids* is our flagship initiative for children and families. It brings together all our efforts, from product reformulation to innovative nutrition and lifestyle services for parents and caregivers. Our ambition is to **help 50 million children lead healthier lives by 2030**.

- **Offering tastier and healthier choices:** We are committed to delivering more nutritious products to kids and families by reducing sugars, sodium and saturated fat in our products, adding fiber-rich grains, vegetables and micronutrients, and phasing out artificial ingredients ([pages 6–11](#)).

- **Inspiring people to lead healthier lives:** Adopting good nutrition and hydration habits from an early age is essential to children's development. Our programs help parents and educators improve nutrition knowledge, promote home cooking and encourage active lifestyles ([pages 12–20](#)).
- **Building, sharing and applying nutrition knowledge:** *Nestlé for Healthier Kids* activities are built on scientific evidence, including our studies into the eating habits and nutritional intake of infants and children. We also aim to understand, treat and help prevent a range of medical conditions by leveraging nutrition and life sciences ([pages 21–23](#)).



Read more online





## Offering tastier and healthier choices

### Our commitments to offering tastier and healthier choices

- p.8** Launch more foods and beverages that are nutritious, especially for mothers-to-be, new mothers, and infants and children
- p.9** Further decrease sugars, sodium and saturated fat
- p.10** Increase vegetables, fiber-rich grains, pulses, nuts and seeds in our foods and beverages
- p.11** Simplify our ingredient lists and remove artificial colors
- p.12** Address under-nutrition through micronutrient fortification

Addressing the public health issues of under-nutrition and obesity or being overweight at a global scale requires governments, health authorities, civil society and the private sector to work together. To that end, we use our R&D network, our expertise and our brands to help address malnutrition in all its forms, creating nutritious options that are also tasty and convenient, to support a healthy diet.

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

Around the world, about 2 billion people lack essential micronutrients in their diet ([Global Nutrition Report](#)). Our [own studies](#) strengthen existing, independent evidence that children around the world don't consume enough whole grains or vegetables, or have sufficient calcium and vitamin D in their diets. The elderly and people living with severe intolerances are also vulnerable to poor nutrition.

Millions of people overconsume foods and beverages high in sugars, salt and fat, contributing to a rapid rise in noncommunicable diseases such as type 2 diabetes and obesity. On the other hand, demand for organic products without artificial colors and flavors is growing, as is the market for vegetarian options and healthier foods.

## Our contribution

The UN Sustainable Development Goals (SDGs) present a unique opportunity for tackling the underlying causes of malnutrition on a global scale. We are contributing to the goals by working with partners to help address all forms of malnutrition and encourage healthy diets. To do so, we're continuing to develop and launch more nutritious foods and beverages as well as more sustainable products, simplify ingredient lists and remove artificial colors, while adding micronutrients where they are deficient in local populations. We are also committed to reducing the amount of sugars, sodium and saturated fat in our products, in line with WHO recommended intake levels.

We want to make a meaningful impact and to move fast to get healthier versions of existing products on the shelf and to the consumer. However, we have to take the time to get it right. If the new, healthier version doesn't taste good, consumers will simply buy a less nutritious alternative that better suits their tastes.



## Launching more nutritious products

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

### Why it matters

Nestlé was founded on a promise to deliver nutritious food to those who need it. Today, that spirit is reflected in our goal to transform our recipes, making it easy for people around the world to consume healthy, affordable and tasty foods and beverages.

### What we are doing

In Latin America, we expanded our range of nutritional products through the acquisition of food company Terrafertil. Its flagship brand, Nature's Heart, provides healthy, plant-based natural snacks that are good sources of vitamins and iron. Meanwhile, following 30 years of research, Nestlé has achieved a new scientific breakthrough to develop an infant formula containing human milk oligosaccharides, which are key components of breast milk.

### Making nutrition affordable

Income level should not determine whether someone can or can not enjoy nutritious food. We've launched a range of popularly positioned products to enable consumers at all income levels to access quality food that provide nutritional value at an affordable price and portion size.

### Meeting the nutritional needs of the next generation

In 2018, we launched over 1300 new nutritious products for babies, children, expecting women or new mothers. We also transformed existing products, adding more vegetables, whole grains, milk, lean proteins, and essential vitamins and minerals. By total sales, 82.5% of our foods and beverages now have Nestlé Nutritional Foundation (NF) status, up from 82.1% in 2017, including 93.1% of our products consumed by children (compared with 92.5% in 2017).

### Ensuring quality nutrition for babies

In Europe, we launched *NaturNes Bio* in 2018, a new generation of baby foods that delivers better nutrition and taste. Made with organic ingredients, the *NatureNes* range (including carrots, spinach), uses a unique steam cooking process that helps preserve nutrients and flavor. Recipes take into account the right balance of micronutrients, the quality of essential fatty acids, and potentially allergenic ingredients and other ingredients that could be harmful to a baby's fragile system.

[Read more about product quality and safety](#)

**82.5% of all Nestlé products, including 93.1% of those consumed by children, have achieved NF status**



### Meeting demand for flexitarian and vegetarian diets

The demand for plant-based foods is increasing. To satisfy that need, we've created new products such as *Coffee-mate Natural Bliss* creamers, *Lean Cuisine* plant-based meal options and our *Garden of Eatin'* range in Europe and the Middle East.

[Read more about our Garden of Eatin' case study](#)

### Progress against our objectives

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

**●●○ In progress** Over 1300 new products were launched in 2018 addressing specific nutritional needs and gaps of babies, children, expecting women or new mothers.





## Reducing sugars, sodium and fat

**Our commitment:** Further decrease sugars, sodium and saturated fat.

### Why it matters

Overconsumption of sugars, sodium and saturated fat can contribute to dietary and health problems and to increases in obesity, diabetes and cardiovascular disease. Reducing consumption of these nutrients can contribute to improving public health. So we are undertaking complex reformulations of our foods and beverages to be part of the solution. We do this carefully, ensuring that these changes don't affect the taste or texture of our products, which may cause consumers to switch to less healthy alternatives.

### What we are doing

#### Our commitment to reducing sugars, sodium and saturated fatty acids

We are actively working to reduce sugars, sodium and saturated fat in products that can make a significant impact for our consumers. By aligning our commitment to WHO recommendations, we are leading

in public health-sensitive nutrient reduction. In both adults and children, WHO recommends reducing the daily intake of free sugars to less than 5% of total energy intake (conditional recommendation). Currently, around 45% of our foods and beverages provide less than 5% sugars (added), enabling consumers to use those products while meeting the WHO's strict conditional recommendation. Of the 55% remaining, 45% are in scope of our sugars commitment and 10% are not relevant as their sugar content is regulated; for example, as per CODEX. We're committed to reducing the sugars in the products in scope by an average of 5% by the end of 2020 while retaining the tastes consumers enjoy. To date, we have already implemented a 0.8% reduction, equivalent to around 10000 tonnes of sugar.

#### Reducing sugar content

We are gradually reducing sugar in cocoa malt beverage products while also offering natural alternatives with significantly less

sugar and sweetness. We are also helping to change consumer tastes, offering popular ready-to-drink products with various sugar and no-added sugar options.

#### Reducing sodium in our products

Our team in the Middle East has been gradually continuing to reduce sodium in *Maggi* soup. We have also removed ingredients that consumers do not easily recognize and increased vegetable content per bowl in the *Maggi 11 Vegetables Soup*. We have also reduced sodium in this product by 25% since 2015.

#### Implementing our saturated fat commitments

Improvements to the manufacturing process of our popular Asian noodles successfully reduced oil content by 12%–16% per serving in the updated products launched in 2018. Next year, with the use of a locally produced, nutritionally superior oil containing 80% less saturated fat, the saturated fat content will be reduced even further.



#### Reducing sugar in our chocolate drinks

Nestlé Indonesia launched an improved *Milo* chocolate malt drink with 25% less sugar. In Singapore, we have introduced the first *Milo* powder with no added table sugar or artificial or natural sweeteners, just more natural goodness from malt and milk.

[Read more about our Milo case study](#)

#### Progress against our objectives

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

●●○ In progress **0.8% of sugar removed from our foods and beverages.**

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

●●○ In progress **2% of sodium removed from our foods and beverages.**

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

●●○ In progress **We have achieved 7% of this objective and we are working on the remaining 3% gap.**

\* 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.

**10000 tonnes of sugar removed**  
from our foods  
and beverages since  
January 1, 2017



## Adding vegetables, fiber and whole grains

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

### Why it matters

Vegetables, grains, bran, pulses, nuts and seeds are all excellent sources of fiber, vitamins, minerals and nutrients. [Our studies](#) about kids' eating patterns and gaps in their nutrition suggest that they don't eat enough of these ingredients, impacting their growth, development and health. So we're putting more of them in our recipes. We also help families by promoting healthy cooking at home and providing nutritional advice on-pack and online.

### What we are doing

#### Helping individuals and families achieve balanced diets

We are increasing the amount of vegetables, fiber-rich grains, pulses, nuts and seeds in our recipes through product innovation and renovation and remain on track to achieve our objective by 2020. By the end of 2018, we had added 170 million portions of vegetables (in the culinary category) and 484 million portions of fiber-rich grains, pulses, nuts and seeds versus the baseline of 2016. We have also delivered more than 25 billion servings of whole grains since 2005, when we first started adding them to our products.

**Achieved goal to add 484 million portions of fiber-rich foods to our products**

We make every effort to ensure that in the process of increasing the nutritional profile of our foods and beverages we don't make our products less appealing to consumers through changes to texture, taste or appearance.

#### Adding vegetables and promoting fresh ingredients

We have been increasing the amount of non-starchy vegetables in our recipes, especially in our prepared meals, sauces, dressings and condiments. Getting children to eat vegetables can be particularly challenging; we aim to help parents and caregivers by including vegetables in snacks, sauces and innovations such as the new line of *Makaron* pasta mixes (Poland), which provide vegetables in an easy to prepare mix.



#### Getting more whole grain<sup>†</sup> from breakfast cereals

Through Cereal Partners Worldwide (CPW), our joint venture with General Mills, we have set whole grain requirements for our breakfast cereals. We want cereals that are popular with children and teenagers to contain more whole grain than anything else. Our prominent on-pack Whole Grain Tick helps parents easily identify Nestlé cereals containing at least 8 g of whole grain per serving.

[Read about CPW research into whole grains](#)

### Progress against 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.

**●●○ In progress** 170 million portions of vegetables added to our foods and beverages and 484 million portions of fiber-rich grains, pulses, nuts and seeds, versus the baseline of 2016.

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

**●●○ In progress** 96% of children's or teenagers' breakfast cereals sold have more whole grain than any other ingredient.

\* 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.

<sup>†</sup> Whole grain refers to whole, unprocessed grains containing 100% of the original kernel, including bran, germ and endosperm.



## Simplifying ingredient lists

**Our commitment:** Simplify our ingredient lists and remove artificial colors.

### Why it matters

Consumers increasingly expect to know what is in the foods and beverages they buy. They want to be able to recognize the ingredients listed on the label for a variety of reasons, such as ensuring that the content is nutritious, that it fits a lifestyle or health concern, or that it is sustainably manufactured. This means providing simple, clear information about our products, and removing unfamiliar ingredients from our recipes.

### What we are doing

#### A move toward 'kitchen cupboard' ingredients

Through the *Maggi* Simply Good initiative, we're transforming our culinary products by simplifying recipes, and replacing ingredients that consumers don't easily recognize with more familiar alternatives, such as vegetables, herbs and spices. Nestlé India's recent *Maggi Masalas of India* noodle range, for example, was

inspired by the regional cuisines of Punjab, Mumbai, Chennai and West Bengal, bringing local consumer tastes and preferences into innovation.

Supported by a network of nutrition experts, we are working to find suitable replacements for the ingredients we plan to phase out over the next couple of years. We have already started researching options, both within our own R&D and manufacturing operations and in collaboration with suppliers.

#### Measuring our progress

We have set up a system that enables us to track the change in weight of ingredients we use in our recipes and those ingredient names that are disliked or not understood by consumers. Along with this, we collect information on concrete cases in which 'unfamiliar' ingredients have been or are being removed from our recipes. These case stories are communicated through this and other publications to illustrate the extent of our work.

### Focusing on natural colors

We complement this approach by removing artificial colors, and other additives such as emulsifiers, from our foods and beverages. During 2018, the volume of in-scope artificial colors we purchased fell by 13.2%.

We are also working with markets and business units around the world to overcome the challenges of changing the remaining artificial colorant compounds in our formulations, such as the difficulty in matching the brilliance or hue of artificial colors and the higher cost of some non-artificial colors.

**13.2% decrease**  
in artificial colors



### Ruby chocolate comes to the UK

Developed in collaboration with Swiss chocolatier Barry Callebaut, our new Ruby chocolate *KitKat* demonstrates Nestlé's commitment to developing new, innovative products without the use of artificial ingredients.

[Read more about our Ruby chocolate case study](#)

### Progress against our objectives

By 2020: Continue removing unfamiliar ingredients.

●●○ In progress We're transforming our culinary products by simplifying recipes and replacing ingredients that consumers don't easily recognize.

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

●●○ In progress 13.2% decrease in artificial colors (based on tonnage purchased).

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





## Micronutrient fortification

**Our commitment:** Address under-nutrition through micronutrient fortification.

### Why it matters

About a third of the world's population suffers from deficiencies in essential vitamins and minerals ([Global Nutrition Report](#)), leading to impaired growth, physical and intellectual development and compromised immunity. Such impacts will cost society an estimated USD 2.1 trillion (CHF 2.12 trillion) every year by 2025 ([ATNF](#)). In response, we fortify popular foods and beverages with micronutrients that are unavailable or deficient in local diets, focusing on children and families in developing and high-priority countries.

### What we are doing

#### Making fortified foods and beverages accessible and affordable

To ensure our efforts reach people on lower incomes, we fortify affordable products like *Maggi* condiments and noodles, cereals and children's milks. We include at least 15% of the recommended

daily allowance of the respective micronutrients, helping reduce the risk of wide-scale deficiencies. In India, where the latest National Family Health Survey showed 53% of women and 22.7% of men have iron deficiency, 2 billion servings of our *Maggi* iron-fortified Masala noodles were sold in 2018. This was the first full year since the product was launched to help reduce the deficiency level. In India and Pakistan, our fortified cereal for infants, *Cerelac*, is our most effective product for reducing deficiency levels.

We delivered 184.7 billion servings of fortified foods and beverages incorporating at least one of the Big 4 micronutrients (iron, iodine, vitamin A and zinc) in 64 countries with higher vulnerability to micronutrient malnutrition in 2018. Of our popularly positioned products for lower-income consumers, 83.9% were also fortified with at least one of the Big 4 (as defined by the WHO). As a result of our global efforts, we ranked second out of the 18 largest food and beverage manufacturing

companies assessed by the 2018 Access to Nutrition Index™ ([ATNI](#)) in the category of Addressing Undernutrition.

#### Supporting collective action on addressing nutritional gaps

In 2018, we participated in 10 initiatives, both global and local in nature, to reduce micronutrient deficiencies, including:

- Organizing an awareness-raising event with GAIN, Cargill, the International Federation for Spina Bifida and Hydrocephalus, Harvest Plus and the Government of Sudan to discuss possible solutions at the UN Committee on World Food Security hosted by the Food and Agricultural Organization (FAO).
- Developing an advocacy toolkit to help our markets bring fortification up the political agenda.
- In our Central and West African market, sharing our expertise in bouillon fortification at the Bouillon Summit organized by the Bill and Melinda Gates Foundation and Helen Keller International.



#### Supporting Egypt's battle against anemia

With the world's second-highest prevalence of iron deficiency anemia (IDA) costing the nation billions of dollars, Egypt's new 2030 Vision understandably includes a focus on better health and nutrition. Can a multichannel campaign to reach 10 million people over the next five years help to halve IDA levels by 2030?

[Read more about our Egypt case study](#)

#### Progress against our objectives

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

●●○ In progress 106 million children and families reached with fortified foods and beverages.

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

●●○ In progress In 2018, we participated in 10 initiatives, both global and local in nature, to reduce micronutrient deficiencies.

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

●●○ In progress We are prepared to buy at least 1000 tonnes of biofortified maize from Nigeria a year, and are always seeking new collaborations to build the supply chain.

By the end of 2018, our fortified foods and beverages had reached **106 million children and families** in eight countries



# Inspiring people to lead healthier lives

## Our commitments to inspiring people to lead healthier lives

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

Malnutrition comes in many forms: under-nutrition, obesity or being overweight, and micronutrient deficiencies. Combating malnutrition remains one of the greatest global health challenges. We work with many partners around the world to encourage balanced diets, healthy hydration and active lifestyles.

