

Nestlé in society



Good Food, Good Life

Creating Shared Value
and meeting
our commitments
2013



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Annual Report 2013



The year in review 2013

Front cover

Mrs Grace Wambui Wanyeki (pictured with her daughter) has been a coffee farmer for the past 24 years in Kenya. She is a member of a coffee co-operative under the *Nescafé* Plan and a promoter farmer for our Women's Empowerment programme, participating in training sessions and using her farm as a demonstration plot. Nestlé is encouraging more female coffee growers in Kenya to take up leadership roles in farming co-operatives to promote gender equality and education for women and girls.

2013 performance summary

Nestlé has developed performance indicators to provide a focus for measuring and reporting Creating Shared Value, sustainability and compliance. This performance summary forms part of our communication on progress regarding the United Nations Global Compact Principles. Unless stated otherwise, performance

indicators are for the year ending 31 December 2013. The references in the GRI column are to the applicable indicator from the Global Reporting Initiative G3.1 guidelines.

 Please see www.nestle.com/csv/kpis

Nestlé in society and Creating Shared Value key performance indicator	GRI	2012	2013
Economic			
Total Group sales (CHF million) ^(a)	EC1	89 721	92 158
Net profit (CHF million) ^(a)	EC1	10 228	10 015
Nutrition			
Products meeting or exceeding Nestlé Nutritional Foundation profiling criteria (as % of total sales) ^(b)	FP4	75.7	76.0
Renovated products for nutrition or health considerations ^(c)	FP7	6 692	7 789
Products with increase in nutritious ingredients or essential nutrients ^(c)	FP7	4 691	4 778
Products with reduction of sodium, sugars, trans fats, total fat, calories or artificial colourings ^(c)	FP6	3 317	4 221
Products analysed and improved or confirmed via 60/40+ programme (sales, CHF million) ^(d)	PR1	31 720	33 001
Products containing Branded Active Benefits (sales, CHF million)	FP7	6 455	6 836
Products featuring <i>Nestlé Nutritional Compass</i> labelling (% of sales worldwide) ^(e)	PR3	96.8	92.5
Products in EU with Guideline Daily Amounts (GDA) labelling on front of pack (% of sales) ^(f)	PR3	99.3	99.3
Products with specific portion guidance (sales, CHF million) ^(g)	PR3	26 190	26 700
Popularly Positioned Product SKUs	FP4	6 367	9 562
Popularly Positioned Products (sales, CHF million)	FP4	11 960	11 803
Rural development and responsible sourcing			
Farmers trained through capacity-building programmes		273 808	300 000
Markets covered by Sustainable Agriculture Initiative Nestlé (SAIN) programmes		46	48
Direct procurement markets covered by SAIN programmes (%)		100	100
Percentage of suppliers that fully comply with the Nestlé Supplier Code	FP1	89.5	74.0
Percentage of purchased volume fully compliant with the Nestlé Supplier Code	FP1	80.0	92.0
Water			
Total water withdrawal (million m ³)	EN8	138	152
Total water withdrawal (m ³ per tonne of product)	EN8	2.89	2.92
Environmental sustainability			
Production volume			
Total production volume (million tonnes)		47.7	52.1
Materials			
Raw materials used (million tonnes)	EN1	22.5	23.9
Materials for packaging purposes (million tonnes)	EN1	4.77	5.33
Packaging source optimisation (kilotonnes saved)		47.1	66.6
Energy			
Total on-site energy consumption (petajoules)		90.7	97.7
Total on-site energy consumption (gigajoules per tonne of product)		1.90	1.87
Total on-site energy consumption from renewable sources (% total)	EN3	12.2	13.3
Total direct energy consumption (petajoules)	EN3	63.7	67.1
Total direct energy consumption from renewable sources (% total direct)	EN3	9.3	10.8
Total indirect energy consumption (petajoules)	EN4	73.5	81.5
Biodiversity			
Total size of manufacturing sites located in protected areas (hectares)	EN11	42.1	32.9

Nestlé in society and Creating Shared Value key performance indicator	GRI	2012	2013
Emissions, effluents and waste			
Direct GHG emissions (million tonnes CO ₂ eq)	EN16	3.71	3.99
Direct GHG emissions (kg CO ₂ eq per tonne of product)	EN16	77.7	76.5
Indirect GHG emissions (million tonnes CO ₂ eq)	EN16	3.39	3.81
Indirect GHG emissions (kg CO ₂ eq per tonne of product)	EN16	71.1	73.2
Total water discharge (million m ³)	EN21	84	91
Total water discharge (m ³ per tonne of product)	EN21	1.77	1.74
Average quality of water discharged (mg COD/l)	EN21	94	76
By-products (kg per tonne of product)	EN22	29.9	29.1
Waste for disposal (kg per tonne of product)	EN22	6.6	4.9
Environmental sustainability governance			
Manufacturing sites certified against ISO 14001 (% of total manufacturing sites)		89	91
Human rights and compliance			
Nestlé television advertising to children under 12 in compliance with policies on responsible marketing (%) ^(h)	PR7	98.0	98.3
Contraventions to the Nestlé Policy and Instructions for Implementation of the WHO International Code of Marketing of Breast-milk Substitutes ⁽ⁱ⁾	PR7	22	27
Infant formula marketing staff in higher-risk countries trained in the WHO Code (% of staff) ⁽ⁱ⁾	PR6	100	100
Total number of significant product recalls or incidents of non-compliance	PR2	11	10
Our people			
Total workforce (number of employees) ^(a)	LA1	333 220	333 214
Total rate of new employee hires (%) ^(k)	LA2	11.8	10.7
Total rate of employee turnover (%) ^(k)		10.3	11.1
CARE gaps identified related to Business Integrity and HR		45	146
Of which: Minor		40	130
Major		5	16
Critical		0	0
Lost-time injuries and illnesses rate (per million hours worked) (employees, on-site contractors and on-site members of public)	LA7	1.9	2.2
Total recordable injuries and illnesses rate (per million hours worked) (employees, on-site contractors and on-site members of public)	LA7	3.6	4.1
Total number of fatalities (employees, on-site contractors and on-site members of public)	LA7	5	12
Average hours of training per year per employee per category ^(l)	LA10	10	23
Leadership positions held by women (%) ^(k)	LA13	29.2	31.1
Local Management Committee members native to country in developing countries (%) ^(m)	EC7	49.5	52.0

(a) 2012 figures have been restated following the accounting changes described in the Consolidated Financial Statements 2013 (Note 1 – Accounting policies).

(b) 2013 assessment scope: 74.9% total Nestlé sales volume.

(c) Based on reports of approximately 75% of worldwide product development teams. Products can have 'less of' one ingredient and 'more of' another at the same time.

(d) This KPI reflects the dynamic nature of our 60/40+ programme. Assessment results are valid for a maximum of three years, only if all parameters remain equal.

(e) Excludes total petcare and, for

USA only, *Dreyer's* and licensed brands *Häagen-Dazs* and *California Pizza Kitchen*.

(f) Across EU 28 plus Norway, Switzerland, the Adriatic Region, Ukraine and Moldova. Excludes plain coffee, tea and water, products for Nestlé Professional, gifting chocolate, seasonings, petcare, Nestlé Health Science and Nestlé Nutrition.

(g) Products sold as single servings and meeting/exceeding Nestlé Nutritional Foundation OR sold with/via a device or equipment delivering a serving meeting/exceeding Nestlé Nutritional Foundation OR sold to caregivers with detailed instructions on adjusting servings

to evolving nutritional needs. This currently represents only a subset of the portfolio with portion guidance.

(h) The percentage reflects Nestlé's full-year compliance to the stricter 35% children audience threshold as redefined in September 2011.

(i) Based on internal and external audits. Internal audits are conducted by HQ-based auditors (Nestlé Group Audit) and country-based auditors (Nestlé Market Audit). This is the first year we are reporting on country-based audits. External audits were conducted by Bureau Veritas.

(j) 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 ten per 1000, or more than 2% acute malnutrition among under-fives. All other countries are 'lower-risk'. (k) Covers Nestlé employees registered in the HR system (approximately 85% of all employees): 282 781 average over the year 2013.

(l) Covers approximately 80% of all employees through a combination of manual submission from the markets and the training system.

(m) Covers all Nestlé employees including Joint Ventures.

Highlights 2013

10

We have added 10 new commitments in nutrition, water, rural development, sustainability and compliance

7789

We renovated 7789 products for nutrition or health considerations

Policy changes

We have renewed our nutritional policies to drive the further reduction of salt, sugars, saturated fats and trans fats in our products

FTSE4Good

We remain the only infant formula manufacturer included in FTSE's responsible investment index, based on our performance in human rights, labour rights, responsible marketing of breast-milk substitutes and more

167 billion

We provided over 167 billion servings of fortified products

Leader

We were ranked number one by the charity Oxfam in its 2013 scorecard, Behind the Brands. The survey scored 10 food and beverage companies on their efforts to improve food security

-33%

We reduced overall water withdrawals per tonne of product by one-third since 2005

Top 3

In March 2013, we were ranked one of the top 3 global food and beverage manufacturers in the Access to Nutrition Index

300 000

We trained 300 000 farmers through capacity-building programmes

Number 1

We achieved leadership for our industry group in the Dow Jones Sustainability Index 2013, and achieved the maximum score in the CDP Climate Performance Leadership Index

66 594

We reduced 66 594 tonnes of packaging material, saving CHF 158 million

-7.4%

We achieved an absolute reduction in direct GHG emissions of 7.4% since 2005

A message from our Chairman and our CEO

We believe that this 2013 report on Creating Shared Value at Nestlé represents a significant step forward in our drive to communicate transparently with our shareholders and stakeholders about our commitments and progress in all the areas where we engage with society. This report underlines our fundamental belief that for a company to be successful over the long term and create value for shareholders, it must also create value for society. At Nestlé, this begins with the creation of superior long-term value for shareholders by offering products and services that help people improve their nutrition, health and wellness.

Henri Nestlé founded the Company in 1866 on the success of a life-saving infant cereal. Today, we aim to enhance the quality of life of all our consumers by offering tastier and healthier food and beverages, as well as information and services to enable them to make the right choices at all stages of life. And we are investing for the future health and wellness of our consumers through our network of research centres, the Nestlé Institute of Health Sciences and the Nestlé Health Science business. We believe that good nutrition will play an ever more important role in the health and wellness of individuals and society.

To build a business capable of both delivering superior shareholder value and helping people improve their nutrition, health and wellness, Creating Shared Value is the approach we take to the business as a whole. In addition to nutrition, we focus on water, because water scarcity is a very serious issue in many parts of the world and water is quite simply the linchpin of food security. And we focus on rural development, because the overall well-being of farmers, rural communities, small entrepreneurs and suppliers is intrinsic to the long-term success of our business.

We continue to actively manage our commitments to environmental and social sustainability, necessary for operating our factories and for the sustainable growth and development of the communities and countries where we operate. With this report, we also restate our support for the UN Global Compact, as a founding member of UN Global Compact LEAD – an important platform for corporate sustainability leadership. We have always believed that in



Leadership in focus

Nestlé Chairman Peter Brabeck-Letmathe, with Tshebedisano Primary School pupils in Soweto, during the recent visit by the Nestlé Board of Directors to South Africa. In 2013, the school launched the Nestlé Healthy Kids Programme in South Africa, after winning a Nestlé Community Nutrition Award for their vegetable garden.



Partnerships in focus

Paul Bulcke visiting a Chilean peach farm, located in the Region of Libertador General Bernardo O'Higgins, near Nestlé's San Fernando factory, where infant food is manufactured.

order to prosper we need the communities we serve and in which we operate to prosper as well; and that over the long term, healthy populations, healthy economies and healthy business performance are mutually reinforcing. This involves substantial training and education of people inside and outside Nestlé, as well as large investments in technology with lower environmental impact.

