

EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

NESTLÉ
2022 REPORT

SUBMITTED ON 27 APRIL 2023

Sustainability dimension	Code aspirational objective (1-7)	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	<p>Product reformulation</p> <p>Reduce sodium in our global portfolios by 2025 and 2030 in key categories.</p>	<p>In 2022, we continued to reduced the sodium content in certain products. We will report measurable progress in line with our updated sodium reduction commitment in the future.</p> <p>We incorporated a new feature in our peer-reviewed nutrient-profiling system to benchmark against the global food supply, using an algorithm published in 2021 (Nutrients. 2021 Feb 9;13(2):576). The algorithm considers five nutrients recognized by the World Health Organization: sugar, saturated fat, sodium, fiber and protein. Defined by dietary guidelines, this evolved profiling system is the base of our internal formulation targets that are</p>	<p>Read more about our updated commitments from page 37 of our 2022 CSV Sustainability Report (here)</p>	<p>As announced in Nestlé’s 2021 report to the EU Code of Conduct, our commitment on product reformulation has been updated following the achievement of our 2020 commitments to reduce added sugars and saturated fats.</p> <p>Our new commitment is to reduce sodium in frequently consumed products by 2025 and 2030. The commitment sets maximum limits of salt for different categories of products, from noodles to snacks and sauces. Initial reductions are targeted for the end of 2025 and a second set of further reductions by 2030.</p>

			category specific and technically feasible.		
Environmental	1, 3	<p>Transform product portfolio to reduce our impact on GHG emissions (CO2e)</p> <p>Goal: Reduce 4.2 million tonnes CO2e by 2030 by evolving product offering toward more sustainable options + reduce 1.4 million tonnes CO2e by 2030 by shifting toward more sustainable alternative ingredients like plant-based foods.</p>	In 2022, we continued to expand our range of plant-based choices. Plant-based products generated sales of around CHF 1 billion in 2022, posting high single-digit organic growth. Recent launches include Garden Gourmet Schnitzel in Europe, Garden Gourmet Voie Gras – an alternative to foie gras – in Spain and Switzerland, and the Gerber Plant-tastic range of organic foods and snacks for toddlers in Europe and the United States.	Read more on page 40 of our 2022 CSV Sustainability Report (here)	
Nutritional / Social	1, 3	<p>Transparent information to consumers</p> <p>Implement Nutri-Score across brands of Nestlé's wholly-owned businesses in continental Europe.</p>	We are continuing to implement Nutri-Score in several countries across Europe, including Austria, Belgium, France, Germany, Luxembourg, Portugal, Spain and Switzerland. In France and Germany, the voluntary Nutri-Score front-of-pack (FOP) scheme is applied. Cereal Partners Worldwide, the international breakfast joint venture between Nestlé and General Mills, is also implementing Nutri-Score on its product packaging.	Read more on page 39 of our 2022 CSV Sustainability Report (here)	In 2023, Nestlé was the first company to use the Health Star Rating (HSR) system as the basis for transparently reporting nutritional values for our entire global portfolio. HSR is a well-respected nutrient profiling system used on front-of-pack nutrition labels in some countries and applied by the Access to Nutrition Initiative (ATNI). Read more on page 39 of our 2022 CSV Sustainability Report (here).
Nutritional / Social	1	<p>Restrict Promotion of HFSS food products</p> <p>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</p>	<p>83.9% compliance with Nestlé Marketing Communication to Children policy*</p> <p>* For this reporting year, EU pledge monitoring results for TV, Influencers, Websites and Social Media are used as a proxy for the</p>	Read more on page 41 of our 2022 CSV Sustainability Report (here)	In 2022, we announced plans to update our Marketing Communication to Children Policy with a commitment not to market confectionery, ice cream or water-based beverages with added sugars to children below 16 years of age, becoming one of the first in the industry to adopt such strict