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

The link between noncommunicable diseases and malnutrition in all its forms is well-established. More than 1.9 billion adults are overweight, and 41 million children are overweight or obese, raising the risk of dying from heart disease, stroke, diabetes and some cancers (WHO). At the same time, around 45% of deaths of children aged under 5 are linked to under-nutrition.

For many of us, finding the time to eat well isn't always easy. People increasingly consume food on the go or prepare convenience meals. Even when people do try to eat healthily, they are faced with conflicting nutritional advice and confusing labels.

## Our contribution

In line with the UN SDGs covering zero hunger, good health and reduced inequality, we're helping individuals and families throughout their lives, from conception to old age. We work with our many partners around the world to promote balanced diets, age-appropriate portions and home cooking. We provide clear nutritional information and easily understandable guidance on-pack and in our marketing communications. Through our brands, we promote activities and sports programs that inspire people – especially children – to eat well and exercise more.

In 2017, we achieved the objectives we set out in our commitment to market to children only choices that help them achieve a nutritious diet. This commitment is now embedded through a [new policy](#) on marketing to children in 2018.



## Launching organic versions of family-favorite breakfast cereals

We want to make it easier for individuals and families to make healthy choices with the brands they love. In September 2018, we launched organic versions of family-favorite Nestlé breakfast cereal brands *Chocapic*, *Nesquik* and *Cheerios*.

The range is made with the same high-quality ingredients you would expect from a Nestlé breakfast cereal, and officially certified organic. Similar to their conventional versions, the new organic varieties contain whole grain as the number one ingredient and are free from artificial colors and preservatives.



## Providing nutritional information

**Our commitment:** Apply and explain nutrition information on packs, at point-of-sale and online.

### Why it matters

We have a responsibility to communicate about our foods and beverages, including the ingredients they contain and their nutritional value, in an easy-to-understand way so that consumers can make informed choices. With the growing use and capabilities of mobile devices, we're able to share more information online and aren't limited by the space available on our packaging.

### What we are doing

#### Empowering consumers through clear labeling on-pack

To help individuals and families make informed choices about our foods and beverages, we provide clear, science-based nutritional information on-pack. We display guideline daily amounts (GDAs) on front-of-pack on 87.3% of our relevant products, wherever

permitted by national regulations. This outlines the nutritional composition of a typical serving by displaying the contribution of the product to someone's daily intake.

We continue to provide relevant nutrition information on the back of our product packaging, using our *Nestlé Nutritional Compass*®. This provides a standardized nutritional table and tips on how the product fits into a healthy lifestyle. The *Nestlé Nutritional Compass* is displayed on 95.6% of our sales.

We continue to engage with health authorities, stakeholders and the food and beverage industry to evaluate new labeling approaches that could harmonize labeling schemes between different countries while complying with all regulatory requirements. We have also joined voluntary initiatives locally, such as the ones in the UK and Australia.

### Improving and extending additional information online

Consumers are demanding more nutritional information, but with limited space on-pack we remain committed to providing that detail through corporate websites, brand sites and/or e-commerce platforms. We are currently reviewing the main online platforms for providing nutrition information and reshaping our initiatives and will report on progress in future reports.

**73.7% of relevant foods and beverages designed for children carry GDA-based labels (based on children's reference values)**



### Providing online information

We liaise with governments and industry associations to improve the availability of nutrition information to consumers. In the United States, Nestlé has joined the SmartLabel® transparency initiative, providing online information about nutrition, ingredients and allergens for around 87% of its applicable portfolio.

[Read the full story](#)

### Progress against our objectives

**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.

**●●○ In progress** 87.3% of our relevant products have GDA-based labels and 95.6% of our products sold worldwide display the *Nestlé Nutritional Compass*®.

73.7% of relevant foods and beverages designed for children carry GDA-based labels.





## Offering portion guidance

**Our commitment:** Offer guidance on portions for our products.

### Why it matters

Around the world, expanding portion sizes are contributing to imbalanced eating habits and leading to adverse health outcomes. Conversely, smaller portions of vegetables, whole grains and milk cannot deliver the required levels of daily nutrition. As the largest global food manufacturer, we have a unique opportunity to help guide individuals and families to pursue a healthy diet through informed choices and our *Nestlé Portion Guidance*™ initiative.

### What we are doing

#### On-pack information about appropriate portions

Based on dietary recommendations from leading organizations such as the WHO, as well as scientists, policymakers and health practitioners, *Nestlé Portion Guidance* is designed to encourage age-appropriate portion sizes. It helps redefine portions, particularly for energy-dense foods and beverages.

With clear information on-pack, *Nestlé Portion Guidance* also helps consumers consider appropriate portion sizes when consuming our foods and beverages. With an engaging and intuitive way of providing guidance through portions, we aim to help individuals and families understand the nutritional value of our foods and beverages by redefining their portion habits.

#### Physical and online guidance on serving sizes

*Nestlé Portion Guidance* is made available in a variety of ways, through product form, pack design, website content illustrations and, when possible, a serving device or dispensing machine. We also aim to make our recipe sites more accessible, searchable and user friendly by displaying portion information. Of our children's and family products, 65.4% provide *Nestlé Portion Guidance*, with 12.2% through product form and 12.6% through pack design. The figures related to extending our guidance on portions to relevant teenager and adult products will be reported by 2020.



#### Using our products to make a difference

Through our *Nestlé Portion Guidance*™ initiative, we encourage age-appropriate portion sizes on our products and packs. This helps equip consumers when they plan, buy, prepare and serve products. Our recipe websites share this guidance with home cooks and people seeking more detailed information – such as Nestlé France's Croquons La Vie website, which, using colorful visuals, allows consumers to compose balanced meals with recipes and portion sizes adapted to their needs.

[Read the full story](#)

#### Progress against our objectives

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

**●●○ In progress** 65.4% of our children's and family product packs provide *Nestlé Portion Guidance*™.

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

**●●○ In progress** We work with dietitians in the US to help them better engage with their communities on portion guidance and consumer recipes.

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

**●●○ In progress** 12.2% of our children's and family portfolio provide *Nestlé Portion Guidance* through product form and 12.6% do so through pack design.

**65.4% of our children's and family products provide *Nestlé Portion Guidance***



## Marketing healthy choices

**Our commitment:** Leverage our marketing efforts to promote healthy cooking, eating and lifestyles.

### Why it matters

We interact with billions of individuals and families every day, with our products, services and communications. We want to put our expertise and global reach to good use, inspiring consumers to cook at home, eat a balanced diet and exercise more.

We want all children to have a healthy start in life. That is why we follow strict standards regarding advertising and marketing and do not market to children under 6 years of age. We only market foods and beverages to older children (aged 6–12) that are part of a nutritious and balanced diet. These products must meet strict nutrition criteria under our [Policy on Marketing Communication to Children](#).

### What we are doing

Through *Nestlé for Healthier Kids*, we're focusing on delivering communication, information and knowledge to parents and caregivers around good nutrition. Our *Maggi* brand provides recipes promoting the use of vegetables and other fresh ingredients in healthy, tasty, balanced home-cooked meals. In Thailand, we have launched cooking clubs that provide advice, mostly online, on preparing balanced meals; and in Australia, *Maggi* aims to make weeknight cooking achievable through its marketplace line of stir-fry mixes.

We are also focusing activities on breakfast foods. In many cases, children are not eating healthy breakfasts or are skipping breakfast altogether. We know the importance of a nutritional breakfast, and that an on-the-go solution is better than no breakfast at all. So, in the US market, we have launched ready-to-drink breakfast beverages to provide the essential nutrients kids need, such as *Nesquik SuperBreakfast* protein breakfast milk drink for kids.



### *Maggi* promotes healthy home cooking in new online series

Aligned with one of its Simply Good commitments – to raise awareness and contribute to people's knowledge of healthy lifestyles, cooking and nutrition – *Maggi* has launched a new online series, *Yelo Pèppè*. This 13-week nutrition education series celebrates contemporary African cuisine and highlights the many challenges that modern families face in trying to balance healthy diets and the demands of modern life. The weekly program, available on *Maggi*'s YouTube channel, also allows viewers to access recipes and nutrition tips.

[Read the full story](#)

### Progress against our objectives

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

**In progress** In 2018, we increased the amount of marketing expenditure on healthier categories by 30% (compared to 2016), to promote healthier cooking, eating and lifestyles among individuals and families.



## Promoting healthy behaviors in children

**Our commitment:** Empower parents, caregivers and teachers to foster healthy behaviors in children.

### Why it matters

Today, around 41 million children under 5 years of age are considered overweight or obese, and 155 million are stunted due to under-nutrition. Adopting good nutrition practices from an early age gives children a better chance of growing up fit and well. We use public health data and our own research to inform our products and services; in turn, these give parents, caregivers and teachers the tools and advice they need to keep kids active and healthy.

### What we are doing

#### Combining our actions into one flagship initiative

*Nestlé for Healthier Kids* brings together all our efforts that support parents, caregivers and teachers, ranging from product reformulation to education and lifestyle services. This program now encompasses a range of our key initiatives including *Nestlé Start Healthy Stay Healthy*, *Choose Water* and our Good Nutrition program to name a few. Launched in May 2018, *Nestlé for Healthier Kids* is present in 86 countries and supports our

ambition to help 50 million children lead healthier lives by 2030.

#### Supporting parents and caregivers in the first 1000 days of life

*Nestlé Start Healthy Stay Healthy* provides science-based nutrition services to parents and caregivers in the critical first 1000 days from conception to a child's second birthday. Our services, mainly online, include an engaging e-learning course that turns the latest scientific findings into simple, practical feeding advice. There are currently 9.6 million parents in over 50 countries registered with *Nestlé Start Healthy Stay Healthy*.

We also develop innovative foods and beverages to meet the key nutritional needs of mothers-to-be, new mothers and children, as well as more sustainable foods. Our *Completely Gerber* range of baby foods in North America is being relaunched with increased vegetable and grain content and organic options; and in Europe we have launched *NaturNes Bio*, a range of baby foods using organic ingredients.



#### Fostering healthy habits in Russia

Seven-year-old Mikhail, from Moscow, is one of 8 million children to benefit from Nestlé Russia's award-winning Good Nutrition program since the project's inception. Running for nearly two decades, the initiative complements the school curriculum with 120 hours of additional nutrition education, provided over three years. Using materials created in partnership with the Institute of Developmental Physiology, one of the teachers involved, Irina Viktorovna Kazarina, promotes the six habits defined by the *Nestlé for Healthier Kids* global program.

[Read the full story](#)

#### Progress against our objectives

**By 2018:** Maintain existing Nestlé Healthy Kids Global Programs, while measuring their impact on children based on five globally defined goals: eat nutritious and diverse meals, manage portions, choose water, play and be active, and maintain good hygiene habits.

**●●○ In progress** 9.6 million parents in over 50 countries are currently registered with *Nestlé Start Healthy Stay Healthy*.

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

**●●○ In progress** 29 million children reached by *Nestlé for Healthier Kids* programs in 86 countries around the world.

**29 million children** reached by *Nestlé for Healthier Kids* programs globally

[Read more about Nestlé for Healthier Kids](#)





## Supporting breastfeeding

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

### Why it matters

The nutrition mothers and babies receive during the first 1000 days of life is critical for a baby's growth and development. Studies have found that the period from conception through pregnancy and up to a child's second birthday can help shape our children's future eating habits. That's why we support the WHO's recommendation to exclusively breastfeed infants for the first six months of life, followed by the introduction of adequate nutritious complementary foods, along with sustained breastfeeding up to two years and beyond.

### What we are doing

#### Promoting breastfeeding at Nestlé and beyond

We promote the benefits of breastfeeding through dedicated campaigns for World Breastfeeding Week. This includes an online platform where parents can find tips, advice and information on breastfeeding and how to support their baby in the 1000 days from conception to their second birthday.

We foster breastfeeding-friendly workplaces through our Maternity Protection Policy. We also support the efforts of the UN-backed Every Woman Every Child movement to promote breastfeeding. We have set up breastfeeding rooms on our premises with more than 50 female employees (425 sites). We have also installed 5437 breastfeeding rooms for public use in India, Bangladesh and China.

#### Supporting World Breastfeeding Week

We engaged thousands of healthcare professionals through conferences, workshops and partnerships with hospitals to reach an estimated 75 million people during World Breastfeeding Week this year. In Egypt, we organized an online educational session on the country's most popular forum for women, while our media campaigns reached 2.5 million people in Poland and 3 million in Ecuador.

#### External recognition for our efforts

Nestlé has been consistently listed in the FTSE4Good responsible investment index since 2011. In May 2018, we remained in the top two in the breast-milk substitute (BMS) sub-index of the Access to Nutrition Index™ (ATNI). Nestlé's FTSE4Good membership was also confirmed again, following the June 2018 index review. We appreciate the recognition from independent third parties, as this helps us build transparency in our processes.

[Read more about BMS compliance record](#)

**5883 Nestlé Nutrition employees involved in marketing breast-milk substitutes completed training on the WHO Code in 2018**



#### Reaching out to mothers around the world

To celebrate World Breastfeeding Week in August 2018, we embarked on a series of campaigns around the world – both to raise awareness about the issue and to make our company a friendlier place for breastfeeding mothers. From Ecuador to Egypt and from Mexico to Poland, our multimedia campaign reached millions of mothers globally, raising awareness of breastfeeding.

[Read the full story](#)

#### Progress against our objectives

**By 2018:** Ensure that all provisions supporting breastfeeding in our Maternity Protection Policy are implemented.

●●● Achieved **We have implemented our Maternity Protection Policy across all our markets.**

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

●●○ In progress **5437 breastfeeding rooms for public use installed in India, Bangladesh and China.**

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

●●○ In progress **Nestlé's FTSE4Good membership was also confirmed again, following the June 2018 index review.**

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

●●○ In progress **28 countries audited (internally and externally) against the Nestlé Policy and Procedures for Implementation of the WHO International Code of Marketing of Breast-milk Substitutes.**

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

●●○ In progress **5883 Nestlé Nutrition employees completed training on breastfeeding and the WHO Code.**



## Encouraging healthy hydration

**Our commitment:** Inspire people to choose water to lead healthier lives.

### Why it matters

Alongside what you eat and how active you are, what you drink is equally important when it comes to a healthy lifestyle. We recommend water as the best choice for daily hydration, whether it comes from a tap or bottle.

### What we are doing

We are collaborating with scientific organizations and other partners to analyze adults' and children's hydration patterns in several countries. We have carried out polls, surveys and a peer-reviewed study, the results of which will be released in 2019. Our goal is to obtain robust insights in order to conduct campaigns that raise public awareness of the role of hydration in healthier communities. A digital platform will enable data to be publicly and easily available for consultation.

### Boosting healthy hydration in Mexico

In Mexico, we've partnered with the Ministry of Health to promote a range of initiatives, including encouraging healthy habits in medical students and media events informing the public about healthy hydration. We also celebrated National Family Hydration Month in July, with events engaging approximately 80 000 people to help them understand the benefits of drinking more water.

### Encouraging US families to choose water

In May 2018, Nestlé Waters North America and [World Wrestling Entertainment](#) launched the Choose Water campaign, encouraging consumers to live a healthy lifestyle. The campaign provides an opportunity to utilize WWE's global digital and social platforms featuring WWE superstars to spread awareness about the benefits of water to US families.

[Read more about Nestlé for Healthier Kids](#)



### Teaching the benefits of healthy hydration

It's important that people discover hydration and other healthy habits at an early age. In Argentina, we're delivering a digital, interactive program to primary school children to engage them on these topics and provide valuable lessons for their futures.

[Read the full story](#)

### Progress against our objectives

**By 2018:** Release with partners an open-access platform offering global statistics on people's drinking habits.

●●● Achieved **The platform in our 2018 objective has been completed and will be shared in 2019.**

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

●●○ In progress **We're working together with partners around the world, including in the US and Mexico. 72 countries implemented a 'Choose water' module in their local Nestlé for Healthier Kids programs with local partners in 2018.**

**80 000 people** participated in Mexico's National Family Hydration Month events



## Health-promoting food environments

**Our commitment:** Partner for promoting healthy food environments.

### Why it matters

Awareness of the role nutrition plays in good health is growing across geographies. Now more than ever, people are looking for health benefits in their food choices. At the same time, public health authorities are multiplying campaigns to raise awareness of the importance of good nutrition and healthy living, and the importance of prevention. We believe that Nestlé and the entire food and beverage industry have a role to play to help people lead healthier lives.