We recognise that our position in society brings both opportunities and responsibilities: to do business in compliance with national laws, international standards and our own values and principles, as expressed in our Code of Business Conduct, Corporate Business Principles and Management and Leadership Principles. For a company like ours to prosper, we must take a long-term view, framed in a robust set of principles and values which have been developed over nearly 150 years. They are based on respect: respect for people, respect for cultures, respect for the environment and respect for the future of the world we live in. Thus, our commitments go beyond simple compliance and are based on common sense values that form the foundation upon which we build our actions in Creating Shared Value.

Last year, we decided to publish a set of forward-looking commitments, covering every part of our business, in order to provide a clear sense of the strategic direction we are heading in and the standards to which we hold ourselves accountable. They are real, they are credible, and we will do everything in our power to make sure they are deliverable. But we know that there will be challenges along the way, and these too we will share with you. In this report, we hope to demonstrate where we are making progress, and where there is more work to be done. We hope this report enables you – our shareholders and stakeholders – to hold us accountable and offer guidance. We have also introduced a number of new commitments and will report on them in future years. We welcome your feedback on this report, on our commitments and our performance.

“

Nestlé is all about quality of life and nutrition – that is what we live for as a company. But the relevance of that is the value that it creates: for consumers, for society and for our business – driving competitive advantage and R&D, being ahead of the curve, and building our brand value.”

Paul Bulcke
Chief Executive Officer



Peter Brabeck-Letmathe
Chairman



Paul Bulcke
Chief Executive Officer

Creating Shared Value at Nestlé

We believe that for a company to be successful over the long term and create value for shareholders, it must create value for society. At Nestlé, this means creating superior, long-term value for shareholders by offering products and services that help people improve their nutrition, health and wellness. Henri Nestlé founded the Company in 1866 on the success of a life-saving infant cereal and today, we aim to enhance lives by offering healthier and tastier food and beverage choices for all stages of life.

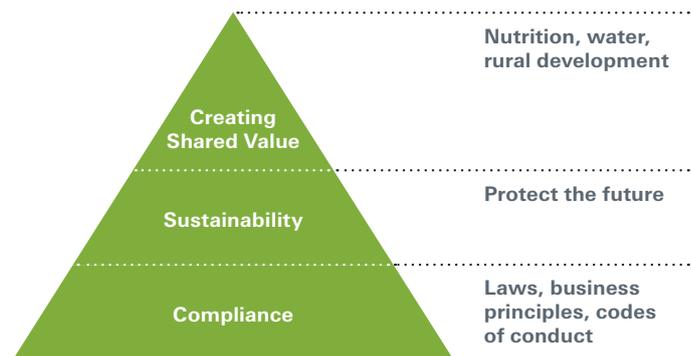
To build a business capable of both superior shareholder value and helping people improve their nutrition, health and wellness, Creating Shared Value is the approach we take to the business as a whole. Besides nutrition, we focus on water and rural development, given their critical importance not only to our business but also to our employees, farmers, suppliers, distributors and communities where we operate.

We continue to actively manage our commitments to environmental, social and economic sustainability needed for operating our factories and for the sustainable growth and development of the communities and countries where we have operations. This involves substantial training and education of people inside and outside of Nestlé, as well as large investments in technology with lower environmental impact.

Creating Shared Value requires compliance with the highest standards of business practice, including international codes and standards as well as our own Code of Business Conduct, Corporate Business Principles, and Management and Leadership Principles.

Creating Shared Value is the way we do business and the way we connect with society at large.

Creating Shared Value



The roots and development of Creating Shared Value at Nestlé

2002 – Nestlé published *The Nestlé Sustainability Review*, the first social report in its history. This report used a framework of economic, social and environmental sustainability.

2005 – Nestlé produced a regional report entitled *The Nestlé commitment to Africa*, reporting on our impact across the three-part value chain framework of agricultural raw materials, manufacturing, and management, products and consumers.

2006 – *The Nestlé concept of corporate social responsibility as implemented in Latin America* was published. This report followed an elaborated version of the same three-part value chain framework used in the Africa report.

2007 – Three Creating Shared Value areas of focus were chosen internally for company investment and communication: nutrition, water and rural development.

2008 – The Creating Shared Value pyramid was launched integrating Creating Shared Value with sustainability, compliance and Nestlé culture and values in one visual device. Our first *Nestlé Creating Shared Value Report* (the 2007 report) was published.

2009 – Nestlé publicly launched the Creating Shared Value concept and framework, as well as the Nestlé Creating Shared Value Prize, at the first Creating Shared Value Forum, held at the United Nations in New York.

2010 – The second global *Nestlé Creating Shared Value Report* (2009) was published, using for the first time the three Creating Shared Value focus areas of nutrition, water and rural development as the framework. The second Creating Shared Value Forum was held in London. The inaugural Nestlé Creating Shared Value Prize was awarded to IDE Cambodia.

2011 – The *Nestlé Creating Shared Value and Rural Development Report 2010* was issued, and the third Creating Shared Value Forum held in Washington DC. The report was written according to the Global Reporting Initiative (GRI) application level B+ and verified by Bureau Veritas. The Company then decided to apply for level A+ for the following report.

2012 – The *Nestlé Creating Shared Value Summary Report 2011: Meeting the global water challenge* was published, including summary sections on nutrition and rural development. The full report met the criteria for the highest level of transparency in reporting, GRI A+. The fourth Creating Shared Value Forum was held in India. The Nestlé Creating Shared Value Prize was awarded to Fundación Paraguaya, for setting up a self-sufficient agricultural school model.

2013 – The report *Nestlé in Society: Creating Shared Value and meeting our commitments 2012* was published, focused on nutrition and, for the first time, included forward-looking commitments. The fifth Creating Shared Value Forum was held in Colombia in partnership with the Inter-American Development Bank. President of Colombia Juan Manuel Santos gave opening remarks about the role of the private sector in the economic and social development of Colombia.

2013 achievements in a number of leading environmental and sustainability rankings and indices

Access to Nutrition Index – In March 2013 Nestlé was named as one of the top three performers in the Access to Nutrition Index, which rates how effectively some of the world's largest food and beverage manufacturers provide consumers with access to nutritious products.

Carbon Disclosure Leadership Index – In 2013, Nestlé topped a list of global companies in efforts to disclose and cut carbon emissions. We achieved the maximum score for the second year running in the Carbon Disclosure Project (CDP) Climate Disclosure Leadership Index and the Climate Performance Leadership Index.

Carbon Disclosure Project Water – CDP Water promotes sustainable corporate water stewardship to safeguard water resources and address the global water crisis. Nestlé has participated in the CDP Water programme every year since its launch in 2010.

Dow Jones Sustainability Indices – The Dow Jones Sustainability Indices measure the performance of global sustainability leaders. In 2013, Nestlé was named as the leading food products company in the Indices for the first time.

FTSE4Good – Nestlé remains included in FTSE4Good, which measures the performance of companies that meet globally recognised corporate responsibility standards.

Oxfam Behind the Brands – We scored the top rank in Oxfam's Behind the Brands scorecard, which provides people with the information they need to hold the world's 10 largest food and beverage companies to account for what happens in their supply chains.

Summary of our commitments

In 2012, we shared a number of robust commitments to support our long-term goal of Creating Shared Value. They cover nutrition, health and wellness, rural development and responsible sourcing, water, environmental sustainability, our people, human rights and compliance. The commitments make it possible for stakeholders to hold us accountable, encouraging us to seek and achieve continuous improvement in our nutrition, water, rural development, sustainability and compliance performance.

📖 See the full report for more details of our policies and procedures at www.nestle.com/csv/downloads



Nutrition

Build knowledge leadership in children's nutrition through a deep understanding of their dietary intakes and lifestyle habits

Lead the industry in nutrition and health research through internal programmes and external collaborations with top institutions

Provide nutritionally sound products designed for children

Help reduce the risk of under-nutrition through micronutrient fortification

Reduce sodium (salt) in our products

Reduce sugars in our products

Reduce saturated fats and remove trans fats originating from partially hydrogenated oils in our products

Help increase consumption of whole grains and vegetables, including via healthier home cooking

Deliver nutrition information and advice on all our labels

Provide portion guidance

Promote healthy diets and lifestyles/physical activity

Promote healthy hydration as part of healthy lifestyles

Implement nutrition education programmes to promote good nutrition practices

📖 Read more on page 8



Rural development and responsible sourcing

Roll out the Rural Development Framework

Roll out the *Nestlé Cocoa Plan*

Roll out the *Nescafé Plan*

Implement responsible sourcing

📖 Read more on page 14



Water

Work to achieve water efficiency across our operations

Advocate for effective water policies and stewardship

Treat the water we discharge effectively

Engage with suppliers, especially those in agriculture

Raise awareness of water access and conservation

 [Read more on page 16](#)



Environmental sustainability

Improve resource efficiency

Improve the environmental performance of our packaging

Assess and optimise the environmental impact of our products

Provide climate change leadership

Preserve natural capital, including forests

Provide meaningful and accurate environmental information and dialogue

 [Read more on page 19](#)



Our people, human rights, and compliance

Assess and address human rights impacts in our operations and supply chain

Eliminate child labour in key commodities (cocoa, hazelnuts, vanilla)

Market breast-milk substitutes responsibly

Ensure that all Nestlé units have the necessary systems in place to deliver the same level of basic safety and health protection for all employees

Enhance gender balance

Offer 20 000 job opportunities for young people below 30 years of age at Nestlé in Europe

Provide training and education for our employees in CSV, Nutrition Quotient (NQ) and environmental sustainability

 [Read more on page 23](#)

43 million

Today, more than 43 million children are obese while millions more are under-nourished

Our commitment

Build knowledge leadership in children's nutrition through a deep understanding of their dietary intakes and lifestyle habits

By 2016 – Launch large-scale research projects in at least 10 countries across the globe, including the USA, Mexico, China and France.

Our progress

The Feeding Infants and Toddlers Study (FITS), for example, has been conducted twice in the USA and implemented in five other countries. FITS examines the specific intakes and eating patterns of children aged 0–4 in relation to recommendations from the authorities. The studies identified nutritional gaps and poor dietary patterns, including inadequate intake of key nutrients such as iron and vegetables.

Our perspective

We wish to build upon our experience with FITS and expand our research to include children up to the age of 12. These years are critical to forming dietary and activity habits that define health throughout the life course. We will use this knowledge to inform our own product and service development, but acknowledge this will require long-term efforts and investments. Working with external scientific experts and authorities, we aim to build a meaningful body of knowledge and leverage the findings in the best way for the nutrition, health and wellness of children around the world.

Our commitment

Lead the industry in nutrition and health research through internal programmes and external collaborations with top institutions

By 2016 – To further develop and integrate the molecular nutrition capabilities and clinical strategies of the Nestlé Institute of Health Sciences (NIHS) and the Nestlé Clinical Development Unit to better define health globally for the prevention and management of disease using nutritional solutions. To refocus the Nestlé Research Center (NRC) on five key platforms: Healthy Ageing; Healthy Pleasure; First 1000 days and Healthy Kids; Sustainable Nutrition; and Food Safety and Integrity.

Our progress

The NIHS received two EU-funded grants, a European Research Council award on biological-clock-regulated metabolism, and a second on developing human models of metabolic dysfunction. The collaboration between the NRC and the EpiGen Consortium (an international alliance of the world's leading epigenetics researchers) was extended in 2013. The aim is to understand and substantiate optimal nutrition for mothers during pregnancy and for infants to promote metabolic health throughout life.

Our perspective

While our objective is leadership in nutrition and health research, our ultimate challenge is making sense of the complexities so that the outcome is useful to public health and we are able to translate what we learn into products, services and communication that will benefit consumer health.



Fortification in focus

As well as Sri Lanka (shown here), our iron fortification programme focuses on India, Pakistan, the Caribbean, Central America, Central and West African countries and Pacific islands.

