

EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

NESTLÉ
2021 REPORT

SUBMITTED ON 29 APRIL 2022

Sustainability dimension	Code aspirational objective <i>(1-7)</i>	Individual commitments with baseline	Progress on KPIs and goals (qualitative and / or quantitative)	Additional information (optional)	Comments (optional) <i>(E.g. enablers, ideas on how to improve)</i>
Nutritional / Social	1	Product reformulation Further reduce sugars, sodium and saturated fats. Commitment will be evolved following assessment of current approach. Increase vegetables, fibre-rich grains, pulses, nuts and seeds in our foods and beverages.	We achieved our extended 2020 commitment to reduce the sugars we add in our foods and beverages by 5%. (link) We achieved our 2020 commitment to reduce 10% of saturated fats. (link)	Read more about our updated commitments from page 13 of our 2021 CSV Sustainability Report (here)	We made a new commitment to reduce sodium in frequently consumed products by 2025 and 2030. We are making whole grains the number one ingredient in as many of our cereals as possible and advocate for policies that help to increase whole grains consumption. (link)
Environmental	1, 3	Transform product portfolio to reduce our impact on GHG emissions (CO2e) Goal: Reduce 4.2 million tonnes CO2e by 2030 by evolving product offering toward more sustainable options + reduce 1.4 million	We are investing in science and technology solutions that help reduce our carbon emissions. We look at different areas, such as ingredients, production processes, packaging and others. We assess R&D projects early in their lifespans for potential impact on climate.	Read more on page 15 of our 2021 CSV Sustainability Report (here)	We will continue to provide more nutritious plant-based products. With the support from our R&D, in 2021 we launched our Garden Gourmet VRIMP (plant-based seafood) and WUNDA (pea-based milk alternative) innovations (link) .

		tonnes CO2e by 2030 by shifting toward more sustainable alternative ingredients like plant-based foods.	We are rapidly expanding our plant-based range to work towards the Goal and at the same time meet significant increases in consumer demand.		
Nutritional / Social	1, 3	Transparent information to consumers Implement Nutri-Score across brands of Nestlé's wholly-owned businesses in continental Europe.	We are continuing to implement Nutri-Score in several countries across Europe, including Austria, Belgium, France, Germany, Luxembourg, Portugal, Spain and Switzerland. We will implement Nutri-Score labels on thousands of Nestlé products by end 2022. Cereal Partners Worldwide, the international breakfast joint venture between Nestlé and General Mills, is also implementing Nutri-Score on its product packaging.		We aim to inspire people to live healthier lives in four main ways: on pack nutrition information and portion guidance, shared insights, responsible marketing and our Nestlé for Healthier Kids Initiative. See page 17 of our 2021 CSV Sustainability Report (here).
Nutritional / Social	1	Restrict Promotion of HFSS food products No advertising for food and beverage products to children under the age of twelve on TV, print, on Pack and at Point of sales and to children under 13 online (social media platforms in particular) except for products which fulfil common nutritional criteria. No communication related to products in primary schools, except where specifically requested by, or agreed with, the school administration for educational purposes.	95.5% compliance with Nestlé Marketing Communication to Children policy* * For this reporting year, EU pledge monitoring results for TV, Influencers, Websites and Social Media are used as a proxy for the Compliance with Nestle Marketing Communication to Children Policy.	Read more on page 18 of our 2021 CSV Sustainability Report (here)	Our Executive Board approved an update to the Nestlé Marketing Communication to Children Policy in 2021. In addition, we published our annual compliance report on our policy for implementing the WHO Code on the Marketing of Breastmilk Substitutes.