### What we are doing

#### Promoting healthy food environments

Whether online or in-store, there are many ways to create healthy food environments that increase opportunities for purchasing nutritious foods and beverages. These can range from promotions, to arranging shelf displays, to

providing shopping tips for a 'healthy basket.' Our commitment is now integrated into our new commercial framework to make nutrition, health and wellness commercial activities part of our daily operations. This includes working with our commercial teams in our markets on sharing best practice and practical ways to engage customers to make healthier choices.

#### Collaboration for Healthier Lives

In 2018, we extended our participation in the Consumer Goods Forum's (CGF) Collaboration for Healthier Lives (CHL) flagship global program. The CHL aims to change consumer behavior by promoting healthier options. In partnership with 19 leading retailers and 45 food and beverage, personal care, hygiene and cosmetics manufacturers, we promoted healthy eating and physical activities in-store and online, for customers and store employees. A series of in-store activities in Colombia, Costa

Rica, France, Japan, Turkey, the UK and the US focused on healthier baskets (informing consumers about how to choose healthier options when shopping), healthy aging and shopper behavior. The result was an increase in the sales of healthier options.

In Colombia, participating stores reported an increase in the number of healthier baskets purchased by customers. We found similar results in participating stores across Turkey, Japan and the US, indicating that healthier purchases also benefit businesses, as well as the consumer.

**We have engaged with 70 000 individuals across the food industry to promote nutritional knowledge**



#### Helping aspiring chefs learn online

In July 2018, we launched a new free online academy to help aspiring chefs take the first step toward a culinary career. The Worldchefs Academy, an online portal and mobile app, caters to students who may not have the means, mobility or flexibility to attend full-time culinary school. The program links to the Worldchefs certification and is intended to be the first step on the culinary career path. The online course comprises two modules and 27 lessons, and is free to everyone.

[Read the full story](#)

#### Progress against our objectives

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

**●●○ In progress** We have engaged with 70 000 individuals across the food industry to promote nutritional knowledge.





# Building, sharing and applying nutrition knowledge

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

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

“You are what you eat,” or so the saying goes. With a network of research centers spanning the globe, our scientists are discovering more about the human body and the role food plays in overall health.

Our work on building, sharing and applying nutrition knowledge contributes to the following [SDGs](#):



How we map our material issues to the UN SDGs

## Why it matters

Some conditions, like obesity, type 2 diabetes and Alzheimer's, have common physiological factors that can be affected by, but also addressed through, nutrition. Food-related allergies and intolerances are also increasingly common. By building and sharing nutrition knowledge, we can help more people live longer, healthier lives.

## Our contribution

We're constantly looking to learn more about how nutrition, combined with active lifestyles, can support health across all generations.

We use the findings from our long-term studies into the eating habits of infants and children, for instance, as well as collaborations with leading universities, research organizations and start-ups, to improve our products and services. In 2018, we invested CHF 1.7 billion in our research activities.

We also share our findings to further the cause of addressing some of today's key nutrition challenges. In 2018, the Nestlé Nutrition Institute (NNI) shared our learning with health professionals, scientists and nutrition communities through 54 articles in 10 NNI publications and 86 conference presentations.



## How meal replacement programs could be part of the solution to obesity

In a world where obesity and diabetes are at epidemic levels, we trialed the *Optifast* meal replacement program to see if it was more effective at producing meaningful weight loss than a standard food-based diet and lifestyle program. The results were hugely encouraging: compared to those on a food-based diet, participants in the *Optifast* program lost twice as much weight and had greater improvement in blood sugar levels.

The study started in February 2016, and we started sharing our results with the scientific community and healthcare professionals in 2018. We presented our findings at several scientific congresses, including the [European Congress on Obesity](#) in May, the [American Diabetes Association](#) in June and [ObesityWeek](#) in November. The Optiwin study was published in the journal *Obesity* in November.

[Read the full story](#)



## Sharing nutrition knowledge throughout life

**Our commitment:** Build and share nutrition knowledge from the first 1000 days through to healthy aging.

### Why it matters

What we eat and drink as young children provides a foundation for our future lives, but our nutritional needs change as we grow older. That's why we devote ourselves to studying the links between nutrition and health at various stages of life: from expectant mothers, babies and children all the way through to healthy aging.

### What we are doing

#### Contributing to the knowledge of healthcare professionals

The Nestlé Nutrition Institute (NNI) is a not-for-profit that shares science-based information and education with health professionals, scientists and nutrition communities around the world. In 2018, our global website and 16 local websites reached 338 435 registered members across 196 countries. We hosted two global workshops on 'what children eat,' which reached 14 141 people via a webcast, and nutrition education, as well as seven symposia. We also shared our

learning through 54 articles and 86 conference presentations.

Our collaborations with a number of international universities to help create and disseminate pediatric nutrition-specific programs, include:

- Postgraduate Program in Pediatric Nutrition (PGPN), Boston University School of Medicine, US.
- International Program for Preterm Nutrition (IPPN), University of Western Australia.
- Early Nutrition Specialist (ENS) Program, Ludwig Maximilian University, Germany.

These programs offer unique opportunities to strengthen healthcare professionals' knowledge and practice in pediatric nutrition by familiarizing them with evidence-based guidelines and recommendations.

In 2018, these three programs offered more than 7700 healthcare professionals in 82 countries, with over 90% completing the courses. Feedback was very positive: the PGPN was rated excellent to good

by 98.2% of participants, the IPPN by 98% and for ENS, 97.1% rated strongly agree to agree about their satisfaction with the course.

#### Researching ways to improve mothers' and infants' health

We have been working with the EpiGen Global Research Consortium on a study called NiPPeR to establish whether specific combinations of nutrients and probiotics can improve the health of mothers and babies. In 2018, we completed the preconception phase and extended the follow-up work on infants. In Italy and Mexico, we have launched *G-Balance*, a new nutritional solution for the maintenance of myo-inositol and probiotics for pregnant women.

[Read more about Nestlé for Healthier Kids](#)



#### Supporting healthy aging

It is estimated that more than one in three adults aged over 50 are not receiving their minimum daily protein requirements. To support the growing population of people over 50, Nestlé Health Science *BOOST* has launched a multimedia protein education campaign aimed at consumers, retailers and healthcare professionals, including online facts, tips and articles, an interactive protein calculator, a toolkit for healthcare professionals and retail promotional tie-ins with healthy aging themes.

[Read the full story](#)

#### Progress against our objectives

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

**In progress** In Italy and Mexico, we have launched *G-Balance*, a new nutritional solution for the maintenance of myo-inositol and probiotics for pregnant women.

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

**In progress** As part of our FITS KNHS study, we carried out research into the diets of children in the Philippines to help understand any nutritional gaps there might be – and how we can address them.

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

**In progress** Nestlé Health Science used its *BOOST* brand to launch a multimedia protein education campaign on healthy aging aimed at consumers, retailers and healthcare professionals.

**7700 healthcare professionals** have benefited from our collaborative programs with universities



## Enhancing biomedical science

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

### Why it matters

People are living longer, and often with less support from healthcare systems. Through biomedical science, we aim to understand, treat and help prevent disease throughout life. We are advancing the therapeutic role of nutrition, and also exploring the roles of genetics, family history, environment and lifestyle as nutrition becomes increasingly personalized.

### What we are doing

#### Using technology to spread nutrition knowledge in China

We're partnering with tech powerhouse [Xiaomi](#) to promote healthier living in China. By combining our expertise in nutrition science with the convenience and reach of Xiaomi's MIUI operating system, we aim to help China's over 50s improve their diets – a crucial demographic in a country that is aging fast.

#### Helping treatment for diabetes

In partnership with leading academics, our scientists made an

important discovery into a key mechanism of action of the most common drug for lowering blood-sugar levels. Published in the prestigious journal *Nature Medicine*, the study was carried out by Nestlé research scientists and academics from [Vanderbilt University](#) in the US and [Aarhus University](#) in Denmark.

#### Making additional resources available online

To help healthcare professionals (HCPs) support their patients, an enhanced VIA (VitaFlo in Association) online platform was launched in 2018. The site gives more than 350 registered users access to videos, case studies, product guidelines and a recording of our first webinar, held in July 2018. A new Twitter account (@VitaFloRDs) has also been set up and boasts over 500 followers to date.

*BOOST* US also educates consumers, retailers and HCPs about the role dietary protein plays in supporting healthy aging online. Topics include details

about our protein substitutes, facts and tips, an interactive protein calculator tool, a toolkit for HCPs, promotional material for stores and a series of articles.



#### Helping tomorrow's scientists transition to professional life

Nestlé Research has signed a five-year agreement with the University of Lausanne in Switzerland to enable students to apply for doctoral training positions at Nestlé. This will enable them to carry out research projects leading to the award of a PhD or MD–PhD degree from the university, and will enhance our ability to develop the next generation by supporting emerging talent. Participating students will have the opportunity to gain high-quality research experience in an interdisciplinary environment, working with state-of-the-art facilities and professional guidance.

[Read the full story](#)

### Our VIA online platform helps more than 350 healthcare professionals support their patients

#### Progress against our objectives

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

**●●○ In progress** We are developing several products that can help treat disease or act as therapies, from protein substitutes to organic tube-feeding formulas.

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

**●●○ In progress** We continue to advance the therapeutic role of nutrition, and are also exploring the roles of genetics, family history, environment and lifestyle as nutrition becomes increasingly personalized.





# For our communities

Helping develop thriving, resilient communities

**2030 Ambition** To improve 30 million livelihoods in communities directly connected to our business activities.

Across our business we work with suppliers, partners and farmers globally. With the growing demand for food, and challenges to farming, we strive to support rural development, promote and respect human rights, and guarantee decent employment and diversity. Our programs, initiatives and commitments to achieve these aims are designed to build stronger communities and a secure, long-term supply chain.

## Global Youth Initiative:

### *Nestlé needs YOUTH*

Around the world, youth unemployment is a serious issue and a contributor to global poverty. As a major employer, we recognize the role we can play to tackle this. *Nestlé needs YOUTH* is one of our flagship initiatives, directly supporting our ambitions and commitments to help young people.

*Nestlé needs YOUTH* aims to equip the next generation for employment and support them to become inspiring leaders in our company, successful agripreneurs, entrepreneurs and game-changers, regardless of their field or level of expertise. It does this through:

- **Creating employment and training opportunities for youth at Nestlé** – through hiring young people, providing their first work experiences, apprenticeships and training opportunities, and helping equip today's youth with the skills they will need in tomorrow's workplace.
- **Agripreneurship** – our program for preparing the next generation of farmers by developing young people's agricultural and business skills and making farming an attractive and viable career option.

- **Entrepreneurship** – supporting young people to be innovative and creative through initiatives such as Nestlé Professional's *My own business* scheme.
- **Innovation** – especially through our interactions with young people and our Facebook page, and by stimulating innovative thinking and leveraging resources.

 [Read more online](#)

**The Global Youth Initiative aims to help 10 million young people worldwide access economic opportunities by 2030**





# Enhancing rural development and livelihoods

## Our commitments to enhancing rural development and livelihoods

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

As demand for food rises, agriculture faces many challenges. By understanding those challenges, identifying solutions and measuring our impact, we aim to improve farmers' livelihoods, making farming more attractive and ensuring our long-term supply needs are met.

Our work on rural development contributes to the following SDGs:



How we map our material issues to the UN SDGs

## Why it matters

While the world needs more food than ever, consumers also increasingly want to know how and where their food is produced. At the same time, factors such as climate change, poor farming practices, diseased plants, a lack of empowerment for women, water scarcity and an aging farming population all put pressure on farmers.

Many farmers, their families and their communities survive on low incomes. As a result, fewer young people view farming as a viable livelihood, choosing instead to move to urban areas to find employment. This presents a challenge that jeopardizes future supplies of the raw materials we use.

## Our contribution

Our experience and scale as a global food producer enable us to make a difference by supporting rural development and economic growth throughout our supply chains. Working closely with farmers, their communities and expert organizations, we look to identify the root causes of challenges farmers face, and develop solutions to help them improve their practices, increase their productivity and income, and make farming a more attractive sector. We do this across four key areas:

- Assessing farmers' needs, to ensure we address the right issues.
- Farm economics, to help make farms and farming economically viable and attractive for the next generation.

- Farmer diets, to ensure farmers and their families are healthy and have access to the nutrition they need.
- Responsible sourcing, ensuring our supplies of raw ingredients are sourced in a way that meets our Responsible Sourcing Standard and the growing demand from consumers for ethical sourcing.

To address these areas, we now focus increasingly on impact by using our Theory of Change (ToC), which we have developed for some of the categories of raw materials we buy. This allows Nestlé to focus our activity where it matters most and measure our impact at a global level. The ToC model identifies desired long-term goals, then works back to determine what conditions must be in place for the goals to be reached.

Initially, this impact-centered approach has been implemented in our Farmer Connect coffee supply chain. Where we source directly, Farmer Connect is our longstanding program to support local farmers to thrive in their communities. ToC methodology has enabled us to better support farmers by targeting specific needs where we can deliver the biggest impact across our supply chain.



## Delivering impact through Farmer Connect

**Our commitment:** Improve farm economics among the farmers who supply us.

### Why it matters

Our work to improve farm economics is delivered through Farmer Connect – our sourcing program through which we work directly with farmers – and based on a category-specific Theory of Change (ToC). This allows us to have a structured, focused approach to locally identified, real issues.

### What we are doing

#### Assessing the impact of our actions

We have adopted a deeper understanding of what our suppliers need through our ToC. This represents a significant shift in focus for Nestlé, moving away from previous reporting activities and toward assessing the positive impacts of our actions. The greater sense of context gained through ToC enables us to adopt a more comprehensive approach to addressing the issues farmers face.

Nestlé works directly with 716 000 farmers around the world through Farmer Connect, which enables us to develop supply chains that meet our social, environmental and ethical requirements. We trained 440 000 farmers through Farmer Connect in 2018.

As stated in the 2017 report, we have rolled out 18 baseline rural development assessments to understand the needs of the farmers who supply us, using two key tools: the Rural Development Framework (RDF) and Response-Inducing Sustainability Evaluation (RISE). Using these baselines, we are implementing programs to improve farm economics in seven priority locations, in line with the priorities of farming communities. We have results from four out of the seven priority sourcing locations, and three other studies are planned for 2019 as part of the Farmer Connect program.

#### Our model for impact

The five stages of ToC are to:

- Identify and prioritize issues through a materiality assessment exercise (e.g. RDF and RISE).
- ‘Reverse engineer’ – mapping backwards from intended impacts to the preconditions needed to achieve them.
- Define assumptions about the context.
- Identify interventions that create the desired changes.
- Define performance indicators to measure outcomes.

By using the ToC model, we can:

- Define and articulate long-term sustainability goals and outcomes.
- Measure ongoing progress toward short- and medium-term milestones.
- Question any assumptions we have made in defining our goals.
- Identify and mitigate physical and reputational risks.

- Allocate resources and prioritize activities to do the most good.
- Communicate our impact on farmer livelihoods and rural development to stakeholders.
- Use the information to support training and technical assistance for our suppliers.

We recognize that different markets have their own local needs and situations. We have therefore developed a generic Group-level ToC for key categories, which can be reviewed and adapted to suit local requirements. Local markets propose their changes to Nestlé and, once approved, KPIs are consolidated at Group level to give a comprehensive model for measuring and monitoring impacts, which is reviewed annually.

**Nestlé trained  
440 000 farmers  
on good agricultural  
practices to address  
locally identified issues**

#### Progress against our objectives

**By 2020:** Improve farm economics in seven priority sourcing locations based on the results of the RDF baselines.

**In progress** We have results from four out of the seven locations. Three other studies are planned for 2019/20 as part of the Farmer Connect program.

#### Improving farmer income in Brazil

NATA (Center of Authorized Technical Assistance) is a technical assistance program developed to help Brazilian dairy farmers increase the profitability of their businesses. Technicians collect and analyze data, which helps farmers with their planning and decision making.

[Read the full story](#)





## Improving farmers' diets

**Our commitment:** Improve food availability and dietary diversity among the farmers who supply us.

### Why it matters

As many as 70% of farming families in some countries can be short of food for up to three months a year. Our Rural Development Framework (RDF) baselines show that many farmers lack diversity in their diets and do not get enough protein or nutrient-dense foods such as vegetables, dairy and fruit. The future of our company depends on the good health of farmers, their families and communities, to ensure the long-term sustainability of our supply chains.