Micronutrient fortification and health

In June 2013, the Nestlé Institute of Health Sciences in collaboration with the *Hospital das Clinicas da Faculdade de Medicina da Universidade de São Paulo* (Brazil) completed the first half of a two-year study into the effects of micronutrients on health in children. The study, which is being conducted in three schools in Ribeirão Preto, Brazil, involved 136 students aged 9–13, of whom 40% are overweight or obese. They each consumed *Nestrovit*, a Nestlé product containing five minerals and 12 vitamins, five days a week for six weeks, and their normal dietary patterns and physiological responses before and after the intervention were assessed. The results are now being analysed.

167 billion
 In 2013, we provided
 over 167 billion servings
 of fortified products

Our commitment

Provide nutritionally sound products designed for children¹

By 2014 – 100% of our children’s products¹ will meet all Nestlé Nutritional Foundation criteria² for children.

Our progress

At the end of 2013, 96% of our products met all of the Nestlé Nutritional Foundation criteria² for children (2012: 89%), which are based on international public health recommendations, such as those of the World Health Organization and the Institute of Medicine.

Our perspective

We produce and sell products in many countries around the world, with different legal requirements, nutritional priorities, traditional cooking regimes and changing consumer tastes. Yet nutrition science and public health understanding continue to evolve, which represents a permanent challenge for our profiling system and database. In 2013, we asked a group of reputed nutrition experts to review our nutrition criteria. Another important hurdle we face now is ensuring the accurate capture of all our recipes across the globe and their ongoing evolution in a single IT system. We are working on this, but with 1.2 billion Nestlé products sold every day, this is not an easy task.

1 Products for which 50% or more consumers are below 12 years of age, or are designed for or perceived as being designed for this age group.
 2 The Nestlé Nutritional Foundation criteria are based on nutrition science and public health dietary recommendations, such as those of the World Health Organization and other global or local authorities. Our products are evaluated against these criteria, using the Nestlé Nutritional Profiling System, which determines their nutritional value and whether they achieve the Nestlé Nutritional Foundation.



Tackling micronutrient deficiencies in the Philippines

In 2013, research conducted jointly with the Philippines Food and Nutrition Research Institute (FNRI) showed that micronutrient deficiencies can cause major health problems and be very expensive for public health systems, and society in general. To highlight the importance of addressing micronutrient deficiencies in the country, Nestlé Philippines teamed up with the FNRI and launched a nationwide multi-sector campaign encouraging parents to give their children milk fortified with iron, zinc and vitamin A every day. Fortified milks are proven to be effective in helping to address iron deficiencies.



Our commitment

Help reduce the risk of under-nutrition through micronutrient fortification

By 2016 – We will reach 200 billion micronutrient fortified servings of foods and beverages annually worldwide, with a special focus on children and women of childbearing age.

By 2015 – We will launch biofortified products in key markets as a complement to direct fortification.

Our progress

In 2013, we provided over 167 billion servings of nutritious and fortified foods and beverages such as products used to prepare family meals, dairy products, powdered beverages or cereals for children (2012: over 150 billion). In 2013, six biofortified products (rice, wheat, maize, sweet potato, cassava and millet) were in development in our R&D centres (2012: eight crops).

Our perspective

Micronutrients such as iron, vitamin A, iodine and zinc are essential for growth and development. However, over one-third of the world’s population obtains inadequate amounts from their diet, leading to serious health problems for individuals and tremendous productivity losses and health costs for developing countries. Nestlé is committed to addressing micronutrient deficiencies through fortification of affordable, nutritious foods and beverages, and measuring the impact through scientific research. However, the global micronutrient gap is huge and Nestlé can only provide a small portion. Therefore, we increasingly work in a collaborative manner with governments, non-governmental organisations (NGOs) and other relevant partners to increase further the consumer’s nutrition and health.

WHO salt target

Our R&D teams are accelerating salt reduction across all of our savoury food brands

Our commitment

Reduce sodium (salt) in our products

By 2014 – 100% of children’s products¹ meet the Nestlé Nutritional Foundation sodium criteria².

By 2016 – We will further reduce salt content by 10% in products that do not meet the Nestlé Nutritional Foundation criteria².

Our progress

In November 2013, we pledged to accelerate salt reduction across all of our savoury food products to support the WHO salt target³. In 2012 our culinary and breakfast cereal recipes contained 14043 tonnes less salt than in 2005, a 3.3% reduction of salt in culinary products (volumes) compared to 2011. In 2013, 96% of our children’s products¹ met the Nestlé Nutritional Foundation sodium criteria² (2012: 90%).

Our perspective

Sodium is an essential mineral and, as such, must come from the diet. The majority of sodium in current diets around the world comes from salt added during manufacturing, cooking or at the table, though small amounts are naturally present in some foods. Besides seasoning, salt plays an important role in the preservation and texture of food products. Our challenge is to reduce the salt content of our recipes without having consumers compensate with the salt shaker or choosing saltier alternatives on the market. Our gradual approach to reducing salt is helping consumers to adapt their taste preference, making them more likely to adopt a healthier diet in the long term. We constantly assess our products through our 60/40+ programme to ensure that taste preference and better nutrition go hand in hand. This involves testing products using a consumer panel where at least 60% of the people must prefer the taste of the Nestlé product over the competitor’s.

- 1 Products for which 50% or more consumers are below 12 years of age, or are designed for or perceived as being designed for this age group.
- 2 The Nestlé Nutritional Foundation criteria are based on nutrition science and public health dietary recommendations, such as those of the World Health Organization and other global or local authorities. Our products are evaluated against these criteria,

Our commitment

Reduce sugars in our products

By 2015 – Reduce the sugar content in any serving of children’s¹ or teenagers’⁴ breakfast cereal brands to 9 g or less per serving.

By 2016 – We will further reduce sugar content by 10% in products that do not meet the Nestlé Nutritional Foundation criteria².

Our progress

At the end of 2013, 96% of our children’s products¹ met the Nestlé Nutritional Foundation sugars criteria² (2012: 90%).

Our perspective

Sugars are a group of sweet substances that occur naturally in fruits, milk, honey and some vegetables. Additional major sources in the diet are manufactured foods and beverages, as well as sugars added in home cooking and at the table. Besides flavour, sugars add texture, structure, colour and preservative properties to foods and beverages. Public health authorities recommend a reduction in the intake of added sugars because in many countries around the world, the current levels risk displacing some of the essential, nutritious foods and ingredients in the diet. As with salt, our gradual approach to reducing sugar is helping consumers to adapt their taste preferences, making them more likely to adopt a healthier diet in the long term and not compensate with table sugar or choosing more sugary alternatives on the market. One clear limitation in our sugar reduction commitment is with products that need to comply with legally set compositional requirements, for example sweetened condensed milk. For these products, we are working at improving nutritional labelling and portion guidance to consumers.

- using the Nestlé Nutritional Profiling System, which determines their nutritional value and whether they achieve the Nestlé Nutritional Foundation.
- 3 No more than 5 g of salt per person, per day, by 2025.
- 4 Products for which 50% or more consumers are below 18 years of age and within this, more teens than children.



Nestlé on the road

In Central and West Africa, Nestlé has gone on the road to provide nutrition information and healthy eating tips, reaching millions of consumers. Maggi ‘cooking caravans’ travelled through Cameroon, Côte d’Ivoire and Nigeria, providing information about balanced diets, micronutrient deficiency and the importance of culinary hygiene, through interactive cooking demonstrations, women’s forums, group discussions and presentations on micronutrient fortification.



Healthy eating in focus

We are helping teenagers in Poland learn to cook balanced meals through a nationwide education programme called ‘Eat Tasty and Healthy’.

Our commitment

Reduce saturated fats and remove trans fats originating from partially hydrogenated oils in our products

By 2014 – 100% of children's products¹ meet the Nestlé Nutritional Foundation saturated fats criteria².

By 2016 – We will further reduce saturated fat content by 10% in products that do not meet the Nestlé Nutritional Foundation criteria² and we will remove trans fats originating from partially hydrogenated oils (PHOs).

Our progress

Since the establishment of the Nestlé Policy on saturated fat, saturated fat levels of numerous products – especially children's products¹ – have been significantly reduced. At the end of 2013, 96% of our children's products¹ met the Nestlé Nutritional Foundation saturated fats criteria² (2012: 90%). With regard to trans fats, at the end of 2013, almost all our food and beverage products met our Nestlé Policy. In 2014, we are further strengthening our commitment to continuous improvement by updating this policy to remove all trans fats originating from partially hydrogenated oils from all of our foods and beverages.

Our perspective

Dietary fats are part of a healthy balanced diet. However, public health authorities recommend a reduction in saturated fat consumption because at a population level, current intakes represent a risk factor for certain non-communicable diseases such as cardiovascular disease. For some types of products, reducing the saturated fat level without impacting the safety, texture, appearance and taste represents an important technological challenge for our food scientists. Trans fats occur naturally in foods such as milk and meat products. However, the majority of trans fats in human diets come from foods containing PHOs, such as bakery goods, chips, French fries, pizzas and savoury snacks. We have set ourselves a new objective to reduce all trans fats originating from PHOs. We have prioritised the reduction of levels in products consumed by children and families, such as soups, snacks, pizzas and ready-made meals.

Our commitment

Help increase consumption of whole grains and vegetables, including via healthier home cooking

By 2015 – More whole grain than any other ingredient in any serving of children's¹ or teenagers'⁴ breakfast cereals.

By 2015 – *Maggi* Cooking Lesson Programme will be ongoing in 30 countries.

By 2015 – 90% of *Maggi* product portfolio worldwide promoting home cooking and meals with vegetables.

Our progress

At the end of 2013, our *Maggi* Cooking Lesson Programme was taking place in 16 countries (2012: eight countries), teaching balanced home cooking and a healthy meal structure. To date, 68% of the *Maggi* product portfolio promotes home cooking and meals with vegetables. We have also introduced more whole grains than any other ingredient in at least 74% of servings of our children's¹ or teenagers'⁴ breakfast cereals (2012: breakfast cereals with the Green Banner on-pack contained at least 8 g whole grain per serving).

Our perspective

Whole grains and vegetables are important sources of beneficial nutrients like fibre, vitamins and minerals, and consumption surveys around the world indicate that current diets do not contain sufficient amounts. We are committed to help improve this. But increasing the whole grain content in a recipe presents many technological difficulties: it can impact the appearance and texture; sometimes, it increases bitter notes in the flavour; and it can also reduce shelf life and productivity in our factories, due to more complex handling of the grains. We have various innovation and renovation programmes running to overcome these hurdles. The challenges with increasing vegetable consumption are no less numerous considering their water content and the need to preserve their colour, texture and vitamin content. In parallel to our work on our product recipes, we focus on promoting simple and appetising ways to prepare and serve fresh vegetables as part of family meals.

Our commitment

Deliver nutrition information and advice on all our labels

By 2016 – All our relevant⁵ food and beverage products worldwide will have Guideline Daily Amount (GDA)-based labels on front of pack.

By 2016 – We will introduce GDA-based labelling, based on children's reference values, to all products designed for children¹, where regulations allow.

By 2016 – Provide further product information and nutrition advice on pack, via Quick Response (QR) codes for smartphones.

Our progress

At the end of 2013, we were featuring GDA-based labels on 53.5% of our relevant products and started preparing for using children's reference values where regulations allow. In 2013, we also developed guidelines to help marketing teams provide nutritional information to consumers through QR codes. These are implemented on more than 160 product lines across 13 brands in 36 countries.

Our perspective

GDA-based labels inform consumers about the calories, sugars, fat and other nutrients in a serving of food or beverage and, crucially, how this compares to reference daily guidelines. Global debate continues on the most effective way to communicate nutritional information on packs, and in some markets, GDA-based labels cannot be implemented due to regulation. We believe in empowering consumers to make informed choices and want to introduce GDA-based labels on our children's¹ products to better support parents and leverage their feedback for continuous improvement. This will require close work with nutrition experts, authorities and industry bodies, as well as sustained educational efforts towards consumers. Better understanding of consumers' needs, in terms of labelling, will be a future priority.