Social / Environmental	5, 7	<p>Produced Sustainably</p> <p>Goals are:</p> <p>Source 100% certified sustainable palm oil by 2023;</p> <p>Source 100% sustainable cocoa and coffee by 2025;</p> <p>Source 100% of key ingredients produced sustainably by 2030.</p>	<p>Palm oil: 71.1% (13% increase from 2020)</p> <p>Cocoa: 50.6% (2.6% increase from 2020)</p> <p>Coffee: 82.8% (7.8% increase from 2020)</p> <p>16.3% of key ingredients produced sustainably* in 2021</p> <p>*In 2021, we adopted a new approach to sustainable sourcing by defining a new key performance indicator: “produced sustainably” (here)</p>	<p>Read more on page 39 of our 2021 CSV Sustainability Report (here)</p>	<p><u>Palm oil</u>: Data comprises Roundtable on Sustainable Palm Oil certifications and credits as follows: 19.7% segregated, 1.1% mass balance, 47.5% book and claim, 2.5% independent smallholder book and claim</p> <p><u>Cocoa</u>: Sourced through the Nestlé Cocoa Plan</p> <p><u>Coffee</u>: Sourced either through the Nescafé Plan or the Nespresso AAA Sustainable Quality Program</p>
Social	5, 7	<p>Human Rights / Child Labor</p> <p>Ensure human rights are promoted and respected across our value chain by assessing, addressing and reporting progress on salient human rights risks by 2025.</p>	<p>In December 2021, we published our new Nestlé Human Rights Framework and Roadmap (link).</p> <p>In January 2022, we launched Nestlé’s new global plan to tackle child labor risks, increase farmer income and achieve full traceability in cocoa (link).</p>	<p>Read more on page 43 of our 2021 CSV Sustainability Report (here)</p>	<p>By 2022 year-end, we will publicly launch action plans for each of our 10 salient human rights issues, and report our progress against them by 2025.</p>
Social	5	<p>Youth</p> <p>Provide 20,000 apprenticeships and traineeships and 20,000 jobs for young people by 2025 in Europe, Middle East and North Africa, with a specific emphasis on digital and green skills.</p>	<p>Apprenticeships / traineeships: 2,789</p> <p>Jobs: 4,834</p> <p>Data for 2020-2021</p>	<p>Nestlé reporting to European Pact for Skills + EAfA</p>	

Social	5	<p>Diversity & Inclusion</p> <p>Increase the proportion of women in the group's top 200 senior executive positions from around 20% currently to 30% by 2022.</p>	27.2% of top 200+ senior executive positions held by women in 2021.	Read more on page 51 of our 2021 CSV Sustainability Report (here)	The Bloomberg Gender Equality Index recognized Nestlé for our transparency in gender reporting and advancing women's equality in the workplace for the fourth consecutive year. We also featured in the European Round Table's D&I Toolkit of best practices.
Social / Environmental	6	<p>Animal welfare</p> <p>Goal: Source 100% of purchased eggs for food products from cage free sources by 2025 worldwide</p> <p>European Chicken Commitment: improve animal welfare standards for broilers by 2026.</p>	We have rapidly expanded our procurement of cage-free eggs, with 100% of our eggs now cage free in the United States and Europe and 76.3% worldwide.		
Environmental	3, 6	<p>Climate</p> <p>Goal: Achieve 20% reduction of emissions by 2025, 50% reduction by 2030, Net Zero by 2050 (considering 2018 baseline + company growth).</p>	4.0 million tonnes of absolute CO2e reductions in 2021	Read more on page 21 of our 2021 CSV Sustainability Report (here)	<p>We restated the 2018 baseline emissions in scope for our Net Zero Roadmap from 92 million tonnes to 93 million tonnes, due to acquisitions, divestitures and adjusted scope. Without action, business growth would have increased our emissions to 98.4 million tonnes by the end of 2021.</p> <p>However, we have achieved 4.0 million tonnes of GHG emissions reductions (CO2 e) through our climate program. While our year-end emissions of 94.4 million tonnes were still higher than in 2018, our performance clearly demonstrates a downward trajectory (Nestlé's</p>