### What we are doing

#### Collaborating to improve nutrition for farmers

In 2018, we played a key role in developing the cross-industry FReSH (Food System Reform for Sustainability and Health) project led by the World Business Council for Sustainable Development. Thanks to our scientific expertise and activities, Nestlé was chosen to lead on two goals: Nutrition Secure Supply Chains, which looks at nutrition for farmers and their

families; and Impact Valuation, identifying how impacts can be measured and reported. The Impact Valuation working group published a White Paper in 2018.

#### Partnering with food banks in Mexico

As part of the *Nescafé Plan*, Nestlé Mexico has partnered with Bancos de Alimentos de Mexico, a national food bank initiative, to actively improve the diets of coffee farmers through food distribution. The food bank also collects fresh agricultural produce that would otherwise go to waste from fields, and makes it available to coffee-growing communities.

#### Helping small farmers boost income and nutrition

In the Philippines, we are investigating different models of coffee farming to find the most effective one for local conditions, where many farms are a single hectare in size. The project focuses on three key drivers: increasing yields; setting up demonstration farms and farmer business schools;

and showing farmers how they can maximize income and nutrition from their limited land. To date, we have invested in a plantlet nursery, launched a text service to farmers on coffee prices, and supported co-cropping to help farmers diversify their income.



#### Improving farmers' nutrition

In Kenya, as part of the FOSEK project with civil society organization Solidaridad, we are trialing potential methods to improve nutrition for farming families, from cooking lessons and nutrition classes to supplying seeds for kitchen gardens and promoting more nutritious vegetables. In all, 460 participants received the pilot nutrition and health education workshops and 348 farmers received the cooking demonstration workshop pilot. These were spread over four areas in Kenya.

[Read the full story](#)

### 460 farmers in Kenya participated in our trial nutrition and health education workshops

#### Progress against our objectives

**By 2020:** Improve food availability and dietary diversity in five priority sourcing locations based upon the results of the Rural Development Framework (RDF) baselines.

**In progress** This work is ongoing and progress will be reported in 2020.



## Implement responsible sourcing

**Our commitment:** Implement responsible sourcing in our supply chain and promote animal welfare.

### Why it matters

Consumers and stakeholders increasingly want to know where their food comes from, what it contains and how it was made. Transparency in our supply chains and responsible sourcing of our materials are essential to ensuring our sustainable future. We are proud to be implementing responsible sourcing and to answer our consumers' questions.

### What we are doing

#### Expanding our responsible sourcing scope

In 2018, we added processed vegetables (specifically, tomatoes, carrots, spinach, onions and bell peppers) and spices to the list of key commodities on which we focus our responsible sourcing activities. It also means that we will be ensuring responsible sourcing for an even greater amount of the raw materials we buy.

#### Progressing toward cage-free eggs

In 2018, more than 63.2% of the eggs we sourced in Europe were from cage-free hens – marking significant progress toward our pledge to move to 100% cage-free eggs in our European supply chain by 2020. Nestlé is also committed to sourcing all of the eggs we use worldwide from cage-free sources by 2025. We were proud to receive a Good Egg Award from Compassion in World Farming (CIWF) in 2018, in recognition of this pledge. We also signed a global collaboration agreement with CIWF to help us identify further ways of improving animal welfare for the ingredients used in our products.

#### Creating a new coalition for animal welfare

Nestlé, together with six other food companies, founded the Global Coalition for Animal Welfare (GCAW) in 2018. The GCAW aims to advance animal welfare standards throughout the global food supply chain. It is the world's first global, industry-led

collaboration between major companies and animal welfare experts to improve standards to meet consumer demand for food from animals reared in systems that promote good welfare.

#### Meeting stakeholder expectations – improving broiler production

In 2018, Nestlé made an additional public commitment to improve welfare standards for broiler chickens used in our food products in Europe. We will ensure that these standards meet the criteria and expectations set out in the [European Broiler Ask \(European Chicken Commitment\)](#). By 2026, we will move to one standard, based on a phased introduction.

**63% of our 14 priority ingredients are responsibly sourced**



#### Supporting smallholder sugar producers in the Philippines

In partnership with ProForest and the Sugar Industry Foundation, we're supporting thousands of smallholders in the Philippines' largest sugar-growing region, Negros Occidental, to increase their incomes and develop safer and more sustainable farms.

[Read the full story](#)

#### Progress against our objectives

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

**61% of our total spend and volume sourced from audited and compliant suppliers.**

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

**72% of our 14 priority categories of raw materials are traceable and 63% are responsibly sourced.**



# Coffee

**Our commitment:** Continuously improve our green coffee supply chain.

## Why it matters

Coffee production faces serious challenges, with pressure on supplies of high-quality coffee to keep up with constantly growing demand. The availability of arable land is increasingly limited, and coffee cultivation will need to compete with other food crops around the world. Climate change brings further challenges through the spread of extreme or erratic weather conditions in some key coffee-growing areas.

## What we are doing

### Helping farmers meet economic challenges

Coffee farmers experienced a difficult year: low prices affected incomes and discouraged engagement in sustainability. However, through the *Nescafé Plan* and *Nespresso AAA* program, representing a CHF 68.12 million investment annually, we work with thousands of coffee farmers to help them enhance efficiency. Our efforts helped farmers in various countries to significantly increase

their productivity and optimize production costs, thereby improving coffee economics and their quality of life.

Through the *Nescafé Plan*, we are following up progress through a monitoring and evaluation partnership with the Rainforest Alliance. We have established baselines in 10 coffee origins within our Farmer Connect program. Over the coming years, we will systematically measure progress and monitor trends in addition to assessing production costs and other elements related to farm economics. Already, farmers in Mexico and Côte d'Ivoire are showing improved farm economics and productivity. We are confident that productivity increases, coupled with improved production costs, make farmers more efficient and capable of achieving better incomes and livelihoods.

Moreover, the great work of our field teams already enables us to see positive economic developments in more coffee origins, making us confident to report further progress over the coming years.

We maintained the pace of our coffee plantlet distribution program, providing 21.9 million plants to 19096 farmers during the year, keeping us on track to achieve our objectives. We also reached 55% of total *Nescafé* coffee that is responsibly sourced, and 93.9% for *Nespresso*.

### Ensuring workers' labor rights are respected

We enhanced our monitoring and remediation capabilities on labor rights in Mexico by partnering with Verité and PPS. Verité provides tailored and timely labor rights training to coffee farmers and our field teams. In the harvesting season, PPS visited 176 medium or large farms to assist us in implementing more targeted and effective activities, including relevant remediation actions.

### Grown Respectfully launched to communicate our *Nescafé Plan*

In 2018, we launched Grown Respectfully, a new program to communicate to consumers the work of our *Nescafé Plan* by conveying real, inspiring farmer

experiences. Through various channels, Grown Respectfully will help communicate the full breadth and depth of the *Nescafé Plan*'s sustainability program and its impact on people and the planet.

Our coffee plantlet distribution program is the **largest private scheme** of its kind



[Read more online](#)

## Progress against our objectives

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

**55% of total *Nescafé* coffee supply is responsibly sourced.**

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

**21.9 million plantlets distributed in 2018. Since 2010, cumulative 181.8 million plantlets distributed.**

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

**Improvements in farm economics in two coffee-sourcing countries.**

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

**Targeted labor rights monitoring program in one coffee-sourcing country.**

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

**93.9% of *Nespresso* coffee sourced through the AAA Sustainable Quality Program.**





# Nestlé Cocoa Plan

**Our commitment:** Roll out the *Nestlé Cocoa Plan* with cocoa farmers.

## Why it matters

The *Nestlé Cocoa Plan* aims to improve the lives of farmers and the quality of their product. It helps farmers address the challenges they face through three pillars – better farming, better lives and better cocoa – with activities including training in better agricultural practices, distributing higher-yielding plants, promoting gender equality and tackling child labor.

## What we are doing

### Coaching farmers for better farming

To make more impact from the available resources, we have moved from training farmers to coaching them. While the training was educating farmers, it was not necessarily resulting in changes on the farm. By having technicians visit farms and create bespoke development plans with farmers, we expect to see greater benefits, and follow-up visits will help measure progress. Coaching

programs began in 2018 and are expected to reach around 15 000 farmers by 2019.

Unproductive trees are a major challenge for cocoa farmers, exacerbated by poor agricultural practices and the lack of rejuvenation of plantations. Through the *Nestlé Cocoa Plan*, we have now completed our 10-year goal to distribute 12 million cocoa plants to farmers a year early.

### Tackling child labor

Our Child Labour Monitoring and Remediation System (CLMRS), put in place with the help of the International Cocoa Initiative, continued to grow in our main cocoa supply countries of Côte d'Ivoire and Ghana in 2018. A total of 11 130 children have been helped by the scheme, and we have now built or refurbished around 45 'bridge schools,' which have helped around 3149 children who had fallen out of the school system to return.

## Achieved our 10-year goal to distribute 12 million cocoa plantlets one year early

### Strengthening certification for better cocoa

After signing the Cocoa and Forest Initiative in 2017, we developed our action plan to tackle deforestation in 2018, including an aim to distribute 2.8 million shade trees in four years.

#### What we've achieved by 2018

Volume of <i>Nestlé Cocoa Plan</i> cocoa procured in 2018	198 155
Cumulative total of plants distributed through the <i>Nestlé Cocoa Plan</i>	14 555 891
Cumulative number and % of child labor cases no longer in child labor	981 and 5.6%
Cumulative number of children subject to follow-up and/or benefiting from remediation activities	11 130



### Enabling remote access to educational material

Eneza is our project to promote the value of education in cocoa communities using innovative technology. Five-hundred primary and secondary pupils in remote areas are now able to access educational material online.

[Read the full story](#)

### Progress against our objectives

**By 2018:** Source 175 000 tonnes of cocoa through the *Nestlé Cocoa Plan*.

●●● Achieved 198 155 tonnes of cocoa sourced through *Nestlé Cocoa Plan* in 2018.

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

●●○ In progress



# Respecting and promoting human rights

## Our commitments to respecting and promoting human rights

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

Human rights abuses have no place in our supply chains. Our values are rooted in respect, including respect for the human rights of every single person who works for or with us.

Our work on human rights contributes the most to the following SDGs:



How we map our material issues to the UN SDGs

## Why it matters

Recent years have seen increasing attention paid to the responsibility of companies to respect human rights in their activities and business relationships. Consumers increasingly want to know about human rights in the supply chains of products they buy, and there is greater interest from investors and regulators in this area. We believe upholding the human rights of the people who work for or with us is essential to make our business activities and supply chains more resilient, stable and sustainable.

## Our contribution

Although our size and scale enable us to have influence, we know that sector-wide and sustainable change requires collaboration with others. We work with expert organizations, such as the Danish Institute for Human Rights (DIHR), the Fair Labor Association, the International Cocoa Initiative, Verité, Issara Institute, The Forest Trust and ProForest, to ensure we understand the challenges, and we continually refine our approach to implement actions that have real impact. With the DIHR, we identified our most salient human rights issues – those with the greatest risk of negative impact on people within our activities. Specific action plans address these issues, ensuring human rights are respected and promoted across our business activities.

In recent years, we have mainstreamed human rights work into our activities and policies. This has been extended with the adoption of our new CARE Audit Protocol. We have reviewed its content based on the lessons learned over the last few years as part of our Human Rights Due Diligence Program, and in particular through human rights impact assessments. As we progress on our human rights journey, we will also shift the focus onto our supply chain in future years as this is clearly where the most salient human rights issues (e.g. child and forced labor) are found.

All our employees globally will receive our new human rights training program in key issues. We are also developing a governance structure in all markets to further explore issues around human rights.



## Assess and address human rights impacts

**Our commitment:** Assess and address human rights impacts across our business activities.

### Why it matters

Respecting the human rights of everyone in our business activities is rooted in our values. We have identified 11 salient issues that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships and where we can have the greatest impact. These are the risks that have the most severe potential impact on rights holders and the highest likelihood of occurrence. Severity is defined as the scope, scale and remediability of the impact.

### What we are doing

Our new human rights training program, developed with the Danish Institute of Human Rights and launched in 2018, is a major step toward meeting our 2020 objective. To date, over 100 000 employees globally have received training since 2011, and this new online program will accelerate this.

### Embedding human rights in our procedures

We launched our new CARE Audit Protocol in 2018, which uses independent assessments to measure compliance with our business principles. The new protocol has a greater focus on human rights and will help us ensure the ongoing monitoring of human rights issues within our own operations. This will allow us to dedicate more time and resources to the most salient human rights issues that we find in our supply chains.

### 5 014 employees trained on human rights in 2018

Because of our focus on mainstreaming human rights in our internal activities, and the time required to complete human rights impact assessments (HRIAs), we have decided to extend our 2018 objective to carry out six HRIAs in our upstream supply chain to 2020. We review and assess the most

effective ways to identify and address issues we find.

In 2018, we also deployed a toolkit for Market Compliance Officers to support the establishment of a governance structure to manage

risks and opportunities associated with human rights at market level. A survey of our markets conducted in 2018 found that the majority of Market Compliance Committees discuss human rights-related topics as needed, if not periodically.



### Giving palm oil workers a voice

Following our previous HRIA in our palm oil supply chain, we are collaborating with Sime Darby Plantation to pilot a project to eliminate human and labor rights abuses in our Malaysian supply chain. A helpline, the first of its kind in the palm oil sector, will enable workers to report any issues with working conditions, recruitment or safety, either online or through a toll-free number. Workers will be able to voice their concerns directly to trained helpline officers.

[Read the full story](#)

### Progress against our objectives

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

**In progress** Four human rights impact assessments have been carried out since 2017.

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

**In progress** In 2018, we deployed a toolkit for Market Compliance Officers to support the establishment of a governance structure to manage risks and opportunities associated with human rights at market level.

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

**In progress** 5 014 employees trained on human rights in 2018.

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





## Protecting children and workers

**Our commitment:** Improve workers' livelihoods and protect children in our agricultural supply chain.

### Why it matters

Nestlé opposes all forms of human rights violations, including labor rights violations. Labor rights are included in seven of our 11 salient issues and are associated with our agricultural supply chains.

### What we are doing

#### Demonstrating appropriate standards at sea

Nestlé, with seafood producer Thai Union and NGO Verité, has inaugurated a demonstration boat as part of a collaborative effort with the Thailand Department of Fisheries to address labor and human rights issues in the Thai fishing industry. In 2018, 116 boat owners, captains and crew received training in good onboard living and working conditions, including adequate, fresh food and drinking water, space for resting and eating, first-aid provision and sanitary toilet facilities.

We are also partnering with Issara Institute – a Southeast Asian NGO that tackles human trafficking and forced labor – to address these issues in our fish and seafood supply chain. We've banned transshipments at sea and are now working with Issara to implement an Inclusive Labor Monitoring System that will cover more than 35 000 workers in our supply chain.

#### Addressing rights for casual workers

We continued our work to address labor rights issues in our hazelnut supply chain in Turkey in 2018. Working with the Fair Labor Association (FLA), we have moved the emphasis from audits, which told us little of the effectiveness of interventions, to measuring the impact that our interventions have. We also completed a four-year project with the FLA, funded by the US Department of Labor, to address labor issues, including child labor and women's empowerment, in the hazelnut supply chain in Turkey.

In addition, we extended our partnership with Verité, looking at labor rights issues in our hazelnut supply chain in Italy. A report by Verité identified a number of issues and remedial actions, which we are currently working with our suppliers to implement. In our palm oil supply chain, we broadened our focus, previously on deforestation, to include human rights.



#### Tackling child labor

We're tackling child labor across our supply chains, especially in cocoa, hazelnut and sugar. Working with NGOs and governments, we're identifying the risks and strengthening our capacity to address them.



[Read the full story](#)

Our new Inclusive Labor Monitoring System will cover **more than 35 000 workers in our supply chain**

#### Progress against our objectives

**By 2018:** Start reporting on the number of workers in agricultural supply chains having benefited from our interventions on selected salient labor rights issues.

**In progress** Work is currently underway, and we aim to start reporting once we have reviewed interventions against the list of salient issues.

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

**In progress**



## Our culture of integrity

**Our commitment:** Enhance a culture of integrity across the organization.

### Why it matters

We want to promote the highest standards across our business. This requires a culture of integrity and respect, not just in our company but throughout our supply chain, so that all our employees and everyone we work with live our culture and values.

### What we are doing

#### Promoting compliance with our business standards

Following the introduction of our Communication Best Practice Toolkit in 2018, we reinforced key messages across our business about compliance and our grievance mechanisms. One hundred percent of our markets deployed communication plans and practices, further reinforcing the tone at the top and speaking up in 2018. These included messages from Market Heads, annual compliance messages from Market Compliance Officers, videos, articles in employee newsletters, 'town hall' meetings and many

other initiatives. The 6.4% increase in complaints received through the Integrity Reporting System is an example of the positive impact of the broad compliance communication across the markets in 2018.