		<p>in particular) except for products which fulfil common nutritional criteria.</p> <p>No communication related to products in primary schools, except where specifically requested by, or agreed with, the school administration for educational purposes.</p>	<p>Compliance with Nestlé, Marketing Communication to Children Policy. We will keep using recognized monitoring systems to report against this KPI.</p>		<p>standards. The new policy will take effect as of July 1, 2023 and will be applied globally. Progress against this new policy will be reported on in Nestlé's 2023 report to the EU Code of Conduct.</p> <p>By January 2023, we had implemented and published our updated policy on the responsible marketing of breastmilk substitutes with a commitment to unilaterally stop the promotion of infant formula globally for babies aged 0-6 months.</p>
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: 71.0% (0.01 percentage points lower than 2021)</p> <p>Cocoa: 68.3% (17.7 percentage points higher than 2021)</p> <p>Coffee: 88.0% (5.2 percentage points higher than 2021)</p> <p>22.0%** of key ingredients* produced sustainably in 2022</p> <p>** Key ingredients refers to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume: cereals and grains; cocoa; coconut; coffee; dairy; fish and seafood; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.</p>	<p>Read more on page 29 of our 2022 CSV Sustainability Report (here)</p>	<p><u>Palm oil:</u> 2022 data comprises Roundtable on Sustainable Palm Oil certifications and credits as follows: 20.0% segregated, 1.6% mass balance, 45.6% book and claims without including credits from independent smallholders, 3.7% book and claims from independent smallholders only.</p> <p><u>Cocoa:</u> The % cocoa sourced through the Nestlé Cocoa Plan includes volumes of Rainforest Alliance certified mass balance cocoa that are not accounted for in the global Produced Sustainably Indicator.</p> <p><u>Coffee:</u> 87.0% Nescafé Plan (81.5% in 2021); 93.1% Nespresso AAA Sustainable Quality™ Program (92.6% in 2021)</p> <p>Over the course of 2021 and 2022, we developed and refined a new</p>

			** Change in definition in 2022 means year-on-year data are not comparable.		Produced Sustainably Framework. This framework is designed to enable continuous improvement across Nestlé's supply chain to achieve full implementation of human Rights and Environmental Due Diligence (HREDD) and delivery of positive impacts on people, nature and climate in Nestlé's sourcing origins. Read more on our approach on page 30 of our 2022 CSV Sustainability Report (here).
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 2022, we developed action plans for our 10 salient human rights issues (see comments column) and published them in Q1 2023. These plans are the critical link between our ambitions for advancing human rights and our ability to accomplish real change on the ground, all while strengthening our due diligence approach. Action plans work by initiating direct steps across our value chain to assess and address human rights risks, and to monitor and report on prevention and remediation activities.</p> <p>In early 2022, following a successful pilot, we launched an innovative income accelerator program through the Nestlé Cocoa Plan. The program aims to tackle child labor risks by incentivizing and supporting change in cocoa farming households, helping them toward a living income. It does this through a cash incentive, directly</p>	<p>Read more on page 33 of our 2022 CSV Sustainability Report (here)</p> <p>Read our 10 Salient Issue Action Plans (here)</p> <p>Read about our Nestlé Cocoa Plan income accelerator program (here)</p>	<p>Nestlé's 10 salient issues are:</p> <ul style="list-style-type: none"> • Child labor and access to education • Forced labor and responsible recruitment • Living income and living wage • Gender equity, non-discrimination and non-harassment • Safety and health at work • Freedom of association and collective bargaining • Right to water and sanitation • Indigenous Peoples and Local Communities' land rights • Data protection and privacy • Right to food and access to nutritious, affordable and adequate diets