					carbon peak has been reached in 2019).
Environmental	2, 3, 4	Climate Goal: Planting 200 million trees by 2030	24.6 million trees secured for planting in 2021; 9.3 million tonnes of CO2e secured through tree-planting projects initiated	Read more on page 25 of our 2021 CSV Sustainability Report (here)	
Environmental	3, 4	Climate Accelerate progress towards halving food waste 2030 and achieve zero waste for disposal in our sites.	We continue to take innovative but practical steps to reduce food waste, including extending shelf-life of products, clarifying labelling and creating energy from waste.	Read more on Nestle.com here	
Environmental	3, 4	Climate Goal: Increase the proportion of renewable electricity that we use through power purchase agreements, green tariffs, renewable energy certificates and on-site production to achieve 100% renewable electricity by 2025.	63.7% of renewable electricity sourced at year-end 2021 (vs. 50.5% in 2020)	Read more on page 22 of our 2021 CSV Sustainability Report (here)	In 2021, we are initiating renewable electricity projects across multiple countries across Europe, including Germany, Spain and Switzerland.
Environmental	3, 4	Climate Increase the availability of renewable thermal energy generated from sources, such as biogas and biomass, by 2030.	With regards to thermal renewable energies, which account for 2/3 of our manufacturing energy consumption, a dedicated internal working group has been created to evaluate and explore alternative low carbon technologies and fuel sources between now and 2023.		
Environmental	3, 6, 7	Nature and biodiversity Goal: Deforestation-free primary supply chains for palm oil, sugar, beef, soya and pulp and paper by end-2022.	97.2% assessed as deforestation-free in our primary meat, palm oil, pulp and paper, soya and sugar supply chains (vs. 90.0% in 2020)	Read more on page 26 of our 2021 CSV Sustainability Report (here)	

		Deforestation-free supply chains for coffee and cocoa by end-2025.			
Environmental	3, 6	<p>Climate</p> <p>Goal: Source 20% of key ingredients through regenerative agricultural methods by 2025, 50% by 2030.</p>	<p>We are piloting in dairy farms to assess their potential to become net zero.</p> <p>Our efforts to advocate for regenerative agriculture continued in 2021, including organizing an independent dialogue on the subject as part of the UN Food Systems Summit and at the United Nations climate forum COP26 and organizing other policy discussions, such as on the formation of the European Commission's Farm to Fork strategy.</p> <p>We joined the Taskforce on Nature-related Financial Disclosures working group in 2021, to advance collective understanding of how to report on risks and dependencies related to the natural environment.</p>	Read more on page 28 of our 2021 CSV Sustainability Report (here)	<p>We are defining a new KPI to measure our progress toward sourcing 20% of our key ingredients through regenerative agriculture methods by 2025.</p> <p>Global aggregation of data related to regenerative and organic agriculture and conserving natural landscapes will provide a comprehensive picture of impacts on biodiversity.</p> <p>By 2025, Nestlé will invest CHF 1.2 billion to spark regenerative agriculture across our supply chains. We will fund pilot projects and co-invest with farmers to help them transition to regenerative agriculture, as well as pay premiums for regenerative agriculture goods.</p> <p>On biodiversity, Nestlé will continue following and contributing to the development of a robust framework for making science-based Goal on nature. An internal working group will assess the comprehensiveness of existing commitments on climate and nature and determine potential further steps in this area.</p>
Environmental	4, 6	<p>Packaging</p> <p>a) 100% of our (plastic) packaging will be recyclable or</p>	a) 85.4% packaging recyclable or reusable in 2021*	Read more on pages 34-37 of our 2021 CSV	a) Based on the Ellen MacArthur Foundation definition and according to Sustainability Accounting