#### Measuring compliance through our CARE audits

CARE, our compliance audit program, measures compliance with key principles through independent assessments. Working with the Danish Institute of Human Rights, we reviewed the CARE program in 2018 to incorporate current best practices on human rights, and conducted training, implemented audit findings and reduced the number of gaps. A total of 296 audits were carried out, with 160 gaps (out of 414) successfully closed.

[Read more about Nestlé Code of Business Conduct](#)

[Read more about grievance mechanisms and remediation commitment](#)



#### Embedding human rights in our company-wide audits

For the 2018 CARE cycle, we enhanced the human rights focus, with support from the Danish Institute of Human Rights. Instead of a specific human rights pillar, we now have human rights embedded throughout the whole document, with questions relating to conditions of work and employment, business integrity, safety and health, security, environment, sustainability and relations with the communities where we operate.

[Read the full story](#)

#### Progress against our objectives

**By 2018:** Markets launching a compliance communication plan, further reinforcing the tone at the top and speaking up. CARE audit enhanced on human rights, and schedules defined for Nestlé sites with the new protocol.

**Achieved** 100% of our markets deployed communication plans and practices, further reinforcing tone at the top and speaking up in 2018.

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

**In progress** Corporate toolkit will be developed and launched in 2019.

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

**In progress** We reviewed the CARE program in 2018 to incorporate current best practices on human rights, and conducted training, implemented audit findings and reduced the number of gaps.

**296 CARE audits** were carried out in 2018, with 160 successfully closed



## Grievance mechanisms and remediation

**Our commitment:** Provide effective grievance mechanisms to employees and stakeholders.

### Why it matters

We do not tolerate any violations of our Code of Business Conduct or corporate policies. All breaches in our value chain must be reported, so they can be stopped or prevented. Employees and other stakeholders must also have access to remediation for any abuses. Effective grievance mechanisms are essential to protecting the human rights of people across our value chain.

### What we are doing

#### Promote speaking out to report compliance breaches

In our continuous efforts to be a better company, we believe it is important to learn from our own mistakes by conducting root cause analysis (RCA) on serious compliance breach cases. In 2018, we achieved our objective of implementing an RCA system to help us learn from serious compliance breaches and prevent

their reoccurrence. The RCA process was shared across our markets in 2018 by webinar. Markets implemented RCAs for severe cases as necessary and as appropriate.

#### Our anonymous reporting system in numbers

In 2018, we received 1837 messages through our Nestlé Integrity Reporting System, which enables employees to report illegal or noncompliant behavior anonymously. The messages received covered issues such as leadership style, labor practices, discrimination and harassment. We also received 486 questions from employees seeking compliance advice. Thanks to our robust reporting system, 1568 (85%) cases were closed and 500 (32%) substantiated, including 12 private-to-private bribery cases, resulting in 139 employees leaving the company. There were 58 written warnings, eight suppliers' services were terminated and other

measures were taken, including internal process improvement and reinforcement.

#### Our independent Tell Us channel for raising issues

During the year, we received 699 messages via Tell Us, our communication channel for external stakeholders. All comments received have been addressed or are being dealt with.

As a result of the issues raised in 2018, one warning letter was issued and five people left the company. Remedial measures were taken including internal process improvement and reinforcement.

[Read more about Nestlé Code of Business Conduct](#)

### Using root cause analysis to remediate issues

When a report was received that certain employees were having to carry large water containers on their shoulders to places their delivery lorries could not access, a root cause analysis was carried out to determine the issues and propose recommendations. As a result, trolleys are now provided along with training in ergonomics and manual handling, and a company doctor provides check-ups and medical awareness.

[Read the full story](#)

### Progress against our objectives

**By 2018:** Markets conducting root cause analyses for selected compliance cases using tools provided by headquarters.

●●● **Achieved** In 2018, we implemented a root cause analysis system to help us learn from serious compliance breaches and prevent their reoccurrence.

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

●●○ **In progress** Review process in development.

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

●●○ **In progress** To be implemented upon completion of review process.

**Nestlé's Integrity Reporting System and Tell Us** are free and anonymous channels for communicating grievances





# Promoting decent employment and diversity

## Our commitments to promoting decent employment and diversity

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

Decent employment and diversity are fundamental to our culture. As a major employer worldwide, we have an important role to play in providing opportunities for people. We aim to provide a workplace in which everyone is treated with dignity and respect, and that offers equal opportunities for all.

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



How we map our material issues to the UN SDGs

## Why it matters

Everyone is entitled to decent employment, with equal opportunities, a living wage, security, prospects for development, and the freedom to express their concerns and organize and participate in the decisions that affect their lives. Businesses also benefit from the greater productivity that comes from a healthy, secure, motivated workforce.

Youth unemployment is a serious issue, contributing to global poverty and damaging communities and their futures. It is also important that businesses are more diverse and inclusive, and better reflect society. Businesses like Nestlé need to tackle this to secure a pipeline of future talent.

## Our contribution

As a global company, we are proud of our diversity. We have specific commitments to promote gender balance, within our own operations and in the societies and communities we source from. In line with this commitment, we are also pledged to closing the gender pay gap, with equal pay for equal work for our employees.

We actively support diversity in all its forms throughout our business and work hard to promote the inclusion of people from different generations and cultures, and those with different abilities and sexual orientation (LGBTI\*).

We also use our scale and size to provide jobs, apprenticeships and training for young people, helping them find employment or gain the skills they need to enter the workplace.

With our purpose of 'enhancing quality of life and contributing to a healthier future,' Nestlé places a real emphasis on workplace well-being. We want to inspire people to lead healthier lives, as we believe a safe, healthy workplace creates a healthier business.



## Nestlé makes equal pay pledge

Nestlé has pledged to help accelerate progress toward equal pay for equal work, at a UN General Assembly event organized by the Equal Pay International Coalition. The coalition, led by the International Labour Organization (ILO), United Nations Women and the Organisation for Economic Co-operation and Development (OECD), aims to build a consortium of committed partners to hasten closing the gender pay gap and achieving equal pay. We pledged to achieve equal pay for all our employees, and since 2011 we have also increased the number of women in leadership positions every year.

[Read the full story](#)

\* Lesbian, gay, bisexual, transgender and intersex.



## Opportunities for young people

**Our commitment:** Roll out our *Nestlé needs YOUth* initiative across all our operations.

### Why it matters

Youth unemployment affects millions around the world, contributing to global poverty. As a major employer, we know the positive difference we can make through employment opportunities and skills development. We offer apprenticeships, training schemes and initiatives designed to equip people with essential workplace skills.

### What we are doing

Our Global Youth Initiative, *Nestlé needs YOUth*, is driving our work to support thousands of young people access work, training and learning opportunities, which also helps to alleviate global poverty. Around the world, Nestlé helped over 400 000 young people in 2018, through job offers, apprenticeships and traineeships, and support for vocational programs and events.

#### Supporting young entrepreneurs in Africa

In 2018, Nestlé and the Swiss Agency for Development and Cooperation launched the Social Investment Accelerator program. Designed and led by Ashoka, the program aims to support young social entrepreneurs by helping them gain access to finance, enabling them to create further growth, impact and employment opportunities for young people across Africa.

We also partnered with 22 ON SLOANE, the largest start-up campus in Africa, which offers support to start-ups and small businesses. As well as hosting masterclasses for the campus to help young entrepreneurs crystallize their ideas into prototypes, we led a 'start-up huddle,' connecting entrepreneurs to a network of investors and mentors. Activities supported by Nestlé, including work-readiness events, career fairs and life-skills programs, reached more than 12 000 young people in 2018.

#### Supporting young people in the Americas

Led by Nestlé, the Alliance for YOUth brings together over 40 companies, governments, NGOs, labor organizations and academies to promote youth employability and entrepreneurship in Colombia, Peru, Chile and Mexico. In 2018, the alliance increased its commitment to young people in the region, pledging to create 30 000 job opportunities by 2020, an increase from the original 17 000 target. More than 12 000 young people have so far benefited. Building on its success, the alliance expanded in 2018 to include Argentina, Brazil, Paraguay and Uruguay.

#### Developing the next generation of chefs

YOCUTA – YOUNg CULinary TALents – is a Nestlé Professional initiative in the Americas designed to attract young people into the hospitality industry. The program offers nutritional knowledge and practical cooking experience with a leading chef. In 2018, the program extended to 18 markets, and more than 500 new students enrolled

during the year, taking the total since the program's launch in 2015 to over 2000.

#### Creating opportunities for young people in Europe

In Europe, Nestlé celebrated European Vocations Skills Week in 2018 with a range of activities including factory visits, workshops, roundtables, careers days and youth training events. Along with our 200+ partners in the Alliance for YOUth, we were able to announce that the alliance has met its pledge to offer 150 000 young people in Europe jobs, apprenticeships or traineeships by 2018.

#### Measuring the value of the Global Youth Initiative

In 2018, we undertook, together with EY and Valuing Nature, a valuation of our Global Youth Initiative, *Nestlé needs YOUth*. From our investment of CHF 122 million, the valuation exercise revealed an ROI-equivalent value of CHF 167 million for Nestlé. The societal value was estimated even higher with a return on investment of 9.2.

#### Progress against 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 impact.
- 20 000 to 25 000 job opportunities for people under 30 years of age every year.

**In progress** Over 26 000 job opportunities offered to people under the age of 30.

4900 readiness-for-work events organized to help prepare young people for work, with 9800 employees volunteering for such events.

*Nestlé needs YOUth* continued to grow, reaching more than 300 partners.

**Over 26 000 job opportunities** offered to people under 30 in 2018



## Empowering women

**Our commitment:** Enhance gender balance in our workforce and empower women across the entire value chain.

### Why it matters

Gender equality and women's rights, education and empowerment are critical to Creating Shared Value for our business. However, women continue to face challenges in the global workplace, from under-representation in business management generally to a lack of access to training, tools and finance for agricultural workers. Our initiatives tackle these issues throughout our value chain.

### What we are doing

#### Developing women leaders within our business

In 2018, the proportion of manager positions in Nestlé globally held by women was 43.2%\*, helping us achieve our objective of an annual increase. Women also comprise 31.8% of our senior leadership roles (market management members).

#### Closing the gender pay gap

In 2018, in line with our gender balance commitment, we pledged to work toward equal pay for equal work at the Equal Pay International Coalition event during UN General Assembly week. With this pledge we are supporting the Coalition led by the International Labour Organization, United Nations Women and the Organisation for Economic Co-operation and Development (OECD) to accelerate progress toward closing the gender pay gap.

#### Supporting women in the supply chain

In Turkey, we support women workers in the hazelnut supply chain. With the Fair Labor Association, we completed a project to help 400 women through awareness raising on labor rights and financial literacy and developing leadership skills. Our *Strong Women, Strong Farming* program helped empower women hazelnut garden owners.



#### Addressing gender inequality among coffee growers

Through our *Nespresso AAA Sustainable Quality™ Program*, we have developed a gender analysis tool to explore the employment issues women face in different regions around the world, and to develop solutions for those challenges. Following publication of a report on the findings, the tool has become an integral part of our Gender Equality Strategy.

[Read the full story](#)

#### Progress against our objectives

**By 2018:** Be a gender-balanced company by creating the enabling conditions in our work environment to achieve annual increases in the percentage of women managers and senior leaders (market management members and key roles at the center).

●●● Achieved 43.2% of Nestlé's leadership roles are held by women.

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

●●○ In progress We have so far made progress toward this objective in Colombia, Pakistan, Turkey and Côte d'Ivoire.

**43.2% of Nestlé's leadership roles are held by women**

\* Following the implementation of our Hire to Retire program, there was a subsequent revision of our grading definitions.





## Workplace safety and health

**Our commitment:** Advocate for healthy workplaces and healthier employees.

### Why it matters

Our purpose of 'enhancing quality of life and contributing to a healthier future' starts with each of us. We hope to inspire our employees to take personal responsibility for their health and safety, making informed decisions and choosing to live and work in a healthy and safe way.

### What we are doing

#### Promoting healthy living in the workplace

Our strategic roadmap identifies four focus areas for health: ergonomics, healthy diets, stress and resilience, and fatigue and working hours. To manage health issues, 97% of our markets have a health and wellness program in place.

#### Know Your Numbers program

In 2018, we continued the implementation of our *Know Your Numbers* program, designed to help us better understand our employees' health profile and the impact of health on productivity so we can build evidence-based interventions. Twenty-eight markets (40 countries) have adopted the

*Know Your Numbers* program, making it available (offered) to 87 408 employees, with 36 265 having participated. This includes different variants (global and local versions) of the *Know Your Numbers* program. The program's findings also indicate that health awareness is a priority area to be focused on in future activities.

#### Stress in the workplace

Our *Stress and Resilience* program helps build personal resilience through customized training and tools for specific audiences, including all employees, human resource business partners (HRBPs), and line managers and senior management. In 2018, we trained 694 HRBPs and 362 Employee Health Champions and Safety and Health Managers.

#### Promoting #HealthyLives

#*HealthyLives* is our main training program for building awareness on a holistic approach to health, encompassing physical activity, mental health, nutrition and sleep.

We aim for all our markets to make it available for employees by 2020,

with new employees receiving it as part of their onboarding. Pre-launch and Q&A presentations took place in 2018 to prepare markets for the upcoming launch. A toolkit, including videos, brochures, posters and implementation guidance, has been developed at global level to ensure consistency across Nestlé.

#### Work-related illnesses and fatalities

Musculoskeletal diseases accounted for 48% of recordable illnesses in 2018. We believe that improving the ergonomics of our workplaces is key to addressing this. ErgoPro, our approach to assessing ergonomic workplace risks, helps us design appropriate, ergonomically sound workplace solutions. In 2018, we completed assessments of 87% of our routine production tasks, against our target of 75%.

Despite our best efforts, we are saddened to report that in 2018, one employee and two contractors lost their lives while working for Nestlé. We carry out a detailed investigation for every fatality, involving a cross-functional team and local senior management. The results are reviewed at Group level to ensure

that the whole company learns from the incident. We remain committed to achieving our goal of zero work-related injuries and illnesses, despite the size of our company or the scope of our operations.

#### Promoting healthy families

At the end of 2018, we had implemented our Maternity Protection Policy across all our markets, enhancing support to employees in general and to new parents and primary caregivers working for Nestlé. A few minor gaps were identified and have ongoing action plans in place.

The policy establishes minimum standards for all Nestlé locations and is seen as one of the most progressive in the industry. It includes five pillars:

- Maternity protection: minimum 14 weeks paid
- Employment protection and non-discrimination
- Healthy work environment
- Flexible work arrangement
- Conducive work environment to breastfeed

#### Progress against our objectives

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

**In progress** *Know Your Numbers* program was made available to 87 408 employees, in 40 countries so far.

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

**In progress** Nestlé is a member of and contributes actively to the most relevant groups driving employee health across industries, including The Consumer Goods Forum's Employee Health & Wellbeing work group and the Workplace Wellness Alliance.

#### 2018 Safety & Health Awards



Our Safety & Health Awards allow us an opportunity to demonstrate our commitment to the safety and well-being of our people. They also enable markets to learn from each other and gain recognition for their achievements.

[Read the full story](#)



# For the planet

Stewarding resources for future generations

## 2030 Ambition To strive for zero environmental impact in our operations.

To grow sustainably, we must consume the planet's resources wisely, and use our global presence to help make a positive difference. In line with our ambition, we are working to improve water stewardship throughout our value chain. We are working to reduce emissions across our value chain by operating more efficiently and using more sustainably managed and renewable resources. To safeguard the environment, we have a key focus on reducing the use of plastics and making sure those we use are recyclable or reusable. We are also striving to create less waste, preserve our natural habitats and encourage consumers to play their part.

### Our focus on water stewardship


Water is one of the three Creating Shared Value (CSV) areas where the needs of our business most closely align with those of society. Although our efforts involve making water use in our facilities more efficient, the potential impact we can have beyond our boundaries is arguably much greater. That's why we work with partners to protect shared watersheds, improve water management in our agricultural supply chain and widen access to clean water and sanitation in the communities where we operate.

Our approach involves: compliance with legal and regulatory requirements, as well as internal standards, as a starting point; followed by excellence in water stewardship, from efficiency to

positive community relationships; and then collective action with local stakeholders to address shared water challenges. This three-step process helps us assess risks, promote best practice and focus our efforts where it matters most.