			<p>paid to the cocoa-farming family through mobile money, and support across four areas: pruning to improve cocoa farm productivity, child education, agroforestry and additional incomes. Women and gender equality are a key focus. The program is now being tested at scale with over 10000 farming households in Côte d'Ivoire. In the first year, 10186 hectares were pruned by 385 pruning groups, 210570 forest and fruit trees were distributed and 17144 people have already been registered to receive mobile payments through the program. KIT Royal Tropical Institute is evaluating the impact of the program and we will publish results.</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: 7,488</p> <p>Jobs: 14,530</p> <p>Data for 2021-2022</p>	Nestlé reporting to European Pact for Skills + EAfA	Read more on our global actions to provide opportunities for young people on page 47 of our 2022 CSV Sustainability Report (here).
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>	<p>30.2% of top 200+ senior executive positions held by women in 2022 (3.0 percentage points higher than 2021)</p>	Read more on page 51 of our 2021 CSV Sustainability Report (here)	<p>In 2022, we met our commitment to increase the proportion of women in the group's top 200 senior executive positions to 30%. We will continue our efforts to aim for parity in all management positions.</p> <p>For the fourth consecutive year, the</p>

					"Bloomberg Gender-Equality Index" recognized Nestlé for our transparency in gender reporting in 2022.
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>	All of the eggs that we purchase for our food products are now certified cage-free in Europe and the United States and 71.7% are cage-free worldwide. We are on track to achieve 100% cage-free eggs globally by 2025.		
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>	<p>In 2022, our GHG emissions remained decoupled from business growth, as we again achieved higher revenues and lower absolute emissions. Our total absolute Scope 1, 2 and 3 GHG emissions reduced from 120.6 million* in 2021 to 112.9 million in 2022.</p> <p>As per our SBTi approved roadmap, our in-scope emissions have now reduced by 6.4 million tonnes to 93.3 million tonnes compared with a projected business-as-usual scenario of 99.7 million tonnes. In addition, actual emissions of 93.3 million tonnes have fallen below our 2018 baseline of 94.3 million tonnes for the first time since introducing our Net Zero Roadmap, despite</p>	Read more on page 10 of our 2022 CSV Sustainability Report (here)	We have put peak carbon behind us and are driving down emissions in our operations and supply chain. In addition to emissions reduction projects, we secured 4.3 million tonnes of CO2e removals by implementing nature-based solutions that transfer CO2e from the atmosphere into carbon stores. Our net zero commitment does not rely on offsetting. These removals take place within our supply chains and the landscapes where we source our raw materials, and help restore forests, wetlands and peatlands, or improve land management. Secured removals are the total carbon that will be captured and stored (e.g. in trees or soils) over the 20- or 30-year lifetime of a project. Every year, we will track the actual carbon removal and storage across our

			<p>revenue growth over the same four-year period.</p> <p>Emissions reductions are the result of a wide range of projects in our agricultural supply chains, as well as in our factories. All reductions associated with a project meet the accounting principles set out in the GHG Protocol Corporate and Project standards.</p> <p>* Restated due to acquisitions, divestures, emissions factor restatements and adjusted scope</p>		<p>value chain in the reporting period (known as delivered removals or ex-post carbon accounting). These removals will be reported as progress in line with the SBTi FLAG guidance (released November 2022).</p>
Environmental	2, 3, 4	<p>Climate</p> <p>Aim: Grow 200 million trees by 2030 in our supply chain and sourcing landscapes</p>	<p>37 million trees secured for planting in 2022 (increase of 12.4 million trees from 2021)</p>	<p>Read more on page 15 of our 2022 CSV Sustainability Report (here)</p>	<p>Our Global Reforestation Program aims to grow 200 million trees by 2030 in our sourcing landscapes to create a positive long-term impact on people, nature and the climate. Projects will help restore natural forest landscapes, introduce agroforestry systems for suitable crops and support other natural ecosystem restoration activities. Read more here.</p>
Environmental	3, 4	<p>Climate</p> <p>Accelerate progress towards halving food waste 2030 and achieve zero waste for disposal in our sites.</p>	<p>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.</p> <p>In 2022, we joined an industry-wide pledge in partnership with the Swiss authorities to halve food loss and waste by 2030. We also became a Waste Warrior Brand to help prevent food loss and waste at a consumer level. In the UK,</p>	<p>Read more on Nestle.com (here)</p>	