		<p>reusable by 2025* (following the EMF definition).</p> <p>b) We aim to reduce our use of virgin plastic in our packaging by one third by 2025. We aim for an absolute reduction in plastic packaging by 10% by 2025 in Europe (as part of the European Plastics Pact).</p> <p>c) We are increasing the use of rPET in our bottles to 50% by 2025 in Europe. Collect as many plastic bottles as we produce by 2030.</p>	<p>b) We are reducing the use of plastic packaging material in general and virgin plastics in particular through:</p> <ul style="list-style-type: none"> - removing unnecessary plastics in accordance with our published Negative List - testing and scaling different reuse and refill solutions to further reduce single-use packaging - working to develop novel technologies and innovative packaging solutions <p>The virgin plastic used in our packaging has reduced by 8.1% since 2018 (adjusted baseline).</p> <p>c) In 2021, we achieved an average share of 19% rPET in our Waters category across Europe.</p> <p>Our EU collection commitment on PET bottles is underpinned by collective action aiming to reflect our endorsement of the EU Single Use Plastics Directive of 77% by 2025 and 90% by 2029. To that end, we are actively advocating for mandatory adequately designed Deposit Return Schemes at local level in selected EU countries. Currently, we rely on the 2020 estimate provided by Eunomia for the EU collection rate of PET bottles, being 61% (link).</p>	<p>Sustainability Report (here)</p>	<p>Standards Board Process Foods Standard FB-PF-410a.</p> <p>b) developing novel technologies and innovative packaging solutions included eliminating all plastic straws from our products, using paper as an alternative material enabling us to reach an annual quantity of 4.5 billion paper straws while eliminating 1632 tonnes of plastics. The paper used is sustainably sourced and certified by FSC. We transitioned our Smarties range of products to recyclable paper packaging = this helped us eliminate plastic from approximately 250 million packs sold globally each year.)</p> <p>We await for the first round of reporting exercise under the European Plastics Pact which is yet to be finalised.</p>
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Environmental	3, 4, 6	Water Work to achieve water efficiency and sustainability across our operations - certify all bottling water plants with the Alliance for Water stewardship (AWS) standard by 2025.	19 Nestlé Waters sites certified to the AWS Standard (vs. 41 in 2020)* * This reduction is due to the divestment of our North American waters business.	Read more on pages 30-33 of our 2021 CSV Sustainability Report (here)	
Environmental	3, 4, 6	Water We will lead the regeneration of the water cycle to help create a positive water impact everywhere our waters business operates by 2025.	We are rolling out our plan to implement more than 100 projects around our 48 global waters sites, supported by a CHF 120 million investment. From 2025 onwards, our aim is for these projects to help nature retain more water than our bottled- water business uses.	Read more on pages 30-33 of our 2021 CSV Sustainability Report (here)	All projects are measurable, using the World Resources Institute's Volumetric Water Benefit Accounting methodology. This methodology provides consistency in analyzing water management activities and helps focus our activities on addressing current and future shared water challenges. In 2022, we will launch a new strategic approach to water in agriculture that will support our net zero commitment and specifically our goal to source 50% of key ingredients through regenerative agricultural methods by 2030.
Environmental	3, 4, 6	Water Transparent disclosure of the use of water in bottled water's operations demonstrating continuous improvement.	In 2021, we delivered absolute savings of 2.3 million m3 of water through more than 150 projects. Total water withdrawals at Nestlé factories were 98 million m3 (vs. 115 million m3 in 2020)* * This reduction is due to the divestment of our North American waters business	Read more on pages 30-33 of our 2021 CSV Sustainability Report (here)	Direct water withdrawals per tonne of total product show that Bottled water and PetCare are the most water-efficient categories while our Confectionery, Powdered and liquid beverages and Prepared dishes and cooking aids categories show the greatest improvements compared to 2010 (see table).

Environmental	3, 4, 6	<p>Water</p> <p>Sustain water quality at natural mineral & spring water sources by partnering with farmers in catchment area to limit or reduce the use of chemicals in the catchment area.</p>	<p>We continue to engage with suppliers, especially those in agriculture, on water resource management. We use the Nestlé Responsible Sourcing Standard to specify to the more than 150000 direct suppliers and more than 500000 farmers we work with what we expect in terms of water use and water management practices.</p>	<p>Read more on pages 30-33 of our 2021 CSV Sustainability Report (here)</p>	<p>In 2022, we will launch a new strategic approach to water in agriculture that will support our net zero commitment and specifically our goal to source 50% of key ingredients through regenerative agricultural methods by 2030.</p> <p>The approach is based on two key areas: 1) Nestlé agronomist training for farmers throughout our supply chains on good water management practices; 2) Innovative regeneration of local water cycles in direct proportion to our local agricultural water footprint. We will put programs in place to help ensure that water is not used beyond what is naturally regenerated, in order to achieve a positive water balance at the watershed level.</p>
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