### In 2018, Nestlé launched its **Caring for Water initiative**

In March 2018, our CSV Forum, attended by Nestlé Chairman Paul Bulcke and CEO Mark Schneider, was held in conjunction with the eighth Global Water Forum in Brasilia, and focused on water as a driver for helping Nestlé support the Sustainable Development Goals.

 [Read more online](#)







## Caring for water

### Our commitments to protecting water supplies

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

Access to clean water and adequate sanitation is a fundamental human right. Protecting and preserving the water resources we share with others is a major priority for us. We achieved our commitment to treat the water we discharge effectively in 2017. A new digital compliance assessment and monitoring tool now ensures all our plants meet the exacting standards of our Nestlé Environmental Requirements for water quality. Our work here will continue through the Caring for Water initiative.

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



How we map our material issues to the UN SDGs

## Why it matters

We all need water to live. Water is also essential for growing the ingredients we source and for operating our factories. People also need safe water to prepare or consume many of our products, from infant formula to coffee.

While water security is a global problem, the impact is felt locally. Global demand for water already exceeds supply but resources are not equally distributed across the planet. These pockets of water scarcity are due partly to population growth and urbanization increasing consumption in already water-stressed locations, thus contributing to the lack of clean drinking water and sanitation experienced by 40% of the world's population (UN).

## Our contribution

To preserve shared water resources, collaboration is the only option. We work with a wide range of partners to protect water resources at watershed level; support our suppliers to efficiently grow the ingredients we need; and work to improve communities' access to clean water and sanitation. Our efforts were recognized when we received a 100/100 score in the Water-Related Risks section of the 2018 Dow Jones Sustainability Index.

### Our Caring for Water initiative

In May 2018, we launched the Caring for Water flagship initiative, which will guide and focus our local efforts where, and how, they matter. The initiative will help us demonstrate our support and contribution to United Nations Sustainable Development Goal 6 (SDG 6) on water resource

management and sanitation. It comprises a clear and common water stewardship approach at local level, inspired by the Alliance for Water Stewardship (AWS), and enabling AWS certification of our operations. We are set up to support zones, markets and businesses to deploy and implement their Caring for Water plans and leverage them for greater impact in the future.

Caring for Water's ambition is 'Together, we steward water resources for future generations,' and it will play a key role in helping us achieve our ambition of zero environmental impact in our operations.

In 2018, we conducted an impact valuation of our initiative, considering a range of factors such as the use of water in factories, our global WASH project, and particularly water use in agriculture and our investments in catchment areas, as these are where the biggest potential for return on investments exists. We have a long way to go, and are refining measurement methodology and addressing data gaps. In 2019, we will also focus on understanding better the business value of the initiative.

### Implementing our initiatives

A guidance document, the Caring for Water playbook, will direct our specialists in implementing water stewardship initiatives, focusing on four key areas: in our factories, continuously improving water use efficiency; in watersheds, working with partners to protect shared water resources; across our agricultural supply chain, where water challenges are putting the sourcing of our raw materials at risk; and in the communities where we are present, to widen access to clean water and sanitation.





## Improving water efficiency

**Our commitment:** Work to achieve water efficiency and sustainability across our operations.

### Why it matters

Water is vital to Nestlé: for growing ingredients, for our production processes and for preparing our products. We must therefore use water as efficiently as possible in our operations – especially with around one in three of our facilities located in a water-stressed area. We are pleased to have made significant progress in recent years, but remain committed to doing more.

**We saved  
3.7 million m<sup>3</sup>  
of water through  
water-saving projects in  
our factories in 2018**

### What we are doing

In 2018, we withdrew 127 million m<sup>3</sup> of water for our direct use. Through investment in new, better-performing technologies together with the adoption of best practices, we saved 3.7 million m<sup>3</sup> of water in our factories. This allows us to continue improving our overall water use efficiency, toward our commitment of a 35% reduction.

In addition to 26 Water Resource Reviews (WRRs) performed overall, in the Americas, we have made a commitment to implement a water stewardship plan in every factory by 2020 – a total of 14 factories in three years. The plans will promote both reuse and recycling of water to drive efficiency within our factories as well as encourage collective actions at catchment level and stakeholder engagement with communities close to our manufacturing sites.



### Implementing zero-water technology in South Africa

The town of Mossel Bay in South Africa is subject to regular droughts and was declared a disaster area after one prolonged drought. A project was launched to make the Nestlé dairy factory there as self-sufficient in water as possible by using water recovered from the milk evaporation process. The factory now has excellent-quality recycled water and is even able to generate energy from the process.

[Read the full story](#)

### Progress against 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.

**●●○ In progress** 29.6% reduction in direct water withdrawals per tonne of product across every category since 2010.

**By 2020:** Carry out 40 new Water Resource Reviews (WRRs) in selected manufacturing facilities and all greenfield sites.

**●●○ In progress** 11 new WRRs conducted in 2018. Cumulative of 26 WRRs at the end of 2018.

**By 2020:** Implement 10 new water stewardship initiatives in selected locations, with specific focus on high-priority manufacturing facilities.

**●●● Achieved** 14 factories have a water stewardship plan through AWS certification.



## Water stewardship advocacy

**Our commitment:** Advocate for effective water policies and stewardship.

### Why it matters

Water is a resource we all share. Working alongside neighbors and other stakeholders is the only way we can address the complex challenges associated with water stewardship. We believe that proactive, long-term engagement and partnerships with a wide range of stakeholders can help to define, implement and evaluate solutions to the complex environmental challenges that we face.

### What we are doing

#### Partnership with the AWS to protect water resources

The Alliance for Water Stewardship (AWS) International Water Stewardship Standard provides environmental, social and economic criteria against which companies can assess their water stewardship practices. We certified the last two of our five water-bottling facilities in California in March 2018, meaning 14 of our facilities (Pakistan, Canada, US, China, Thailand, Ethiopia and France) have now been certified by the AWS Standard.

Nestlé Waters has committed to certify all its factories to the AWS Standard by 2025.

#### Organizing global collaborative events

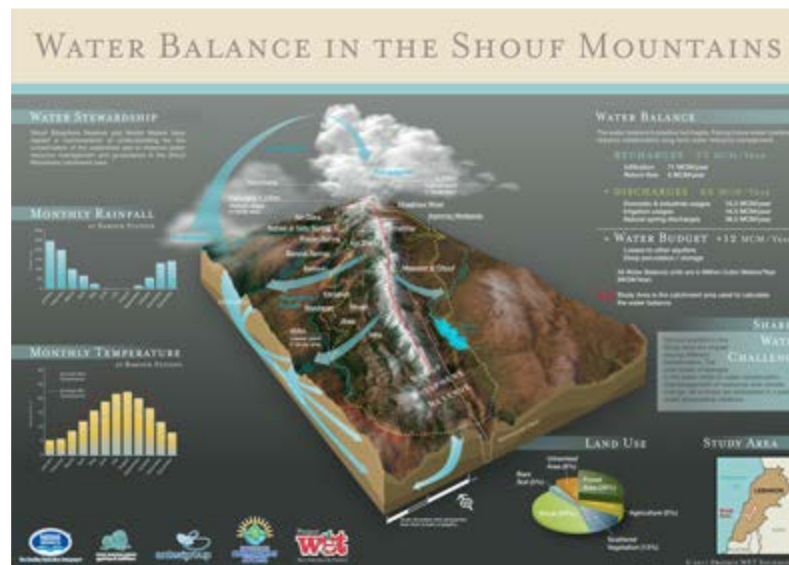
In March 2018, we assisted the Brazilian Business Council for Sustainable Development and the local chapter of the UN Global Compact with the organization of a business day at the World Water Forum in Brasília. We also co-organized, with the AWS, a stakeholder dinner at World Water Week in Stockholm, to discuss the role of certification in water stewardship.

[Read more on the importance of the AWS Standard](#)

[Read more on the company's vision for shared water management](#)

*"Water stewardship is too important to be a competitive area. We strongly encourage other organizations to engage with the AWS Standard."*

Carlo Galli, Head of Sustainability, Nestlé Waters and Technical Director Water Resources, Nestec S.A.



#### Engaging stakeholders to share the challenges

In Lebanon, we worked with the Shouf Biosphere Reserve on a two-year monitoring and hydrogeological study of the area's groundwater. The study found that the groundwater balance was overall positive. However, due to important seasonality and climate effect, more needs to be done to better manage water resources, especially during the dry periods.

[Read the full story](#)

#### Progress against our objectives

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

In progress No new countries/states were added during 2018, however the WRG continues to work in 14 countries and states.

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

In progress 14 locations where Alliance for Water Stewardship Standard deployed.

By 2020: Apply the new Farm and Catchment Level Assessment tool prepared by the Sustainable Agriculture Initiative Platform (SAI) in at least five agriculture supply sourcing locations.

Achieved We have applied the Farm and Catchment Level Assessment tool in Brazil, Iran, Pakistan, Vietnam and South Africa.

Nestlé Waters has committed to **certify all its factories to the AWS Standard by 2025**



## Engaging with our suppliers

**Our commitment:** Engage with suppliers, especially those in agriculture.

### Why it matters

Our greatest challenge to reducing water consumption lies in addressing the impacts of our complex agricultural supply chains. Water management and conservation is specific to a locality and is usually temporal in nature. Our research indicates that we can achieve significant improvements in water use simply by introducing better agricultural techniques at a farm level.

### What we are doing

#### Helping farmers manage water challenges around the world

We are working with our suppliers across all of our agricultural supply chains to ensure water is used effectively. We have a particular focus through our Agriservices network on dairy and coffee, as this is where we can make the most impact. Based on the principle of 'Do what matters, where it matters,' we have mapped our fresh milk-sourcing districts

according to the water stress index, and are working on several initiatives to improve water efficiency in our dairy supply chain.

**10 projects**  
in water-stressed areas  
across 10 countries

#### Developing water-saving techniques for dairy farmers

In Pakistan, Morocco and Iran, where drought and water-stressed areas are issues, we are working with dairy farmers to establish the use of water meters and develop water-saving techniques for animal feed production. In Brazil, we are supporting farmers to install water meters and improve manure management techniques. Together with Embrapa, the Brazilian Agricultural Research Corporation, we are working on projects to train farmers in good farming and manure management practices.

#### Improving water efficiency for Vietnamese coffee farmers

Vietnam is the second-largest coffee producer in the world. However, small-scale coffee farmers in the country have been facing the challenge of rapidly declining water levels. Through our *More Coffee with Less Water* project with the Swiss Agency for Development and Cooperation (SDC), we have been supporting water efficiency training, covering topics such as water resource management for coffee irrigation, pruning and grafting techniques, fertilization and composting, and harvesting techniques and post-harvest technology. In 2018, 45 287 farmers participated in training sessions in four provinces, Dak Lak, Dak Nong, Lam Dong and Gia Lai.

In partnership with the SDC, we also launched a free app in late 2018, available in Vietnamese and English, that provides farmers with short-term (3.5-day) rainfall and temperature forecasts to help them better manage water usage on their farms.



#### Improving water management for Colombian coffee farmers

Agriculture accounts for around 70% of the world's water use. *Manos al Agua*, supported by Nestlé, the Colombian Coffee Growers Federation, Cenicafe and the Netherlands Enterprise Agency, was an innovative program completed in 2018 that empowered Colombian coffee farmers to develop regional solutions for water management and tackle climate change.

[Read the full story](#)

#### Progress against our objectives

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

**In progress** 10 projects in water-stressed areas across 10 countries.





## Access to water, sanitation and hygiene

**Our commitment:** Raise awareness on water conservation and improve access to water and sanitation across our value chain.

### Why it matters

Access to safe water, sanitation and hygiene (WASH) is a basic human right. There is a clear and compelling economic case for all businesses to help address the current situation. Providing WASH facilities contributes to employee health, as well as broader societal goals, such as reducing mortality and morbidity, strengthening community resilience and preserving personal dignity.

surrounding our operations and supply chain.

Collaboration is at the heart of our efforts to ensure people's access to clean water. We work with businesses, associations and NGO partners, and have also been working with the International Federation of Red Cross and Red Crescent Societies (IFRC) to improve access to safe water and sanitation in our supply chain.

### What we are doing

We reached our target figure of beneficiaries ahead of time. However, we continue our work on this issue and will keep reporting progress against the 2020 objective. In 2019, we will undertake a full review of all commitments to scope out our work beyond 2020.

#### Our partnerships are having an impact on the world around us

We have a twofold approach to WASH: we respect the human right to water in line with the 'do not harm' principle, and we support access to water in communities

#### How we're respecting rights to water

In 2018, we continued to roll out our Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation, to ensure our operations and upstream supply chain do not have a negative impact on the human right to water. The guidelines, launched in high-risk markets in 2017, were extended in 2018 to our medium-risk markets.

In the Americas, we have started to implement the Community Relations Process tool in at least one factory in each of the five markets.



#### Bringing clean, safe water to Papua New Guinea

In Papua New Guinea, six out of 10 people do not have access to clean water. We're supporting the installation of new wells and water pumps to bring clean, safe water to local communities.

[Read the full story](#)

#### Progress against 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.

**●●○ In progress** In 2018, we started our roll-out in medium-risk markets of the Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation.

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

**●●● Achieved** Target was met in 2017. At the end of 2018, 758 604 people around the world were benefiting from our WASH programs, and 316 474 people in local communities given access to clean water and sanitation through our partnership with the IFRC since 2005.

**316 474 beneficiaries** reached through our WASH project with the IFRC



# Acting on climate change

## Our commitments to acting on climate change

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

Climate change is one of the most important global issues of our time. It causes extreme weather events that impact a range of factors, from water availability and growing conditions to migration patterns. As a global food and beverage company, we are also impacted by climate change. We are determined to help our farmers build resilience to these changes as well as reducing our impact on the climate.

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



How we map our material issues to the UN SDGs

## Why it matters

Changes in weather, temperature and water availability are already affecting farmers who supply Nestlé. Following the [IPCC report](#) released in October 2018, there is now a sense of increased urgency to the calls for land management interventions to deliver greenhouse gas (GHG) emission reductions on a global scale, and for companies to build resilience into their value chain.

## Our contribution

Our approach to tackling the environmental challenges associated with climate change involves reducing our operational GHG emissions across our value chain in line with science-based targets. We're also helping our suppliers adapt to a changing climate by distributing drought-resistant coffee and cocoa plantlets.

Our efforts to act on climate change areas earned a score of 100% in the Climate Strategy section of the 2018 Dow Jones Sustainability Index, and we ranked first in the Environmental dimension overall. We were also one of only 59 companies included in CDP's Supplier Engagement leader board (see the [Global Supply Chain report](#)), and retained our place in CDP's Climate A list.



## Climate-Friendly Milk

Cows that live longer and produce milk for longer emit around 5% less greenhouse gas per kg of milk. If further measures are added, emissions will even drop by 10%–20% – a significant contribution against global warming. Nestlé Switzerland, together with other companies and local suppliers, is committed to promoting a sustainable Swiss dairy industry through the Climate-Friendly Milk pilot project. The project is funded by Nestlé Switzerland and the Federal Office for Agriculture in a public-private partnership.

[Read the full story](#)



## Climate change leadership

**Our commitment:** Provide climate change leadership.

### Why it matters

Climate change is affecting farmers across the globe, including those who supply us. Reducing GHG emissions, switching to renewable energy sources and taking other actions to mitigate the effects of climate change are all necessary to help ensure the ongoing success of our own business and those in our supply chain, as well as protecting the world around us.

### What we are doing

We take a holistic, science-based target approach to tackling climate change, reducing our GHG emissions, increasing our use of renewable energy and switching to cleaner fuels. We remain on track to achieve our objectives, as we have reduced our overall Scope 1 and 2 GHG emissions per tonne of product by 32% versus 2010.

We also aim to reduce Scope 3 GHG emissions by 8% (from our 2014 baseline) by 2020. At the end of 2017, we had achieved a 3.8%

reduction, mainly due to increased responsible sourcing of key commodities.

#### Increasing our renewable electricity procurement

We aim to buy 100% of our electricity from renewable sources as soon as it's practical to do so. Since 2018, all the electricity we buy in France has been from renewables. Purchasing renewable electricity helped us avoid 967 000 tonnes of CO<sub>2</sub>eq in 2018.

#### Making our distribution and warehouses more efficient

We transport around 150 000 tonnes of product daily, generating 3.26 million tonnes of GHGs in 2017 (our reporting covers 71% of our total product volume)\*. Working with third-party logistics providers, we aim to reduce distances, fuel consumption, emissions, noise and congestion. Emissions per tonne of product distributed were down 7.6% in 2017 compared with 2014. Where road transport (71% of our total transport) is necessary, we try to use natural gas in our trucks.