			together with major UK supermarkets and organizations, we signed similar world-leading government pledges to help halve food waste by 2030. We make use of agricultural side streams (e.g. in <i>Nescafé Nativ Cascara</i>), recover food waste in factories to use as biofuel and work with farmers and consumers to minimize waste.		
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.	78.4% of renewable electricity sourced in all our sites at year-end 2022 (14.7 percentage points higher than 2021) In Europe, 93% of our factories were running on 100% renewable electricity. The majority of the renewable electricity we use is generated offsite by third-party suppliers. In addition to the 78.4% of renewable electricity sourced, we currently have onsite generation at nine factories in Europe and the Middle East, and this may expand in the future.	Read more on page 10 of our 2022 CSV Sustainability Report (here)	
Environmental	3, 4	Climate Increase the availability of renewable thermal energy generated from sources, such as biogas and biomass, by 2030.	We have introduced industrial heat pumps replacing the use of fossil fuels in La Penilla, Spain, saving 2000 tonnes of CO2e, per year, and in Konolfingen and Orbe in Switzerland, saving 1000 tonnes of CO2e per year. Our Nestlé Waters facility in Henniez, Switzerland, works with a third-party biogas plant, which collects manure, Nespresso coffee grounds (from capsule recycling) and other locally		

			produced industrial organic waste to convert into renewable energy. The electricity produced is injected into the Swiss grid, while part of the heat is valorized at the Henniez factory. The bottling site used 74% of renewable energy in 2022. A liquid by-product of the process serves as a highly efficient and odorless organic fertilizer and is recovered and used by the contributing farmers.		
Environmental	3, 6, 7	<p>Nature and biodiversity</p> <p>Goal: Deforestation-free primary supply chains for palm oil, sugar, beef, soya and pulp and paper by end-2022.</p> <p>Deforestation-free supply chains for coffee and cocoa by end-2025.</p>	99.1% assessed as deforestation-free in our primary meat, palm oil, pulp and paper, soya and sugar supply chains in 2022 (1.9 percentage points higher than 2021)	Read more on page 15 of our 2022 CSV Sustainability Report (here)	From experience, we know that the last percentage points are the hardest to reach, due to the volume sourced from thousands of smallholders who require customized technical assistance at a local level. We remain focused on achieving our deforestation-free commitment, including progressing toward having our cocoa and coffee supply chains assessed as deforestation-free by 2025. We will also begin to operationalize our Salient Issue Action Plan on Indigenous Peoples and Local Communities' land rights, which was published in Q1 2023.
Environmental	3, 6	<p>Climate</p> <p>Goal: Source 20% of key ingredients through regenerative agricultural methods by 2025, 50% by 2030.</p>	<p>6.8% of key ingredients sourced through regenerative agriculture methods in 2022, corresponding to over 1 million tonnes of key ingredients from farmers transitioning to regenerative agriculture methods.</p> <p>In 2022, we also launched the Nestlé Agriculture Framework to</p>	Read more on page 19 of our 2022 CSV Sustainability Report (here)	In 2022, only the following sources are included in regenerative agriculture volumes: fresh milk, Ecuadorian cocoa, green coffee and Libby's vegetables sourced through direct procurement/Farmer Connect or for Nespresso, Nestlé Nutrition cereals and vegetables that are traceable back to a farm/cooperative level and raw materials that are