⁵ Products with significant everyday usage, by humans (not pets), that deliver calories and have sufficient pack surface to feature a GDA label.

Our commitment

Provide portion guidance

By 2015 – Provide portion guidance on all children’s¹ and family⁶ products.

Our progress

By the end of 2013, children’s¹ and family⁶ products amounting to sales of CHF 12.6 billion already offered specific portion guidance.

Our perspective

More people are leading sedentary lives, while consuming larger portions than 5–10 years ago. This contributes to increasing obesity and related health problems. At the same time, consumers eating inadequate portions of nutrient-rich foods often develop other kinds of health problems. Our priority is to make healthier portion choices intuitive for our consumers – to help them when they purchase, prepare, serve and consume our products, particularly children’s¹ and family⁶ products. For this reason, we are developing portion guidance at product level, with product form, pack design, clear illustrations or sometimes with a serving device. This is a difficult endeavour for many reasons: defining healthier portions for various types of food and beverages, and across different cultures, is a complex task; the cost and time involved in renovating products and packaging is significant; and ensuring consumers are not confused between the serving size prescribed by some nutrition labelling regulations and the actual healthier portions recommendations will require innovative solutions.

¹ Products for which 50% or more consumers are below 12 years of age, or are designed for or perceived as being designed for this age group.
⁶ Products for which more than 20% but less than 50% of consumers are below 18 years of age.



The Nestlé Research Center

The Nestlé Research Center employs around 600 people spread across Switzerland, the USA, China and Japan. Its core purpose is to provide the scientific knowledge and research base we need to renovate our existing products and innovate new ones. The Nestlé Research Center is at the heart of R&D at Nestlé. It focuses on three key areas: food safety, nutrition and taste.



Nestlé Clinical Development Unit

In 2012, we established the Nestlé Clinical Development Unit, which brings management of all our clinical trials together. The facility provides medical expertise to support all aspects of R&D and to evaluate the impact of our foods on human biology, health, taste and pleasure. In 2013, the Nestlé Clinical Development Unit was running 129 clinical trials.

Our commitment

Promote healthy diets and lifestyles/physical activity

By 2015 – Nestlé Healthy Kids Global Programme will be ongoing in 80 countries, with the activation of the International Association of Athletics Federations (IAAF) Kids Athletics programme.

Our progress

At the end of 2013, we were actively working with more than 280 partners to deliver our Healthy Kids Global Programme in 68 countries (2012: 64 countries). These efforts increase children’s basic knowledge of the importance of nutrition and exercise, and reached 6.9 million children in 2013 alone.

Our perspective

We are continuing to develop new ways to measure the effectiveness of our Healthy Kids Global Programme and share best practices. While our older programmes have started to demonstrate interesting results, such as increasing nutrition knowledge and fruit or vegetable consumption, we need to see whether change can be sustained. Over time, we hope to develop the programmes into evidence-based, impactful initiatives that contribute to the health of local school communities. Long-term success will of course depend on the quality of our partnerships and the ability of the education system to reintroduce nutrition education and physical activity in participating schools.

50

To function properly, the human body requires more than 50 nutrients



Nutrition education in focus

In 2013, we launched a new stage of the *Niños en Acción* programme in Chile, which provides teacher training and nutrition education for schoolchildren.



Our commitment

Promote healthy hydration as part of healthy lifestyles

By 2014 – Further implement our fact-based healthy hydration awareness programme for healthcare professionals, caregivers and parents worldwide.

Our progress

In 2013, we completed additional research on children's hydration status in Egypt and are preparing scientific publications on the results. We also launched new awareness-raising campaigns, for example in the USA and Turkey.

Our perspective

Water is an essential part of a healthy diet and we strongly believe in the importance of enabling child-health stakeholders to include healthy hydration in their approach. Each of our studies in Italy, the USA, the UK and France involved a group of around 500 children, aged 9–11. Results indicated that two-thirds of children are insufficiently hydrated when they arrive at school. Working with the Project WET (Water Education for Teachers) Foundation, we have developed hydration teaching modules and a complete toolkit, which has most recently been implemented in Jordan and extended in China.

Our commitment

Implement nutrition education programmes to promote good nutrition practices

Maintain continuous nutrition education and intervention programmes for healthcare professionals addressing under- and over-nutrition problems.

Our progress

We offer nutrition education for healthcare professionals through the Nestlé Nutrition Institute (NNI), an independent not-for-profit organisation, which is the world's largest private publisher of nutritional information. It is active in nearly 200 countries and more than 210 000 healthcare professionals are registered members of its educational website.

Our perspective

We have a responsibility to use our knowledge and R&D capability to make a positive difference to society. The NNI engages with healthcare professionals, scientists and nutrition communities to share leading science-based nutritional education, resources and research. As well as having published more than 3000 papers, the Institute offers a selection of more than 400 online conferences, and organises scientific workshops and satellite symposia with leading nutrition experts. These cover key topics including maternal and infant nutrition, geriatrics, and obesity management.



Rural development and responsible sourcing

686 000

Farmers supplying Nestlé directly

Our commitment

Roll out the Rural Development Framework⁷

By 2015 – Put baseline assessments in place in 21 countries of key importance to our business that show pronounced social need.

Our progress

Our Rural Development Framework⁷ was published in December 2012 and has been rolled out in three priority locations to date – Côte d'Ivoire, China and Vietnam. It is helping us to align business activities with local priorities for community engagement, impact assessments and rural development programmes.

Our perspective

It is vital that we maintain a secure, long-term supply of ingredients for our food and beverage products, the majority of which are grown in rural areas. But more people than ever are moving away to urban areas and we are facing an ageing global farming population, so Nestlé must engage now to support farming as a business and livelihood of choice that offers an attractive income and opportunities for societal advancement. We want to help retain the brightest and best talent within farming communities, and use our 'agripreneurship' model as a training pipeline for farmers wishing to develop their skills.



20 years of dairy farming in Morocco

The Nestlé factory in El Jadida, Morocco, provides a secure market for dairy farmers – the amount of locally sourced milk has grown from 6.6 million litres a year in 1992 to 80 million in 2012 – and is also helping improve the health of women and children in the country. Nestlé Morocco's partnership with the Zakoura Foundation, that began in 1997, has resulted in sponsorship of 58 schools, and education of 2700 school children – mainly girls – in rural areas near our factory.



Our commitment

Roll out the *Nestlé Cocoa Plan*

By 2014 – Source 80000 tonnes of cocoa through the *Nestlé Cocoa Plan*; roll out child labour monitoring and remediation to a further 12 co-ops; build 10 schools; train 25000 cocoa farmers; distribute at least 1 million plants to farmers.

By 2015 – Source 100000 tonnes of cocoa through the *Nestlé Cocoa Plan* and complete our school-building programme to build 40 schools in four years.

By 2016 – Source 120000 tonnes of cocoa through the *Nestlé Cocoa Plan*.

Our progress

In 2013, we purchased 62299 tonnes through the *Nestlé Cocoa Plan*, rolled out child labour monitoring and remediation at 8 co-ops, built or refurbished 13 schools and trained 33885 cocoa farmers (2012: 46000 tonnes, 2 co-ops, 13 schools, 27000 farmers).

Our perspective

The *Nestlé Cocoa Plan* seeks to improve the lives of cocoa farmers and the quality of their crops; it tackles important issues including low productivity and child labour (see our commitment on page 23), and has three pillars: enabling farmers to run profitable farms; improving social conditions; and sourcing good quality, sustainable cocoa. Training in better agricultural practices and new plants contribute to improved farm profitability, while building schools and a child labour monitoring and remediation system contributes to better social conditions. We believe collaboration with partners, a multi-stakeholder approach and transparency are critical to our long-term success. The plan is active in Côte d'Ivoire, Ghana, Ecuador, Venezuela, Mexico and Indonesia.

⁷ Created to bring all our rural development activities together, the Framework – supported by our Rural Development Commitment – is composed of four pillars: successful farmers; productive and respected workers; prospering communities; and alignment, collaboration and advocacy.



The use of child labour in our cocoa supply chain goes against everything we stand for. Tackling child labour is a top priority for our company.”

José Lopez, Nestlé’s Executive Vice-President for Operations



New Nescafé centre of excellence

Nescafé has inaugurated a new coffee centre of excellence in the Philippines, where demand far outstrips supply, to improve the quantity and quality of the crop. The Lipa Integrated Coffee Center is a one-stop shop to give local farmers access to our coffee farming knowledge, skills and technology and to facilitate on-farm training sessions. Farmers learn the benefits of planting other crops in between rows of coffee, to earn additional income and to promote biodiversity. The facility also houses a buying station where farmers can sell coffee direct. An estimated 3300 farmers are expected to use it to sell their green coffee to Nestlé.



Sustainable agriculture in focus

In Kenya and around the world, we distribute millions of high-yield and disease-tolerant coffee plantlets, helping farmers to rejuvenate crops and increase the productivity of their farms.

Our commitment

Roll out the Nescafé Plan

By 2015 – Source 180000 tonnes of coffee from Farmer Connect⁸, which is 100% in line with 4C’s⁹ baseline sustainability standard.

By 2020 – Source 90000 tonnes¹⁰ of coffee that is compliant with the Sustainable Agriculture Network principles¹¹, and distribute 220 million coffee plantlets.

Our progress

In 2013, we launched the Nescafé Plan in Central America (reaching a total of 13 countries), sourced 148 198 tonnes of coffee from 176 040 Farmer Connect⁸ farmers, and distributed over 21.4 million coffee plantlets (2012: 133 792 tonnes, 136 227 farmers, 12.46 million plantlets).

Our perspective

Worldwide demand for coffee continues to grow, and our businesses are focused on ensuring that supplies are sourced responsibly. Nestlé, together with the rest of the coffee sector, is facing many challenges, including: volatile prices, declining yields from ageing trees and/or plant diseases, climate change, alternative crops and strong competition for raw materials. The vast majority of coffee farmers are smallholders, with only a hectare or two of land. We are helping them to build a robust business by offering a more efficient route to market, local training, plant propagation and distribution, and technical assistance from our team of over 200 agronomists. We visited over 30 039 farms in 2013.

8 Our programme for direct sourcing from farmers, through which we commit to the local sourcing of raw materials, offering technical assistance and ensuring co-operation to meet the highest sourcing standards.

9 The Common Code for the Coffee Community (4C) Association is a multi-stakeholder group with members across trade and industry, producers, civil society and companies active in the coffee supply chain.

10 This is an aggregate figure from 2010 to 2020.

11 An international coalition of leading conservation groups in sustainable agriculture, with standards for environmental protection, social responsibility and economic vitality.

Our commitment

Implement responsible sourcing

By 2015 – Complete 10000 responsible sourcing audits, with 70% full compliance achieved.

By 2015 – 40% of the volumes of 12 key commodities to be traceable (palm oil, soya, sugar, paper, coffee, cocoa, dairy, seafood, shea, vanilla, hazelnut, and meat, poultry and eggs).

Our progress

We have completed 2507 responsible sourcing audits with 70% full compliance of first tier suppliers (2012: 2261 audits) and currently, 17% of purchased volumes of our 12 key commodities are traceable. By September 2013, 100% of our palm oil was Roundtable on Sustainable Palm Oil (RSPO) certified (this includes RSPO segregated and GreenPalm Certificates).

Our perspective

With consumers and other stakeholders increasingly looking for information about where ingredients originate and how they were produced, traceability and transparency in our supply chain have never been more important. But our supply chains are complex, both in terms of geography and language, and progress can be slow. Improvement initiatives and their training materials must be tailored to meet the needs of local markets, in order to drive change efficiently. On a practical level, sharing knowledge and measuring its effectiveness is a challenge we continue to address.