We remain on track to meet our objective for warehouse energy consumption, with emissions in our top 100 distribution centers in 2018 down 38.7% (since 2014) to 5.6 kg CO<sub>2</sub>eq per tonne of product.

[The Nestlé Policy on Environmental Sustainability](#)



### Emissions per tonne of product distributed are down 7.6% compared with 2014

#### Giving a BOOST to the NHSc supply chain

Because cartons of our protein supplement BOOST were reaching retail sites damaged, the Nestlé Health Science (NHSc) supply chain team reconfigured the pallet layout. By filling open space with extra cases, the team increased payloads and ensured there was less waste from damaged goods. In the first 12 months in which the new configuration – now standard practice – was used, 104 fewer trucks reduced CO<sub>2</sub> emissions by 108 tonnes and saved USD 443 000 (CHF 449 202).

[Read the full story](#)

#### Progress against our objectives

**Ongoing:** As a member of RE100, aim to procure 100% of our electricity from renewable sources within the shortest practical timescale.

**34% electricity purchased from renewable sources.**

**By 2020:** Reduce 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.

**32% reduction in GHG emissions (Scope 1 and 2) by product category since 2010.**

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

**7.6% reduction of GHG emissions per tonne of product distributed, covered in reporting in our distribution operations, versus 2014.**

**By 2020:** Reduce GHG emissions by 10% in the 100 major warehouses we use versus 2014.

**38.7% reduction of GHG emissions per tonne of product in the 100 major warehouses we use versus 2014.**

**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.

**10 new refrigeration systems using natural refrigerants installed.**

\*2017 figures are the latest available data at the time of publication.





## Proactive engagement on climate change

**Our commitment:** Promote transparency and proactive, long-term engagement in climate policy.

### Why it matters

Climate change is a global issue; it can't be tackled by one company. It's going to take a seismic shift in how society thinks and operates if we're going to stabilize GHG emissions, let alone reduce them. As well as putting policies and initiatives in place to reduce our own carbon footprint, we actively participate in a range of regional and global programs designed to support the development of long-term climate policy. An article in the scientific journal *Nature*, published in 2018, describes three levers of change needed to keep the food system within environmental limits: improving agricultural technology and management; plant-forward diets; and reducing food loss and waste. Operating as we have done in the past will simply not work. Nestlé's thinking is fully aligned with this viewpoint.

### What we are doing

We continued to implement the *Guide for Responsible Corporate Engagement in Climate Policy* in 2018. This included disclosing our actions on climate change through our public reporting and stakeholder engagement.

#### FReSH collaboration for healthier diets

We are evolving our foods and beverages to be not just healthier but also to have less environmental impact. However, true food system transformation is only achievable through industry-wide global action, which is why we engage in multi-stakeholder collaborations aligned with our climate change commitments. In 2018, we became a founder member of the World Business Council for Sustainable Development's FReSH project, which aims to help achieve healthy, enjoyable diets for all that are produced responsibly within the planet's resources. The project includes a collaboration with KU Leuven University in Belgium to model sustainable food systems.



#### Partnering with major food producers to announce the Clean Power Plan

In April 2018, Nestlé joined together with partners across the food industry to submit a public comment to the US Environmental Protection Agency supporting the Clean Power Plan, which regulates GHG emissions. We strongly support the Clean Power Plan and believe it should be left in place or an even stronger alternative identified and enforced

[Read the full story](#)

#### Progress against our objectives

**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 (WRI).

☒ ☐ In progress **We have continued to disclose our actions on climate change through our public reporting and stakeholder engagement.**

**In 2018, we became a founding member of the World Business Council for Sustainable Development's FReSH project**



# Safeguarding the environment

## Our commitments to safeguarding the environment

- p.50** Tackling plastic waste
- p.51** Improve the environmental performance of our packaging
- p.52** Reduce food loss and waste
- p.53** Provide meaningful and accurate environmental information and dialogue
- p.54** Preserve natural capital

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



How we map our material issues to the UN SDGs

We depend on forests, soils, the oceans and the climate for a sustainable supply of resources for our operations. We aim to use and manage resources sustainably by operating more efficiently, responding to climate change, reducing food loss and waste, and caring for water. Our ambition is to strive for zero environmental impact in our operations.

At the end of 2017, we had achieved our commitment to assess and optimize the environmental impact of our products. We evaluated and addressed the sustainability hotspots for 22 product categories, and continue to build on our efforts.

## Why it matters

If the whole world consumed natural resources at the same rate as the richest countries, we would need between three and five planet Earths ([Global Footprint Network](#)). This unsustainable demand for raw materials, coupled with climate change, is encroaching on natural habitats and contributing to the ongoing decline in species populations. The extinction rate we see today is estimated by the [WWF](#) to be between 1000 and 10000 times higher than would occur naturally if humans weren't around.

The amount of waste we create is also rising alarmingly. The quantity of solid waste generated each year – much of which finds its way into water bodies and oceans – is expected to reach 2.59 billion tonnes by 2030 ([World Bank](#)) and to continue climbing throughout the century. In lower-income countries, 93% of this waste is discarded through open dumping. Even a third of the food we produce is wasted or lost ([FAO](#)). With spiraling consumption, mismanagement of solid waste and inefficient production processes impacting the world around us, we need to transform how we use and reuse the world's natural resources.

## Our contribution

### Forests

We have partnered with Airbus and The Forest Trust to implement Starling, a satellite-based service, to monitor 100% of our global palm oil supply chains from 2019. The program will be extended to cover pulp and paper and soya supply chains at a later stage.

### Soils

To protect the health of soil, we are working with farmers in the US to reduce fertilizer run-off. We are also increasing the sourcing of organic ingredients, which leads to improved soil health.

### Oceans

Oceans are important for Nestlé, both for the seafood we source from them and their key role in addressing climate change. Unsustainable fishing, plastics and agricultural run-off are all placing stresses on oceans. By responsibly sourcing seafood, investing in waste infrastructure to stop plastic leakage, supporting the [Global Ghost Gear Initiative](#), working with farmers to manage soils so that there is no excess run-off, we are acting to reduce the stresses upon the ocean. Our new initiative aims to have 100% reusable or recyclable packaging by 2025.

### Going beyond

Beyond our operations, we work with other stakeholders to raise awareness, identify risks and agree actions, from regulatory intervention to participation in hands-on activities. Through partnerships and multi-stakeholder initiatives, we have helped develop guidelines to reduce food waste and we're working on a project to introduce simple, standardized food date labels by 2020.



## Tackling plastic waste

Our vision is to have 100% of our packaging recyclable or reusable by 2025.

We believe that there is an urgent need to minimize the impact of packaging on the environment. Our vision is that none of our packaging, including plastics, ends up in landfill or as litter, on land or in our oceans. In 2018, we therefore announced our commitment to make 100% of our packaging recyclable or reusable by 2025. This is in line with the Ellen MacArthur Foundation's New Plastics Economy (NPEC), which seeks to address plastic waste and pollution at its source.

The NPEC seeks to address plastic waste and pollution at its source. At the 2018 Our Oceans conference in Indonesia, we signed the NPEC Global Commitment. The Commitment aims to rethink the future of plastics by applying circular economy principles, in which plastic never ends up as waste. We are also leading an NPEC working group (Pioneer Project SEA) on mapping plastic material and waste flows in Southeast Asia. In Europe, we are a member of CEFLEX: a Circular Economy for Flexible Packaging, a consortium of more than 100 organizations ranging from material producers to

recyclers, developing design guidelines for flexible packaging, as well as the infrastructure needed to collect, sort and recycle it across the continent.

Plastic pollution is a complex issue that requires a holistic view and a well-orchestrated effort. We are taking the following steps to tackle the issue:

### 1. Pioneering alternative materials

- Creation of the Institute for Packaging Sciences to evaluate and develop various sustainable packaging materials and collaborate with industrial partners.
- Between 2020 and 2025, we will phase out all plastics that are non-recyclable or hard to recycle for all our products worldwide.
- Starting in February 2019, Nestlé will begin to eliminate all plastic straws from its products.
- Roll out paper packaging for *Nesquik* in the first quarter of 2019, and for the *Yes!* snackbar in the second half of 2019. *Smarties*

will start rolling out plastic-free packaging in 2019 and *Milo* will introduce paper-based pouches in 2020.

- Nestlé Waters will increase the recycled PET content in its bottles to 35% by 2025 at global level and will reach 50% in the United States, with specific focus on Poland Spring. In addition, Nestlé Waters will increase the recycled PET content for its European brands *Acqua Panna*, *Buxton*, *Henniez* and *Levissima* to 50% by 2025.
- Nestlé has a global partnership with Danimer Scientific to develop a marine biodegradable and recyclable bottle for its water business.
- Nestlé has initiated a collaboration with PureCycle Technologies to produce food-grade recycled Polypropylene.
- We have joined NaturALL Bottle Alliance, which aims to develop 100% bio-based PET to be used for our water business.

*"We want to be a leader in developing the most sustainable packaging solutions for our food and beverage products. To achieve this, we are enhancing our research capabilities to develop new packaging materials and solutions. Through this, we hope to address the growing packaging waste problem, in particular plastics."*

Mark Schneider, CEO, Nestlé

### 2. Shaping a waste-free future

- Nestlé is the first food company to partner with Project STOP, a frontline initiative aimed at addressing the leakage of plastic into the ocean, through partnerships with cities and governments in Southeast Asia.
- We signed the New Plastics Economy Global Commitment, an initiative led jointly by The Ellen MacArthur Foundation and UN Environment.

### 3. Driving new behavior

- All 4200 Nestlé facilities worldwide are committed to eliminating single-use plastic items that cannot be recycled.
- Nestlé employees worldwide will dedicate their volunteering days to the removal of litter and participate in clean-up activities on World Ocean Day (June 8).

### Nestlé Institute of Packaging Sciences

We also announced, in 2018, the creation of the Nestlé Institute of Packaging Sciences, which aims to discover and develop packaging



solutions that are functional, safe and sustainable. Based in Lausanne, Switzerland, the institute will employ around 50 people and include a state-of-the-art laboratory complex as well as facilities for rapid prototyping. In collaboration with our global R&D network, academic partners, suppliers and start-ups, the institute will evaluate the safety and functionality of various sustainable packaging materials. It will focus its research on key areas such as recyclable, biodegradable or compostable polymers, functional paper, and new packaging concepts and technologies to increase the recyclability of plastic packaging.

[Read more online](#)





## Improve packaging performance

**Our commitment:** Improve the environmental performance of our packaging.

### Why it matters

Plastic waste, and in particular plastic-based marine pollution, is one of the biggest environmental issues the world is facing today. Packaging is a major contributor to such waste. At the same time, it remains important for purposes such as protecting foods and beverages during transportation, extending the shelf life of food and preventing food waste. This makes it essential not just to reduce the amount of packaging used, but to make packaging recyclable or reusable.

### What we are doing

We used 4.7 million tonnes of packaging material in 2018. In an effort to more accurately track the use of packaging materials, we moved to measuring data based on sales, rather than procurement spend. As a result, it is not possible to provide a comparison with 2017 data.

Since 2015, we have avoided the use of 118 710 tonnes of packaging, keeping us on track to meet our objective.

Our total global plastic and laminate use in packaging in 2018 was 1.7 million tonnes. The plastics types used were PET (Polyester) (48.3%), PE (Polyethylene) (24.1%), PP (Polypropylene) (11.8%), PO (Polyolefin) (1.1%), Laminates (10.8%) and PVC/PS/PA/PC/ABS (Polyvinyl Chloride/Polystyrene/Polyamide/Polycarbonate/Acrylonitrile-butadiene-styrene) (1.7%), Not Allocated (2.2%).

**In 2018, we saved CHF 43.2 million through packaging reduction projects**

### Reducing plastic in bottles

In 2018, Nestlé Waters North America introduced a new 700 ml *Nestlé Pure Life*® bottle made from 100% recycled plastic. We have also reduced the plastic content of our half-liter water bottles by more than 60%, saving over 2.7 million tonnes of plastic.

In Europe, we are members of the European Federation of Bottled Waters, which pledged in May 2018 to collect 90% of all PET bottles by 2025, use at least 25% recycled PET in water bottles by 2025, invest further in eco-design and research on non-fossil-based plastic materials, and engage further with consumers.



### The packaging of the future

Doing his part to help protect the environment is motivation for Xavier Caro as he works to develop new packaging materials at Nestlé's Product Technology Center in Germany. He has dedicated his career to making packaging more sustainable.

[Read the full story](#)

### Progress against 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.

**●●○ In progress** 118 710 tonnes of packaging have been avoided since 2015.

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

**●●○ In progress** 12 alliances with relevant stakeholders to address packaging waste management and marine littering in 10 relevant markets.



## Reducing food loss and waste

**Our commitment:** Reduce food loss and waste.

### Why it matters

About one-third of food intended for human consumption is lost or wasted. Nutrient-rich foods, such as fruit and vegetables, are lost at high rates – up to 50% – and there is also a significant environmental impact. This loss and waste is due to a range of issues in production, handling and storage, processing and packaging, distribution and consumption. The social, environmental and economic costs arising from food loss and waste range from avoidable water use and GHG emissions to food insecurity.

We have estimated our own losses along our entire value chain at 12%. This includes the losses upstream of the raw materials that we buy, and the losses in manufacturing, distribution and at the consumption stage.

### What we are doing

#### Reducing milk losses

We are measuring the milk loss from farm to factory gate in 30 countries in our dairy supply chain.

We have already implemented actions to reduce losses, including improved collection systems. As a result, milk losses from farm to factory in 2018 were measured at just 0.3% of production.

#### Partnering to reduce waste

Nestlé Nordic has joined the Denmark Against Food Waste initiative, which brings together manufacturers and retailers to reduce waste in Denmark by 50% by 2030. The first step has seen participants commit to measuring and publishing progress on food waste annually. We also partnered with the Inter-American Development Bank to support its #SinDesperdicio ('without waste') initiative in Latin America and the Caribbean. Read our case study to find out how we used food date labels to help prevent food being discarded when it is still good to eat.

In 2018, Nestlé UK and Ireland worked with other members of the IGD and WRAP Food Waste Measurement Task and Finish Group to develop guidance on measuring and reporting food loss

and waste. Nestlé UK and Ireland also launched an initiative that aims to redistribute meals across the UK. Delivered in partnership with Company Shop and WRAP, the Waste Not, Want Not methodology will assess the main causes of food waste within food operations and reduce them at source where possible. By 2019, any surplus food should be redistributed to commercial and charitable organizations rather than being used for animal feed or anaerobic digestion, and the project aims to redistribute 2 million extra meals. The approach has already been tested at several Nestlé factories.

We are also measuring the environmental and nutritional impact of food loss and waste, key measurements that are too often overlooked.

#### Reporting food loss and waste

Since 2016, we have been reporting the food loss and waste generated in our factories according to the [World Resources Institute's Food Loss and Waste Protocol](#).



#### Tackling food waste in Latin America and the Caribbean

Nestlé helped launch #SinDesperdicio ('without waste'), a platform led by the Inter-American Development Bank and supported by other major food and technology companies. Taking a holistic approach, it aims to fight back against the 127 million tons of food lost and wasted every year in Latin America and the Caribbean.

[Read the full story](#)

#### Progress against our objectives

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

●●○ In progress **We are implementing actions to reduce food losses across our value chain.**

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

●●○ In progress **293 factories (69%) have achieved zero waste for disposal.**

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

●●○ In progress **We continue to develop initiatives to make food date labels more understandable for consumers.**

**Milk losses in our dairy chain were just 0.3% of production in 2018**

[Read about food availability and dietary diversity](#)



## Promoting sustainable consumption

**Our commitment:** Provide meaningful and accurate environmental information and dialogue.

### Why it matters

Product information can help consumers behave more sustainably; for example, by recycling more or using less energy. Our international scale and reach give us direct access to millions of people, enabling us to share information that could make a positive difference on a global scale.

### What we are doing

#### Making information available to consumers

The availability and consistency of fact-based environmental information for consumers on our digital and other channels has improved by 15% since 2017. Now more than 85% of our corporate web pages have environmental information available for consumers.

Our website now features a wide range of stories, advice and information on ways to lead healthier lives and consume food more sustainably – from reducing sugar and healthy snacking to enjoying meatless meals and portion guidance. Articles are written by subject experts and offer practical, easy-to-follow advice.

#### Nestlé brands offering more sustainable choices

In the US, we offer on-pack guidance through our Thoughtful Portion box, found on two-thirds of our foods and beverages. The box provides suggested portion sizes and has helpful information not found on the nutrition facts label.