			better explain our approach to regenerative agriculture. It defines the three key resources of any agricultural system: soil, water, and biodiversity as the focus of collective restoration efforts.		covered by the Living Soils initiative with Earthworm Foundation for Nestlé France. The denominator includes all raw materials in scope. See our Reporting Scope and Methodology for ESG KPIs document for full details. We are currently working with coffee, cocoa and dairy farmers, and others, on an ambitious regenerative agriculture program. This includes commissioning over 3000 projects around the world to date.
Eenvironmental	4, 6	Packaging a) More than 95% of our plastic packaging to be designed for recycling by 2025 (as a signatory of the Ellen MacArthur Foundation Global Commitment). b) Reduce our use of virgin plastic in our packaging by one third by 2025. Absolute reduction in plastic packaging by 10% by 2025 in Europe (as part of the European Plastics Pact). c) Increase the use of recycled PET in our bottles to 50% by 2025 in Europe.	a) 81.9% of plastic packaging designed for recycling at year-end 2022. Of our total packaging, 85.8% by weight was recyclable or reusable in 2022, based on the Ellen MacArthur Foundation Global Commitment reporting rules. b) The virgin plastic used in our packaging has reduced by 10.5% since 2018 (adjusted baseline). c) In 2022, we achieved an average share of 25% recycled PET in our Waters category across Europe. More than 80 different bottle formats across our brands and EU countries, including Vittel, Valvert, Korpi, Nalec, Viladrau, Acqua Panna and Levissima already included 50% of recycled PET or more.	Read more on page 43 of our 2022 CSV Sustainability Report (here)	In 2022, we advocated for a legally binding UN Treaty on Plastic Pollution. We supported the launch of a collective advocacy group, the Business Coalition for a Global Plastics Treaty . We advocated for well-designed Extended Producer Responsibility legislation and helped public authorities and stakeholders improve infrastructure with 215 activities and projects around the world. A selection of projects can be found on page 45 of our 2022 CSV Sustainability Report (here). In Europe, Nestlé actively advocates for and supports the establishment of Deposit Return Systems for beverage bottles across Europe, to achieve a collection rate of at least 90%. The proposed Packaging and Packaging Waste Regulation has the potential to provide for a strong enabler to improve collection and

					thus availability of recycled content as key pillars for bottle circularity.
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.	21 Nestlé Waters sites certified to the AWS Standard (2 sites more than in 2021)	Read more on page 25 of our 2022 CSV Sustainability Report (here)	In Zone Europe, 8 Nestlé Waters factories have been certified to the AWS standard by end of 2022.
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. Since 2021, in Zone Europe, 8 projects have already been implemented, 15 more have been evaluated and are ready for implementation.	Read more on page 25 of our 2022 CSV Sustainability Report (here) Read more on our Nestlé Waters Pledge (here)	The projects already implemented and in preparation include i.e. contributions to improve public water and wastewater infrastructure as well as nature based solution like the renaturation of streams.
Environmental	3, 4, 6	Water Transparent disclosure of the use of water in bottled water's operations demonstrating continuous improvement.	In 2022, we delivered absolute savings of 2.38 million m3 of water (0.08 million m3 increase from 2021). Total water withdrawals at Nestlé factories were 97.1 million m3 (decrease of 0.9 million m3 compared to 2021)	Read more on page 25 of our 2022 CSV Sustainability Report (here)	Of our total global water withdrawals, 36.1% were in regions with 'high' or 'extremely high' baseline water stress in 2022, a slight increase from 2021. Direct water withdrawals per tonne of total product show that Bottled water and PetCare are the most water-efficient categories. Our Confectionery and Powdered and liquid beverages categories show the greatest improvements compared to 2010.

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 what we expect in terms of water use and water management practices in our agricultural supply chains.</p> <p>We also continue to engage with farmers and other stakeholders in the catchment areas where we have bottling operations, to protect water quality and strengthen local water cycles, in line with our Water Stewardship approach and the Water Regeneration commitment.</p>	<p>Read more on page 25 of our 2022 CSV Sustainability Report (here)</p> <p>Read more on our Nestlé Waters Pledge (here)</p>	
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