–33%

Overall reduction in water withdrawals per tonne of product since 2005

Our commitment

Work to achieve water efficiency across our operations

By 2015 – Reduce direct water withdrawals per tonne of product in every product category to achieve an overall reduction of 40% since 2005.

By 2015 – Establish and implement detailed guidelines on human rights to water and sanitation due diligence.

By 2016 – Define water stewardship initiatives and start implementation in five high-priority locations.

By 2016 – Implement water savings projects in 100% of high-priority manufacturing facilities.

By 2016 – Carry out 45 new water resources reviews in selected manufacturing facilities, and all greenfield sites.

Our progress

In 2013, we reduced direct water withdrawals in every product category, achieving an overall reduction per tonne of product of 33% since 2005. We have carried out nine water resource reviews at new facilities, bringing the global number of factories reviewed to 126. Recently, we have identified and prioritised a selection of manufacturing facilities for further improvement (based on water-related physical risks and impacts) and a set of key areas where catchment-level stewardship initiatives will take place.

Our perspective

We have achieved substantial improvements in water efficiency in recent years, against many competing priorities, and will continue to do so. But seeking new opportunities requires a creative and, at times, pioneering approach and a desire to act both inside and outside of our organisation. By continuing to engage our people with the national and local water stewardship agenda, they can see the issues first hand and prioritise opportunities for shared value with our suppliers, partners and stakeholders.

Our commitment

Advocate for effective water policies and stewardship

By 2014 – Extending the 2030 Water Resources Group through Public-Private Partnership to other countries.

By 2014 – Contribute to the publication of CEO Water Mandate Public Disclosure Guidelines and Guide on good practices for business on the Human Right to Water and Sanitation.

By 2014 – Contribute to the completion of the ISO 14046: Water Footprint – Principles, Requirements and Guidelines.

By 2014 – Initiate the roll-out for wide adoption of the World Business Council for Sustainable Development (WBCSD) Water, Sanitation and Hygiene self-assessment tool in all our manufacturing facilities.

By 2014 – Use the principles of the Alliance for Water Stewardship's International Water Stewardship Standard as a self-assessment guide at selected high-priority locations.

Our progress

We have published the Nestlé Commitment on Water Stewardship, which sets out our position and strategy. We continue to maintain a strong presence at high-profile initiatives on water policy and challenges, seeking new shared solutions and promoting collective action on water efficiency.

Our perspective

We believe that the responsible management of water resources by all users is an absolute necessity. Water use, both as a basic human right and as an essential raw material for numerous competing needs including agriculture, has been significantly overused in the last century. There is no doubt that we are facing a great challenge to feed the world's population in the near future and it calls for joint action. We are willing to assist governments who must take the lead in establishing water policies by advocating for effective water stewardship.



Improving water efficiency in Spain

We have invested CHF 1.4 million in improving water efficiency at our confectionery factory in La Penilla, Spain, which draws its water from the nearby river Pisueña. In less than 12 months, by regulating the volume of water used in the milk evaporators and the condenser, we reduced water usage per tonne of product by an equivalent of 900 Olympic swimming pools. The installation of three new cooling towers led to an additional 25% drop, and we expect to make further savings by having replaced the former cooling equipment with the current ammoniac central refrigeration system.





If farmers, energy companies, other industry and consumers continue the way they are using water today, we should expect global shortfalls in cereal production due to water shortage in the order of 30% by 2025.”

Peter Brabeck-Letmathe, Chairman

Our commitment

Treat the water we discharge effectively

By 2016 – Implement new Nestlé Environmental Requirements for water quality and effluent discharge in all factories.

Our progress

We have further strengthened our requirements for water quality and effluent discharge. We reduced water discharges per tonne of product by 48.5% since 2005.

Our perspective

Ensuring that our factories meet the ambitious targets for discharged water quality from 2016 is a challenge. We have initiated a survey to identify gaps in our existing wastewater treatment infrastructure allowing us to focus investment on where it is needed most. The survey has highlighted some areas of improvement and also the need to strengthen our internal reporting and control systems. We also strive to continually improve our environmental performance through training of employees and raising awareness. Wherever possible, we use municipal wastewater treatment facilities, but where these are non-existent or not efficient enough, we invest in our own facilities, returning treated water to the environment according to local legislation and internal standards, whichever is more stringent. This year, we have approved a spend of CHF 18 million on new and improved treatment facilities.



Improving hygiene and sanitation in Côte d'Ivoire

Since 2007, Nestlé has been partnering with the International Federation of Red Cross and Red Crescent Societies (IFRC) and the Red Cross Society of Côte d'Ivoire to provide water and sanitation facilities and hygiene training in Côte d'Ivoire. The third phase of the partnership (2010–2013), concluded in 2013, benefitted 105 088 community members and 58 057 children in four areas of Côte d'Ivoire.



Our commitment

Engage with suppliers, especially those in agriculture

By 2015 – Define and start to implement action plans to save water in our upstream supply chain for coffee, sugar, rice and cereals, in high-priority locations.

Our progress

Nestlé works directly with around 686 000 farmers, many of whom benefitted from assistance ranging from technologies that make agricultural processes less water intensive, to drought-resistant plantlets. Through our global Sustainable Agriculture Initiative at Nestlé (SAIN), 10 water cases were implemented in 2013.

Our perspective

Our greatest challenge to reducing water consumption lies in addressing the impacts on our complex agricultural supply chains. Nestlé is a founding member of the Sustainable Agricultural Initiative Platform, an organisation that promotes knowledge-sharing on best practice in the food chain. We currently chair the Water and Agriculture Working Group, which identified key issues to ensure the positive use and protection of water in agriculture, including: maintaining the safety and quality of agricultural products; improving the economic viability and social progress of farms through water savings; and increasing the protection of environmental ecosystems through the collection of polluted run-off.

783 million

In 2013, 783 million people worldwide did not have access to clean water¹²



Providing clean drinking water facilities in Sri Lanka

Since 2006, Nestlé Sri Lanka has financed the installation of clean drinking water facilities. Starting with villages close to our manufacturing operations, we have introduced 15 free water fountains in public areas. As a result over 18500 students and children have access to safe drinking water. Nestlé also works with schools – teaching students about conservation and the link between clean water and wellness. They are encouraged to become water ambassadors and share their knowledge with family and neighbours.



Our commitment

Raise awareness of water access and conservation

By 2015 – Every Nestlé employee has access to safe water, sanitation and hygiene at the workplace of an appropriate standard.

By 2016 – 350 000 beneficiaries in local communities have access to water, sanitation or hygiene projects around our manufacturing facilities and in Farmer Connect areas.

Our progress

Currently, over 300 000 beneficiaries are reached by water, sanitation and hygiene projects around our manufacturing facilities. In 2013, Nestlé became one of the first signatories of WBCSD's pledge that commits businesses to upholding the human right to water and sanitation within their operations. Project WET, a global water education programme sponsored by Nestlé, has reached out to hundreds of thousands of beneficiaries in 66 countries.

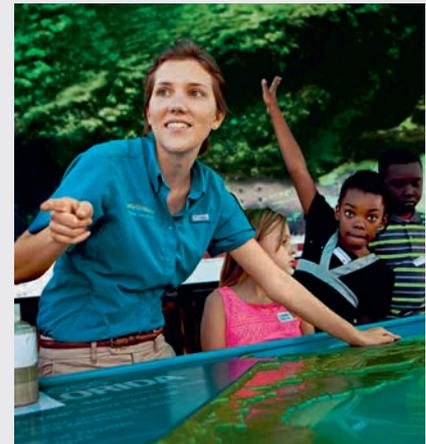
Our perspective

The WHO estimates that every person needs 50 to 100 litres of fresh water per day to ensure that our basic daily needs are met and few health concerns arise, but in 2013, around 783 million people remained without access to clean water¹². We must ensure our operations do not compromise the right to water of local communities, provide access to clean water and sanitation to employees, and assist in the provision of clean water and improved sanitation to priority communities adjacent to selected factories and locations, where Nestlé sources agricultural commodities.



Project WET tours US schools

In Florida, USA, Project WET, an award-winning non-profit water education programme, visited elementary schools over the last 12 months in a new interactive tour truck. This WaterVentures Learning Lab reached out to more than 200 000 people with engaging exhibits related to the hydrogeology and biodiversity of the state. It is staffed by trained teachers, who make learning about saving water fun for schoolchildren, parents and teachers.



¹² United Nations Millenium Development Goals Report 2012



Environmental sustainability

66 594

Tonnes of packaging material saved in 2013

Our commitment

Improve resource efficiency

By 2015 – We will achieve zero waste for disposal in 10% of our factories.

By 2015 – We will reduce energy consumption per tonne of product in every product category to achieve an overall reduction of 25% since 2005.

Our progress

In 2013, 61 Nestlé factories (12%) achieved zero waste for disposal (2012: 39 factories, 8%). This means we achieved the objective we set ourselves in 2012 two years early. We have also reduced overall energy consumption per tonne of product by 23% since 2005 (2012: 21%).

Our perspective

The Nestlé Environmental Management System (NEMS), used to implement the Nestlé Policy on Environmental Sustainability, is based on a continual improvement management cycle. The effectiveness of NEMS rests on the use of practices provided by our Nestlé Continuous Excellence (NCE) initiative. By applying these practices, we improve our efficiency, quality and productivity, which translates into doing more with fewer resources and less waste. Our challenge is that, in many countries, public waste recovery and recycling infrastructure are insufficiently developed.



Factories of the future

Our new GBP 35 million Nestlé Waters factory in Buxton, UK, is one of Europe's most innovative and efficient bottling facilities. Rated 'Excellent' by BREEAM, the world's leading design and assessment method for sustainable buildings, the production lines have enabled our water business to significantly lower its energy use and to cut packaging by an average of 25% across the *Buxton* and *Pure Life* ranges.



Our commitment

Improve the environmental performance of our packaging

We will expand the scope of our packaging ecodesign by moving from PIQET, a tool that optimises the environmental performance of our packaging, to a broader, more holistic approach that covers the entire value chain, called Ecodesign for Sustainable Product Development and Introduction (EcodEX).

Our progress

In 2013, 66594 tonnes of packaging material were saved, which is equivalent to CHF 158.5 million (2012: 47125 tonnes). We also evaluated 5200 projects and more than 15500 scenarios (2012: 4000 projects and 13000 scenarios).

Our perspective

The packaging of our products is crucial to prevent food waste, guarantee our high quality standards and inform our consumers. We challenge ourselves to achieve both performance and functionality during the design process, whilst optimising the weight and volume. Today, materials from renewable resources are sold at a premium and they often have limited availability, with fierce competition for supplies. In addition, their environmental performance is not always better. Recycled materials do not always have an environmental benefit over virgin material: for example, in some instances we would need a heavier grammage of recycled materials to guarantee our standards.



Environmental sustainability

Our commitment

Assess and optimise the environmental impact of our products

By 2014 – Identify and address the sustainability hotspots for 12 product categories.

By 2014 – Extend the EcodEX ecodesign tool to all research and development locations.

Our progress

In 2013, sustainability hotspots were identified and addressed for 12 product categories (2012: eight categories), while the EcodEX ecodesign tool has been rolled out to all Product Technology Centres (2012: four locations). All new products undergo an environmental sustainability assessment.

Our perspective

The environmental performance of a product starts with good ecodesign, and this relies on product development teams having a clear understanding of environmental life-cycle impacts. To make informed decisions, our teams require accurate databases, which can reflect improvement. We have carried out life-cycle assessments (LCAs) for all main product categories, summarised them and shared the data internally through Sustainability Category Profiles. We have also partnered to create EcodEX – a tool that gives product designers a faster way to analyse impacts. We are rolling it out in phases to ensure it is adopted effectively and to address the challenges raised by new users, such as getting used to interpreting LCA results.