In addition, our *Lean Cuisine* brand now offers plant-based options, Nestlé Brazil sells 100% plant-based

smoothies with whole grain rice and fruit juice, and Häagen-Dazs has launched a vegan ice-cream line.

#### Helping improve food systems

Through our work as member of the FReSH project, we've helped create a toolkit to encourage sustainable consumption. A collaboration between FReSH and KU Leuven University, the project has explored how to make successful interventions to make food systems work better. In October 2018, we published the toolkit, a holistic assessment of food system activities and their outcomes.

**More than 85% of our corporate web pages have environmental information available for consumers**



#### Telling real coffee-growing stories

Grown Respectfully tells the stories of the real-life farmers who have signed up to the *Nescafé Plan*. By telling their stories, we aim to make environmental information real and relevant and promote dialogue with our consumers.

[Read the full story](#)

#### Progress against our objectives

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

In progress **More than 85% of our corporate web pages have fact-based environmental information available for consumers.**





## Protecting natural capital

**Our commitment:** Preserve natural capital.

### Why it matters

The success of our business relies a great deal on the sources of our raw materials: land, soil, trees and water. We work collaboratively to protect the health of these habitats, focusing on shared water resources, eliminating deforestation from our supply chain, improving soil management, protecting the oceans and preserving biodiversity.

### What we are doing

#### Stopping deforestation

We made a 'no deforestation' commitment in 2010 stating that none of our products or packaging would be associated with deforestation by 2020. To accelerate this commitment in palm oil, we have partnered with Airbus and TFT to implement Starling, a satellite-based service, to monitor 100% of our global palm oil supply chains from 2019. The program will be extended to cover

pulp and paper and soya supply chains at a later stage. Our supply chain is currently estimated to be 77% deforestation free for our top five commodities linked to deforestation risks.

#### Improving water quality

In the US, Nestlé Purina is working with farmers and other partners to create wetlands and woodlands along the Wabash River in Indiana and Illinois, allowing nutrients and sediment to be removed before water re-enters the river. To date, we have engaged with 13 farmers and our funding has enabled 150 acres of floodplain to be restored, as well as a super gauge installed in 2018 to provide water quality data.

#### Restoring depleted soil

Nestlé Purina is also working with The Nature Conservancy to help fund the ReThink Soil initiative in the US Midwest, aimed at improving soil management and restoring

nutrient-depleted soil. In 2018, Nestlé Purina funding helped to drive grower group engagement to bring adoption of soil health practices to at least 30 million acres.

#### Protecting the oceans

We understand how vital the oceans are, both for the resources they provide and their role in regulating global temperatures. In 2018, our largest shareholder, Norges Bank, issued *Ocean Sustainability*, a detailed document highlighting the importance of oceans and its expectations of companies in managing the oceans sustainably. Nestlé firmly subscribes to the expectations set out in this document.

**77% of our global supply chain is deforestation free for our commodities with the greatest risk**



#### Assessing impacts on biodiversity

Biodiversity is challenging to measure. Compared with GHG emissions, there is no simple metric, so many projects do not take outcomes on biodiversity into account. Nestlé has been leading a project with NGOs, national governments and international organizations to address this. We've developed a methodology to evaluate the effect of biodiversity initiatives and provide a valuable tool for decision makers.

[Read the full story](#)

#### Progress against our objectives

**By 2020:** 70% of the volume of our 14 priority categories of raw materials have been assessed against our Responsible Sourcing Standard requirements and are compliant, or improvement plans to preserve natural capital are ongoing.

**●●○ In progress** 63% of the volume of our 14 priority categories of raw materials are responsibly sourced.



## Reporting and governance

Our governance systems and approach to business ethics are fundamental to our business. We provide detailed information on the topics below as well as our comprehensive reporting processes online.

### Doing business right

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

Ethical business

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

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

Governance and policies

### Advocating for change

Our advocacy priorities are guided by our purpose to enhance quality of life and contribute to a healthier future.

Public policy and advocacy

### Prioritizing key issues

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

Materiality

### Talking to the right people

We always seek the advice of the best experts and advocates to make Creating Shared Value as robust as it can be.

Stakeholder engagement

### Collaborating for major change

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

Partnerships and collective action

### Awarding good work

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

Creating Shared Value forum

### Bringing new ideas to life

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

Supporting innovation

### Working toward the UN SDGs

Creating Shared Value is closely aligned with the UN's 17 Sustainable Development Goals.

Contributing to the Global Goals

### Our performance in leading indices

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



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



Ranked first out of 22 global food and beverage manufacturers in the 2018 **Access to Nutrition Index™ (ATNI)**.



Ranked second in the Food Products industry of the 2018 Dow Jones Sustainability Index (DJSI), scored 100 for Health and Nutrition performance, and hold the leadership scores in the Environmental and Social Dimensions.



Retained our place in **CDP's Climate A list**.



## About this report

Our 2018 Creating Shared Value progress report provides our shareholders and stakeholders with a summary of our 2018 performance against our commitments. We provide further detailed information [online](#).

### Reporting period, scope and boundaries

This report covers our global operations for the calendar year ending December 31, 2018. It contains data for wholly owned companies and subsidiaries, but excludes joint ventures and suppliers, unless specifically stated. 'Markets' refers to our business and/or activities at a national level, while 'Zone' refers to geographic groups of markets.

This report is focused on progress to date against our commitments and objectives, which are based on the most material issues. These were updated during our most recent [materiality assessment](#) in 2018. The process reviewed financial, operational and reputational impacts throughout our value chain, as well as assessing the issues that most influence the decision making of our stakeholders. The results have informed the contents of this progress report and our CSV web pages, in line with the GRI 2016 Standards materiality principle (see Reporting frameworks).

We use boundaries based on operational control as this better reflects the reality of our operations.

### Data scope and methodologies

Unless otherwise noted, the performance data included in this report corresponds to companies that are fully consolidated in our [financial statements](#).

Our safety and health data covers 308 000 employees, while our environmental data refers to factories and warehouses, with the exception of some recent acquisitions.

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

See our response to the [CDP Investor Information Request](#) for comprehensive details of our climate change disclosures and performance.

### Reporting frameworks

#### *Global Reporting Initiative*

This report has been prepared in accordance with the GRI Standards: Comprehensive option of the 2016 [Global Reporting Initiative's \(GRI\) Standards](#), and the Food Processing Sector Supplement, and externally assured by Bureau Veritas. See the full [GRI Content Index](#). The GRI index is a nonprofit organization that promotes economic sustainability and leads in the field of nonfinancial reporting.

#### *UN Global Compact 'Communication on Progress'*

Every year, Nestlé submits its CoP to demonstrate its commitment to the Global Compact and the **Ten Principles** on human rights, labor, environment and anti-corruption.

#### *UN Guiding Principles Reporting Framework*

The UNGP Reporting Framework offers comprehensive guidance for companies to report on salient human rights issues. This is in line with their responsibilities, as set out in the [UN Guiding Principles on Business and Human Rights](#).

Our human rights reporting has been evaluated as per Tier 1 assurance indicators of the UN Guiding Principles Assurance Framework. We address our responses to the framework in our [Creating Shared Value progress report](#).

### Audience

We maintain ongoing dialogue with a wide range of stakeholders interested in this report. They include investors, nongovernmental organizations, think tanks, foundations, organizations, ESG services, consumers and suppliers.

### Currency conversion

All amounts cited in this report have been converted to Swiss francs (CHF) using the exchange rates reported in the [consolidated financial statements](#) of the Nestlé Group 2018.

### Contact us

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

### Where to find more information

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

Our reports are available online



**2018 Annual Review**



**2018 Creating Shared Value report**

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

Our Human Rights Index and [GRI Content Index](#) are available as separate PDFs.

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

[Explore our full GRI Content Index](#)

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





## Independent assurance statement

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



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

London, March 2019



## Our key performance indicators

Nestlé's key performance indicators (KPIs) provide a focus for measuring and reporting Creating Shared Value, sustainability and compliance. The performance summary below forms part of our Communication on Progress for the United Nations Global Compact Principles. Unless otherwise stated, performance indicators are for the calendar year ending December 31, 2018.

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

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

Nestlé in society and Creating Shared Value key performance indicators	GRI Standards	2018	2017	Page
<b>Economic</b>				
Total Group sales (CHF million) <sup>(a)</sup>		91 439	89 791	AR p1
Net profit (CHF million) <sup>(b)</sup>	201-1, FP4	10 135	7183	AR p43
<b>Nutrition</b>				
Products meeting or exceeding Nestlé Nutritional Foundation profiling criteria (as % of total sales) <sup>(c)</sup>	201-1	82.5	82.1	8
Percentage of total sales volume of consumer products which have been changed for nutrition and health considerations	FP7	9.1	8	
Products analyzed and improved or confirmed via 60/40+ program (sales, CHF million) <sup>(d)</sup>	416-1	32 823	35 086	
Products containing Branded Active Benefits (sales, CHF million) <sup>(e)</sup>		Discontinued	6110	
Products featuring <i>Nestlé Nutritional Compass</i> ® labeling (% of sales worldwide) <sup>(f)</sup>	417-1	95.6	97.3	14
Products with guideline daily amounts (GDA) labeling on front of pack (% of sales) <sup>(g)</sup>	417-1	87.3	89.4	14
Products with specific <i>Portion Guidance</i> (sales, CHF million) <sup>(h)</sup>	417-1	Discontinued	40 100	
Popularly Positioned Product SKUs <sup>(h)</sup>		Discontinued	4746	
Popularly Positioned Products (sales, CHF million) <sup>(h)</sup>		Discontinued	12 200	
Nestlé television advertising to children under 12 in compliance with policies on responsible marketing (%)	417-3	Discontinued	97.4	
Total number of countries where the Nestlé Policy and Instructions for Implementation of the WHO International Code of Marketing of Breast-milk Substitutes practices were audited	417-3	28	26	18
Infant formula marketing staff in higher-risk countries trained on the WHO Code (% of staff) <sup>(i)</sup>	103-2	98.5	100	
<b>Rural development</b>				
Farmers trained through capacity-building programs	203-1	440 000	431 000	
Direct procurement markets covered by SAIN programs (%) <sup>(j)</sup>		Discontinued	95	
Percentage of purchased volume fully compliant with the Nestlé Supplier Code <sup>(k)</sup>	FP1	61	57	28



Nestlé in society and Creating Shared Value key performance indicators	GRI Standards	2018	2017	Page
<b>Water <sup>(1)</sup></b>				
Total water withdrawal (million m <sup>3</sup> )	306-1	75	74.2	
Total water withdrawal (m <sup>3</sup> per tonne of product)	303-1	2.33	2.36	
<b>Environmental sustainability</b>				
<b>Production volume</b>				
Total production volume (million tonnes)	102-7	54.3	55.6	
<b>Materials</b>				
Raw materials used (million tonnes)	301-1	24	24.4	
Materials for packaging purposes (million tonnes)	301-1	4.7	4.9	51
Packaging source optimization (kilotonnes saved)	301-1	15]	22.56	
<b>Energy</b>				
Total on-site energy consumption (petajoules)	302-1	88.3	92.9	
Total on-site energy consumption (gigajoules per tonne of product)	302-1	1.63	1.63	
Total on-site energy consumption from renewable sources (% total)	302-1	21.9	19.2	
Total direct energy consumption (petajoules)	302-1	60.2	62.0	
Total direct energy consumption from renewable sources (% total direct)	302-1	12.4	11.9	
Total indirect energy consumption (petajoules)	302-1	67.8	73.3	
<b>Biodiversity</b>				
Total size of manufacturing sites located in protected areas (hectares)	304-1	18.8	18.8	
<b>Emissions, effluents and waste</b>				
Direct GHG emissions (million tonnes CO <sub>2</sub> eq)	305-1, 305-2	3.3	3.5	
Direct GHG emissions (kg CO <sub>2</sub> eq per tonne of product)	305-1, 305-2	62	64	
Indirect GHG emissions (million tonnes CO <sub>2</sub> eq)	305-1, 305-2	2.5	2.7	
Indirect GHG emissions (kg CO <sub>2</sub> eq per tonne of product)	305-1, 305-2	47	48	
Total water discharge (million m <sup>3</sup> )	306-1	75	74.2	
Total water discharge (m <sup>3</sup> per tonne of product)	306-1	1.39	1.34	
Average quality of water discharged (mg COD/l)	306-1	41	83.8	
By-products (kg per tonne of product)	306-2	30.5	29.9	
Waste for disposal (kg per tonne of product)	306-2	0.6	1.1	
<b>Environmental sustainability governance</b>				
Manufacturing sites certified against ISO 14001 (% of total manufacturing sites)	103-2	96	97	





Nestlé in society and Creating Shared Value key performance indicators	GRI Standards	2018	2017	Page
<b>Human rights and compliance</b>				
Total number of significant product recalls or incidents of noncompliance	416-2	6	12	
Total number of FTSE4Good countries of concern, and number in which human rights impact assessments have been carried out on Nestlé operations	103-2	12	12	
Number of employees trained on human rights	412-1	101 613	96 599	32
<b>Our people</b>				
Total workforce (number of employees) <sup>(m)</sup>	102-8	308 000	322 887	56
Total rate of new employee hires (%) <sup>(m)</sup>	401-1	11.1	10.7	
Total rate of employee turnover (%) <sup>(m)</sup>	401-1	15.7	13	
CARE gaps identified related to Business Integrity <sup>(n)</sup>	102-17	67	10	
Of which: Minor	102-17	32	10	
Major	102-17	0	0	
Critical	102-17	0	0	
Observation	102-17	35		
Lost-time injuries and illnesses rate (per million hours worked) (employees, on-site contractors and on-site members of public) <sup>(o)</sup>	403-2	Discontinued	1.66	
Total recordable injuries and illnesses rate (per million hours worked) (employees, on-site contractors and on-site members of public) <sup>(p)</sup>	403-2	Discontinued	2.87	
Total number of fatalities (employees, on-site contractors and on-site members of public) <sup>(m)</sup>	403-2	3	2	
Average hours of training per year per employee <sup>(q)</sup>	404-1	4.49	31.93	
Leadership positions held by women (%) <sup>(r)</sup>	405-1	43.2	37.5	38
Local Management Committee members native to country in developing countries (%) <sup>(m)</sup>	202-2	83.01	78.0	

a) Does not include joint ventures.

b) Includes Nestlé's share in net result of joint ventures.

c) Total Nestlé (F&B except CPW, NHSc, Pharma, *Nespresso*, CPW and businesses not in GLOBE reporting) excluding non-edible products (78.4% in 2016 with comparable baseline).

d) In the 60/40+ program, Nestlé products tested with consumers must be preferred over the competitor's. Assessment results are valid for a maximum of three years if all parameters remain equal.

e) As of 2018, the KPI on sales of Products containing Branded Active Benefits (BABs) is no longer reported. While we continue to implement BABs where relevant, moving forward they will be included under total health claims made and will no longer be tracked as a separate external measure.

f) PetCare, Gerber Life, Nestlé Health Care Nutrition, Wyeth Nutrition, other Nestlé Health Science businesses and non-Nestlé-branded products in Nestlé Waters are out of scope.

g) Includes all F&B and Nestlé Waters except plain water. It excludes joint ventures, Nestlé Nutrition, Wyeth Nutrition, Nestlé Health Science and specific category/country exemptions.

h) Tracking discontinued in 2018. New metrics to be defined in 2019.

i) We follow the FTSE4Good breast-milk substitute marketing criteria, which classify countries as 'higher-risk' if they have mortality rates for under-fives of more than 10 per 1000, or more than 2% acute malnutrition among under-fives. All other countries are 'lower-risk.'

j) Program discontinued.

k) In 2016, scope extended to include service and indirect materials with target of 50%.

l) Includes joint ventures.

m) Covers Nestlé employees registered in HR system (approximately 84% of all employees).

n) CARE, our global external audit program, is conducted by three audit companies and verifies that all employees and sites we own or operate comply with local legislation, our *Corporate Business Principles* and Code of Business Conduct. The audits take place every three years.

o) Nestlé is not monitoring lost time anymore as we are more proactive to look at recordables.

p) Nestlé is separating injuries from illnesses as we see mixing them is misleading information, since the maturity in reporting illnesses is still under development.

q) Training hours are based only on information recorded in the Learning Management System (LMS). The numbers will be higher if manually recorded training hours were considered. Training hours per employee covers 100% employees in the system.

r) Nestlé has changed the definition of this KPI and moved from a definition driven of the job catalogue to a definition based on grades. Unfortunately, we are not able to calculate backwards and hence not able to provide adjusted figures for 2017.