Compressed natural gas delivery truck in Poland

We are exploring opportunities to reduce greenhouse gas emissions and particulate matters, which cause air pollution in urban areas. Nestlé Waters Poland has been pilot testing five delivery trucks fuelled by compressed natural gas (CNG) since 2012. Natural gas has much lower gaseous emissions, reduces noise, produces less CO₂ emissions and it is safer to use than traditional liquid fuels. During the trial, we have found that fuel costs are less, but maintenance costs are higher than a standard vehicle and in Poland the number of filling stations limits operability. We are continuing the trial and today, Nestlé Waters uses eight CNG vehicles.



Our commitment

Provide climate change leadership

By 2014 – We will expand the use of natural refrigerants in our industrial refrigeration systems.

By 2014 – All of our new ice cream chest freezers in Europe will use natural refrigerants.

By 2015 – We will reduce direct greenhouse gas (GHG) emissions per tonne of product by 35% since 2005, resulting in an absolute reduction of GHG emissions.

Our progress

We have reduced direct GHG emissions per tonne of product by 35.4% since 2005, resulting in an absolute reduction of 7.4% (2012: direct GHG emissions declined 14% between 2005 and 2012, while production increased by 31%). This means we achieved the objective we set ourselves in 2012 two years early. We have phased out 93% of our industrial refrigerants with high global warming and ozone-depleting potential (2012: 92%), and 18000 of our new ice cream chest freezers are using natural refrigerants.

Our perspective

We have a holistic approach towards climate change, because considering GHG emissions in isolation may have a detrimental impact on other environmental aspects, such as water. We are committed to phasing out hydrofluorocarbons (HFCs) and replacing them with safe and more environmentally sustainable alternatives, although expanding the deployment of ice cream freezers using natural refrigerants beyond Europe will require an appropriate maintenance network. We regard biofuels as a major climate change challenge and, through our commitment on biofuels, we aim to take all possible and practical measures not to use liquid biofuel from first-generation agricultural products in our operations.

–7.4%

We achieved an absolute reduction in direct GHG emissions of 7.4% since 2005



Wind power in California

In California, USA, Nestlé Waters has introduced two wind turbines at its bottling plant in Cabazon. The turbines will provide wind power to generate some 30% of the facility's electricity needs, offsetting CO₂eq emissions equivalent to more than 20 000 barrels of oil.



Renewable energy in Mexico

With wind power meeting 85% of Nestlé Mexico's electricity needs, the company's Chiapa de Corzo *Coffee-mate* factory has taken another step towards its goal of zero CO₂ emissions by investing CHF 240 000 in a project to improve energy efficiency and reduce greenhouse gases. The factory has installed solar panels, heat exchangers and pumps to preheat water for production. This reduces steam usage and saves the factory 123 tonnes of CO₂eq. In 2011, the project won a prestigious United Nations Development Programme award.

Our commitment

Preserve natural capital, including forests

By 2015 – 30% of the volume of our 12 key commodities volumes have been assessed against our Responsible Sourcing Guideline (RSG) requirements and are compliant, or improvement plans are ongoing.

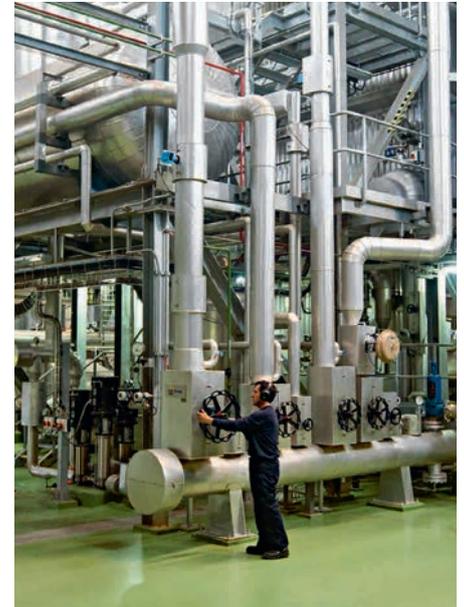
By 2015 – Improvement programmes are taking place for all factories adjacent to Important Water Areas¹³.

Our progress

17% of the volume of our key commodities are responsibly sourced, in accordance with our guideline requirements.

Our perspective

Nestlé is committed to developing its business in a way that safeguards natural capital and, in particular, biodiversity and ecosystem services. We have taken a proactive role in tackling deforestation, particularly in palm oil, through our work to drive traceability, our work directly with suppliers and our support for the goal of the Consumer Goods Forum to achieve zero net deforestation by 2020. In our own commitment on no deforestation, we pledge that our products will not be associated with deforestation. We have worked with partners to source credible data on where deforestation is occurring and in 2013 we shared the results of our collaboration with Conservation International which produced an analysis of deforestation in 32 countries. We have also worked in 2013 to identify important water areas with high biodiversity value that our factories are adjacent to and will work during the next year to ensure that the business helps safeguard these important areas of biodiversity.



Switching to natural gas in Chile

We have invested heavily in factories across Chile in recent years to meet an increased demand for dairy products, whilst improving our environmental performance. Leading the way with an ambitious and innovative project to switch our factories to natural gas from coal and fuel oil, we have already invested CHF 5 million to update factory equipment. Cleaner, more efficient energy means GHG emissions are down 30% across three sites, with lowered particulate emissions and projected annual savings of CHF 1 million.



¹³ Water-related areas of a catchment that are legally protected or under a conservation agreement which, if impaired or lost, could adversely impact the environmental, social, cultural or economic benefits derived from the catchment in a significant or disproportionate manner.



Environmental sustainability

109

Countries where fact-based environmental information is accessible to consumers

Our commitment

Provide meaningful and accurate environmental information and dialogue

By 2016 – Fact-based environmental information will be accessible to consumers in all countries.

Our progress

We leverage relevant contact points (such as digital, packaging and point-of-sale) to inform consumers of environmental improvements and challenges and, in 2013, fact-based environmental information was accessible to consumers in 109 countries.

Our perspective

We are continually improving our products' environmental performance across the entire value chain. We give our consumers product information based on scientific, substantiated evidence so that they can make informed choices. To help explain the complex topic of environmental sustainability to non-specialists, we also support and shape the development of communications best practice and standards, working in collaboration with industry and government, and leading forums such as the European Food Sustainable Consumption and Production Round Table and Food Drink Europe. We continue to address the challenge of explaining the complex topic of environmental sustainability through the use of new communications tools such as the *Nescafé* Life Cycle Assessment communication tool and Nestlé Beyond the Label.



Waste reduction in focus

We pledge to achieve zero waste in Europe by 2020. It means that no factory waste will go to landfill or be incinerated, without energy being recovered from the process.





Our people, human rights and compliance

Our commitment

Assess and address human rights impacts in our operations and supply chain

By 2015 – All FTSE4Good¹⁴ countries of concern where we have significant¹⁵ involvement are covered and employees trained.

By 2015 – Include human rights across all 12 commodities covered by the Nestlé Responsible Sourcing Guideline.

Our progress

In 2013, we trained a further 6650 employees on human rights, in nine FTSE4Good countries of concern. Since the launch of our online human rights training tool in 2011, 37 768 employees have been trained across 64 countries. We are the first multinational company to issue a public report on Human Rights Impact Assessment.

Our perspective

In 2013, Nestlé began implementing a new Rural Development Framework that, for the first time, included detailed human rights indicators for our supply chain. It is a difficult area and requires a careful balance between transparency and confidentiality to identify the real issues within a locality. The challenges we face include rolling out our human rights approach to all country operations, raising awareness among employees, and integrating respect for human rights into our supply chain traceability and management systems. Our detailed Human Rights Due Diligence Programme is already helping us to address these – and other – human rights issues.

¹⁴ FTSE4Good is the responsible investment stock market index of the London Stock Exchange. It is designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards.

¹⁵ A significant country is where we have 1000+ employees or GBP 100 million in turnover or assets in these countries through a 20%+ equity stake in subsidiaries or associates incorporated there.



Addressing child labour in Côte d'Ivoire

In collaboration with the International Cocoa Initiative, Nestlé is helping identify and address specific incidences of child labour in Côte d'Ivoire. Under the scheme, local community members highlight the impacts of child labour on families through awareness sessions and regular visits to plantations. Initial results show the system is helping to identify at-risk children. In one region, 70% of children were involved in cocoa-related work of some form or another, while 19% were involved in dangerous cocoa-related work.



Women's empowerment in focus

Women do more than two thirds of the work involved in coffee farming in Kenya and we are working with nine co-operatives to encourage more female coffee growers to take up leadership roles.

Our commitment

Eliminate child labour in key commodities (cocoa, hazelnuts, vanilla)

By 2015 – Completed action plans for cocoa, hazelnuts and vanilla, with 60 000 farmers trained on child work/labour practices; 60 schools built or renovated; and 80% of co-ops covered by a child labour monitoring and remediation system (100% by 2016).

Our progress

Working with the Fair Labor Association (FLA), we are implementing action plans that focus on commodities and countries where there is a higher risk of child labour. Our cocoa and hazelnut plans are being implemented in two countries.

Our perspective

Today, around 168 million children across the world are forced to work. We share the view that individually a company cannot solve the problems around labour standards in the agricultural sector. Effective, long-term solutions require a multi-stakeholder approach that includes industry, government and NGOs. Our ambition remains to prevent and eliminate all forms of child labour from our supply chain, while respecting family situations and the legitimate need for rural development. We are affiliates of the FLA and in 2013, acting upon its recommendations, have worked with the International Cocoa Initiative (ICI) to introduce a monitoring and remediation system that addresses incidences of child labour.



Our people, human rights and compliance

333 214

333 214 people work for Nestlé across 121 countries

Our commitment

Market breast-milk substitutes responsibly

As part of our ongoing efforts to promote breastfeeding, report publicly on our progress regarding the responsible marketing of breast-milk substitutes.

By 2014 – Ensure our newly acquired Wyeth Nutrition Infant Formula business meets the FTSE4Good Index criteria.

Our progress

We are included in the FTSE4Good Index – the only global responsible investment index with clear criteria on the marketing of breast-milk substitutes (BMS). In 2013, our practices were audited in 31 countries by internal auditors and in three countries by Bureau Veritas. In light of the recommendations, we have enhanced our transparency and good governance mechanisms and strengthened our compliance systems.

Our perspective

We believe breast-milk is the best food for infants, but there are still numerous barriers to breastfeeding, including inadequate maternity legislation. When, in consultation with their healthcare providers, mothers and families decide that optimal breastfeeding is not possible, infant formula – the only suitable BMS recognised by the WHO – plays a vital role in providing essential nutrients to infants. We are committed to the highest standards of responsible marketing of BMS and comply with the WHO Code as implemented by national governments. We will continue to engage with key stakeholders to increase collaboration, promote responsible conduct and establish an accepted and transparent process for assessing the commercialisation of BMS.



Keeping people safe in the Philippines

Nestlé Philippines has introduced a number of safety first initiatives to reduce incidents and injuries across the business. One Minute to Save a Life encourages staff to keep safety in mind before starting tasks. The campaign focuses on the questions that could prevent an accident, yet only take a minute to answer. Another initiative, Life Saving Rules, encourages employees to prioritise safety over production. Key performance indicators are set at every level, monitored daily and reviewed monthly among the factory managers and department heads. Evidence from workers suggests the campaigns have had a significant impact on behaviour, with many showing a greater willingness to share safety practices with others.



Our commitment

Ensure that all Nestlé units have the necessary systems in place to deliver the same level of basic safety and health protection for all employees

By 2016 – Certify the safety and health management systems for all office-based and sales staff.

Our progress

In 2013, the safety and health management systems at 442 factories, 130 distribution centres and 25 R&D centres were certified to OHSAS 18001 (2012: 418 factories, 130 distribution centres and 24 R&D centres).

Our perspective

Improvement in our safety and health systems and their certification needs long-term engagement across the organisation in every market, whether our businesses are field- or office-based. This can be challenging, as it may entail a significant behavioural step change in markets where the current level of engagement of sales and office-based staff in safety and health is low.



We are committed to transparency, compliance and good governance. Taking part in the FTSE4Good assessment process demonstrates that commitment, and enables us to continuously improve our approach to the responsible marketing of breast-milk substitutes.” Luis Cantarell, Head of Nestlé Nutrition

Our commitment

Enhance gender balance

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 Centre).

Our progress

We have signed up to the UN Women’s Empowerment Principles and are ensuring men and women at management level progress at the same rate. In 2013, 31% of our managers were women (2012: 29%), 19% of whom were in senior leadership roles.

Our perspective

Men have dominated the world of business for centuries, but the changing role of women and men in society in recent years has created a need for gender balance at all levels. Nestlé, along with many other food and drink manufacturers, has been slow to take action on addressing this, but we do believe that different ways of thinking complement each other and lead to better decisions – gender balance simply makes business sense. However, we remain opposed to setting artificial quotas, preferring to put strategic steps in place to encourage a natural gender balance, promoting the best person for the role.

Our commitment

Offer 20 000 job opportunities for young people below 30 years of age at Nestlé in Europe

By 2016 – Nestlé will hire 10 000 young people and 10 000 trainees or apprentices below 30 years of age in Europe.

Our progress

We have announced a three-year Europe-wide plan to help at least 20 000 people under the age of 30 find employment. We are also encouraging our European suppliers to offer jobs, apprenticeships or traineeships to young people.

Our perspective

Youth unemployment is a major issue in Europe, with one in four young Europeans – about 5.6 million people – affected. Nestlé is growing in Europe and needs to prepare the next generation. Attracting and retaining the best talent is critical for gaining competitive advantage in a slowly recovering economy, and Nestlé will offer thousands of jobs, traineeships and apprenticeships to under-30s by 2016. The roles will be across the business and at all levels – from operators on the factory floor to sales assistants and business managers. We will capture our progress against all markets’ objectives with regular monitoring across all European operations.

Our commitment

Provide training and education for our employees in CSV, Nutrition Quotient (NQ) and environmental sustainability

By 2014 – Creating Shared Value will be embedded in all courses at our international training centre in Switzerland (reaching approximately 3000 current and future leaders annually), e-learning designed and made available to all employees, and a new leadership course piloted.

By 2015 – For Nutrition Quotient (NQ)¹⁶ training, our company-wide commitment is to have all Nestlé employees trained at least once on the NQ Foundation Module by the end of 2015, including an e-learning module.

By 2016 – Strengthen our ability to meet our commitments through environmental awareness sessions for our employees. Environmental awareness training will be run in all countries by 2016.

Our progress

In 2013, environmental awareness training and education sessions for our employees were held in 79 countries (2012: 52 countries). More than 245 650 employees around the world have completed NQ¹⁶ training since the programme was launched in 2007 and, in 2013, 108 083 people received refresher training.

Our perspective

It is always a challenge for any training or education to influence day-to-day activity. To meet this challenge we start by systematically including Creating Shared Value in management training. Specifically on nutrition awareness, the aim of the NQ¹⁶ training programme is to ensure everyone at Nestlé has a good nutrition understanding and is empowered to apply the learning in their professional activities and day-to-day lives, while our Nestlé Environmental Management System fosters a systematic, employee-involved, continuous improvement culture that helps us develop more environmentally sustainable business practices. In 2013, we added an Environmental Sustainability Leadership – We Make Nestlé Resourceful workshop, providing new tools and approaches for employees and enabling different functions to share ideas.

¹⁶ Nestlé’s Nutrition Quotient training programme helps our people make both personal and business nutrition choices based on the most up-to-date scientific evidence.

Stakeholder engagement

Effective dialogue with our stakeholders is central to Creating Shared Value, both in terms of understanding opinions and concerns, and in delivering our commitments. Our stakeholder engagement programme helps us to shape responses to shared challenges, drive performance improvements, and ultimately strengthen collective action.

Our approach

While we encourage our businesses to identify key stakeholders at a national level, our global engagement is co-ordinated centrally, through the Creating Shared Value Forum series and regular stakeholder convenings. Together, these are an important part of an engagement process that underpins our materiality assessment.

The Creating Shared Value Forum focuses on the role of business in development, particularly as it relates to nutrition, rural development and water. The stakeholder convenings are more focused on issues specific to our company, including environmental sustainability, human rights, compliance and the delivery of our commitments, as well as our three Creating Shared Value focus areas – nutrition, water and rural livelihoods. Stakeholder convenings have taken place in 2007 (Geneva); 2008 (Washington DC); 2009 (Geneva and Kuala Lumpur); 2011 (New Delhi and London); 2012 (Nairobi and London); and 2013 (London).

The outcomes of stakeholder convenings are fed back to senior management and taken into account in the development of our policies, commitments and actions for the following year. For instance, feedback from earlier convenings has been incorporated into our new Rural Development Framework and also led to our partnership with the Fair Labor Association (FLA), in which we are currently working to identify and eliminate child labour in our cocoa supply chain. Feedback from the convenings also forms the basis for our materiality analysis (see page 29).

Stakeholder convening 2013

Our London convening has become a regular event and in March 2013, we held our third convening there. Our objectives were to understand stakeholder expectations and concerns; report back on previous convenings; stimulate fresh thinking; review our new table of commitments;

Key external stakeholder groups

Our global stakeholder network is vast. It ranges from people we regularly engage with as part of our operations, to those whose public positions influence our activities.

We identify the following groups as fundamental to our continuing business success (in alphabetical order):

- Academia
- Communities
- Consumers and the general public
- Customers
- Employees
- Governments
- Industry and trade associations
- Intergovernmental organisations
- NGOs
- Reporting agencies
- Shareholders and the financial community
- Suppliers (including farmers and smallholders)



Stakeholder engagement in focus

The fifth Creating Shared Value Forum took place in Colombia in October 2013, with leading experts present to stimulate thought and open discussion.

Stakeholder recommendations: London convening 2013

Think more about the interconnectivity of issues in order to increase the impact of Nestlé's work	Stakeholders asked Nestlé to articulate and leverage the connections between issues. They observed, for instance, that nutrition and rural development are closely linked, citing the example of children in cocoa-growing areas who suffer from stunted growth. Nutrition and the living wage are also linked (workers and farmers who cannot afford to feed their families); as are water and human rights (all people have a right to water and a right to sanitation).
Convene NGOs, governments and competitors around Nestlé's key priorities	Stakeholders would like to see Nestlé use its influence and convening power to enable collaboration and partnerships in order to build 'the enabling environment'. Also, stakeholders continue to expect Nestlé to do more to collaborate with its competitors on issues such as the living wage, where one company cannot 'do it alone'.
Be bolder in corporate communications as part of Nestlé's leadership	Stakeholders believe that as the world's biggest food and beverage company, Nestlé has an obligation to participate in public debate, to mainstream Creating Shared Value as a way of doing business, and to inspire value chain partners and others towards a common purpose.
Be clearer about how Nestlé's Creating Shared Value policies, programmes and commitments are implemented into global operations	There was a feeling that Nestlé's Creating Shared Value work continues to be weighted too strongly towards our headquarters in Vevey. Stakeholders would like to see greater clarity on how Creating Shared Value is implemented and managed in the markets and businesses through decision-making, performance measurement processes, procurement contracts and other management tools.
Make and publish commitments relating to Nestlé's sphere of influence, as well as commitments relating to Nestlé's sphere of control	Stakeholders wanted to see commitments reflecting the full range of Nestlé's work. For example, water commitments beyond factory operations, climate commitments that cover adaptation as well as mitigation, nutritional commitments across the human lifetime from pre-natal to old age, and human rights commitments with respect to influencing suppliers.
Use Nestlé's marketing power to educate and inspire citizen-consumers	As with Nestlé's corporate communications, stakeholders expect Nestlé to use its consumer communications to raise awareness of nutrition issues, human rights and environmental issues, and to help stimulate change in consumer behaviour on issues such as food waste or climate change.

and prioritise key actions on Creating Shared Value, sustainability and compliance issues.

The event was attended by more than 40 representatives of NGOs, government, academia and multilaterals. Our CEO, Paul Bulcke, attended the convening, in response to previous stakeholder requests for more senior management participation, along with Nestlé staff from our Vevey headquarters and the UK. The stakeholder participants made a number of recommendations (see above).

Creating Shared Value Forum 2013

On 28 October, Nestlé, in collaboration with the Inter-American Development Bank, co-hosted the fifth Creating Shared Value Forum in Cartagena, Colombia, which was opened by Colombian President Juan Manuel Santos. The theme of the event was 'Creating Shared Value: The changing role of business in development'.

Peter Brabeck-Letmathe, Nestlé's Chairman, and CEO Paul Bulcke joined more than 20 leading international and Latin American experts from government, academia, civil society and business to discuss how to accelerate sustainable development. The topics included the challenges of over- and under-nutrition across the Americas, and the connection between water, the environment and food security. Some 300 invited guests from Latin America and beyond attended in person and on the internet, the event received 5700 Twitter followers. We also transmitted a public webcast of speaker presentations, which has received over 3300 visitors to date.

Materiality

What are material issues?

According to the Global Reporting Initiative (GRI), material issues include: “Those topics that have a direct or indirect impact on an organisation’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large”.

In simple terms, materiality is about identifying the issues that matter most to our business and our stakeholders. We plot 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 not only helps us to identify issues that stakeholders want to see us cover in our reporting, but also helps us to decide where to focus our internal resources.

Refreshing our materiality assessment

Since 2006, we have worked with SustainAbility to identify and prioritise the issues deemed most important to our company and its stakeholders. Consulting our stakeholders during this process has allowed us to realign our priorities to match stakeholders’ expectations as closely as possible. Furthermore, their feedback enables us to identify new and increasingly important societal challenges that we must address through our work. This year, we have also started identifying interconnections between issues that overlap in order to understand how we can best manage these issues.

In 2013, we commissioned an update of our materiality assessment and revised the list of 45 material issues to make 23 broader issue categories. These issues were placed on the matrix opposite after a process of prioritising that took into account stakeholder feedback and assessed business impact.

We will continue to review and share our materiality analysis each year. Next year, a full analysis will be conducted to streamline material issues according to GRI G4 guidelines, which will in turn shape the content of our next report.

The latest report distils the list of 23 broader issues into two categories

Societal issues that are material for Nestlé’s business and which Nestlé can contribute to addressing:

- Animal welfare
- Climate change
- Food and nutrition security
- Food safety
- Food waste
- Human rights
- Natural capital
- Over- and under-nutrition
- Rural development
- Water stewardship
- Women’s empowerment and equality

Nestlé issues, where there are material opportunities and risks, and where Nestlé needs to go beyond compliance with national laws, and deliver on its global business principles and codes of conduct:

- Business integrity
- Community relations
- Employee health and safety
- Employee relations
- Governance and transparency
- Manufacturing
- Packaging
- Product labelling
- Product marketing and communications
- Public policy, advocacy and lobbying
- Sourcing and traceability
- Transport and distribution

2013 Nestlé materiality matrix



Future directionality:

- Increasing stakeholder concern and business impact
- Steady stakeholder concern and business impact
- Increase in stakeholder concern

Full commitments table



Commitment	How	Progress	Objective
Build knowledge leadership in children's nutrition through a deep understanding of their dietary intakes and lifestyle habits	Implement large-scale dietary surveys to identify key nutrient gaps, understand dietary and lifestyle patterns of pregnant women, babies and children up to 12 years of age through the Feeding Infants and Toddlers Study and the Kids Nutrition and Health Study, as well as through the Nestlé Nutrition Institute, a professional scientific community of 210 000 members, 70% of whom are active in maternal and child nutrition.	The Feeding Infants and Toddlers Study (FITS), for example, has been conducted twice in the USA and implemented in five other countries. FITS examines the specific intakes and eating patterns of children aged 0–4 in relation to recommendations from the authorities. The studies identified nutritional gaps and poor dietary patterns, including inadequate intake of key nutrients such as iron and vegetables.	By 2016 – Launch large-scale research projects in at least 10 countries across the globe, including the USA, Mexico, China and France.
Lead the industry in nutrition and health research through internal programmes and external collaborations with top institutions	Launched in 2011, Nestlé Health Science is a wholly owned subsidiary of Nestlé. Its mission is to use the knowledge generated by the Nestlé Institute of Health Sciences to pioneer innovative nutritional solutions for people with chronic medical conditions. Nestlé Health Science focuses on six areas: ageing medical care, critical care/surgery, paediatric medical care, brain health, metabolic health, and gastrointestinal health.	The NIHS received two EU-funded grants, a European Research Council award on biological-clock-regulated metabolism, and a second on developing human models of metabolic dysfunction. The collaboration between the NRC and the EpiGen Consortium (an international alliance of the world's leading epigenetics researchers) was extended in 2013. The aim is to understand and substantiate optimal nutrition for mothers during pregnancy and for infants to promote metabolic health throughout life.	By 2016 – To further develop and integrate the molecular nutrition capabilities and clinical strategies of the Nestlé Institute of Health Sciences (NIHS) and the Nestlé Clinical Development Unit to better define health globally for the prevention and management of disease using nutritional solutions. To refocus the Nestlé Research Center (NRC) on five key platforms: Healthy Ageing; Healthy Pleasure; First 1000 days and Healthy Kids; Sustainable Nutrition; and Food Safety and Integrity.

For all objectives, we aim to fulfil our commitment by 31 December of the year stated.

Commitment	How	Progress	Objective
Provide nutritionally sound products designed for children ¹	Nestlé Nutritional Profiling System/Nestlé Nutritional Foundation ² criteria Nestlé Children's Healthy Growth Strategy	At the end of 2013, 96% of our products met all of the Nestlé Nutritional Foundation criteria ² for children (2012: 89%), which are based on international public health recommendations, such as those of the World Health Organization and the Institute of Medicine.	By 2014 – 100% of our children's products ¹ will meet all Nestlé Nutritional Foundation criteria ² for children.
Help reduce the risk of under-nutrition through micronutrient fortification	Nestlé Micronutrient Fortification Policy (2000, updated 2011) Nestlé Biofortification Programme: sourcing conventionally-bred staple food crops which are biofortified with essential vitamins and minerals in order to promote their planting and consumption by rural populations in developing countries.	In 2013, we provided over 167 billion servings of nutritious and fortified foods and beverages such as products used to prepare family meals, dairy products, powdered beverages or cereals for children (2012: over 150 billion). In 2013, six biofortified products (rice, wheat, maize, sweet potato, cassava and millet) were in development in our R&D centres (2012: eight crops).	By 2016 – We will reach 200 billion micronutrient fortified servings of foods and beverages annually worldwide, with a special focus on children and women of childbearing age. By 2015 – We will launch biofortified products in key markets as a complement to direct fortification.
Reduce sodium (salt) in our products	Nestlé Policy on Sodium (Salt) (2005, updated 2014) based on WHO recommendations	In November 2013, we pledged to accelerate salt reduction across all of our savoury food products to support the WHO salt target ³ . In 2012 our culinary and breakfast cereal recipes contained 14 043 tonnes less salt than in 2005, a 3.3% reduction of salt in culinary products (volumes) compared to 2011. In 2013, 96% of our children's products ¹ met the Nestlé Nutritional Foundation sodium criteria ² (2012: 90%).	By 2014 – 100% of children's products ¹ meet the Nestlé Nutritional Foundation sodium criteria ² . By 2016 – We will further reduce salt content by 10% in products that do not meet the Nestlé Nutritional Foundation criteria ² .
Reduce sugars in our products	Nestlé Policy on Sugars (2007, updated 2014) based on WHO recommendations	At the end of 2013, 96% of our children's products ¹ met the Nestlé Nutritional Foundation sugars criteria ² (2012: 90%).	By 2015 – Reduce the sugar content in any serving of children's ¹ or teenagers' ⁴ breakfast cereal brands to 9 g or less per serving. By 2016 – We will further reduce sugar content by 10% in products that do not meet the Nestlé Nutritional Foundation criteria ² .

1 Products for which 50% or more consumers are below 12 years of age, or are designed for or perceived as being designed for this age group.

2 The Nestlé Nutritional Foundation criteria are based on nutrition science and public health dietary recommendations, such as those of the

World Health Organization and other global or local authorities. Our products are evaluated against these criteria, using the Nestlé Nutritional Profiling System, which determines their nutritional value and whether they achieve the Nestlé Nutritional Foundation.

3 No more than 5 g of salt per person, per day, by 2025.

4 Products for which 50% or more consumers are below 18 years of age and within this, more teens than children.

Commitment	How	Progress	Objective
Reduce saturated fats and remove trans fats originating from partially hydrogenated oils in our products	<p>Nestlé Policy on Saturated Fats (2009, updated 2014) based on WHO recommendations</p> <p>Nestlé Policy on Trans Fats (2003, updated 2014) based on WHO recommendations</p>	<p>Since the establishment of the Nestlé Policy on saturated fat, saturated fat levels of numerous products – especially children’s products¹ – have been significantly reduced. At the end of 2013, 96% of our children’s products¹ met the Nestlé Nutritional Foundation saturated fats criteria² (2012: 90%). With regard to trans fats, at the end of 2013, almost all our food and beverage products met our Nestlé Policy. In 2014, we are further strengthening our commitment to continuous improvement by updating this policy to remove all trans fats originating from partially hydrogenated oils from all of our foods and beverages.</p>	<p>By 2014 – 100% of children’s products¹ meet the Nestlé Nutritional Foundation saturated fats criteria².</p> <p>By 2016 – We will further reduce saturated fat content by 10% in products that do not meet the Nestlé Nutritional Foundation criteria² and we will remove trans fats originating from partially hydrogenated oils (PHOs).</p>
Help increase consumption of whole grains and vegetables, including via healthier home cooking	<p>Nestlé adding whole grains to breakfast cereals.</p> <p>Nestlé promoting vegetable consumption via teaching home cooking and healthy meal structure.</p>	<p>At the end of 2013, our <i>Maggi</i> Cooking Lesson Programme was taking place in 16 countries (2012: eight countries), teaching balanced home cooking and a healthy meal structure. To date, 68% of the <i>Maggi</i> product portfolio promotes home cooking and meals with vegetables. We have also introduced more whole grains than any other ingredient in at least 74% of servings of our children’s¹ or teenagers’⁴ breakfast cereals (2012: breakfast cereals with the Green Banner on-pack contained at least 8 g whole grain per serving).</p>	<p>By 2015 – More whole grain than any other ingredient in any serving of children’s¹ or teenagers’⁴ breakfast cereals.</p> <p>By 2015 – <i>Maggi</i> Cooking Lesson Programme will be ongoing in 30 countries.</p> <p>By 2015 – 90% of <i>Maggi</i> product portfolio worldwide promoting home cooking and meals with vegetables.</p>
Deliver nutrition information and advice on all our labels	<p>Nestlé Standard on Nutritional Compass Labelling (2005, updated 2011)</p> <p>Nestlé Standard on Nutrition/Guideline Daily Amount (GDA) Labelling (2006, updated 2013)</p>	<p>At the end of 2013, we were featuring GDA-based labels on 53.5% of our relevant products and started preparing for using children’s reference values where regulations allow. In 2013, we also developed guidelines to help marketing teams provide nutritional information to consumers through QR codes. These are implemented on more than 160 product lines across 13 brands in 36 countries.</p>	<p>By 2016 – All our relevant⁵ food and beverage products worldwide will have Guideline Daily Amount (GDA)-based labels on front of pack.</p> <p>By 2016 – We will introduce GDA-based labelling, based on children’s reference values, to all products designed for children¹, where regulations allow.</p> <p>By 2016 – Provide further product information and nutrition advice on pack, via Quick Response (QR) codes for smartphones.</p>

1 Products for which 50% or more consumers are below 12 years of age, or are designed for or perceived as being designed for this age group.
 2 The Nestlé Nutritional Foundation criteria are based on nutrition science and public health dietary recommendations, such as those of the

World Health Organization and other global or local authorities. Our products are evaluated against these criteria, using the Nestlé Nutritional Profiling System, which determines their nutritional value and whether they achieve the Nestlé Nutritional Foundation.

4 Products for which 50% or more consumers are below 18 years of age and within this, more teens than children.
 5 Products with significant everyday usage, by humans (not pets), that deliver calories, and have sufficient pack surface to feature a GDA label.

Commitment	How	Progress	Objective
Provide portion guidance	Nestlé Portion Guidance initiative: making the right size and frequency of consumption as intuitive as possible (launched 2011).	By the end of 2013, children's ¹ and family ⁶ products amounting to sales of CHF 12.6 billion already offered specific portion guidance.	By 2015 – Provide portion guidance on all children's ¹ and family ⁶ products.
Promote healthy diets and lifestyles/physical activity	Nestlé Healthy Kids Programme (launched 2009): teaching schoolchildren about healthy diets and active lifestyles, in partnership with appropriate stakeholders, including the International Association of Athletics Federations.	At the end of 2013, we were actively working with more than 280 partners to deliver our Healthy Kids Global Programme in 68 countries (2012: 64 countries). These efforts increase children's basic knowledge of the importance of nutrition and exercise, and reached 6.9 million children in 2013 alone.	By 2015 – Nestlé Healthy Kids Global Programme will be ongoing in 80 countries, with the activation of the International Association of Athletics Federations (IAAF) Kids Athletics programme.
Promote healthy hydration as part of healthy lifestyles	Gather medical evidence and raise awareness about the essential role of hydration for health, with a special focus on children (launched 2010). Water Education for Teachers (Project WET)	In 2013, we completed additional research on children's hydration status in Egypt and are preparing scientific publications on the results. We also launched new awareness-raising campaigns, for example in the USA and Turkey.	By 2014 – Further implement our fact-based healthy hydration awareness programme for healthcare professionals, caregivers and parents worldwide.
Implement nutrition education programmes to promote good nutrition practices	Nestlé Nutrition Institute led programmes and services for healthcare professionals focused on the first 1000 days of life, from conception to the second birthday. Nestlé provides employees with Nutrition Quotient training.	We offer nutrition education for healthcare professionals through the Nestlé Nutrition Institute (NNI), an independent not-for-profit organisation, which is the world's largest private publisher of nutritional information. It is active in nearly 200 countries and more than 210000 healthcare professionals are registered members of its educational website.	Maintain continuous nutrition education and intervention programmes for healthcare professionals addressing under- and over-nutrition problems.

⁶ Products for which more than 20% but less than 50% of consumers are below 18 years of age.



Rural development and responsible sourcing

Commitment	How	Progress	Objective
Roll out the Rural Development Framework ⁷	Development of framework covering farmers, farm workers and communities	Our Rural Development Framework ⁷ was published in December 2012 and has been rolled out in three priority locations to date – Côte d'Ivoire, China and Vietnam. It is helping us to align business activities with local priorities for community engagement, impact assessments and rural development programmes.	By 2015 – Put baseline assessments in place in 21 countries of key importance to our business that show pronounced social need.
Roll out the <i>Nestlé Cocoa Plan</i>	By enabling farmers to run profitable farms, eliminating child labour while developing a sustainable supply chain for Nestlé cocoa.	In 2013, we purchased 62 299 tonnes through the <i>Nestlé Cocoa Plan</i> , rolled out child labour monitoring and remediation at 8 co-ops, built or refurbished 13 schools and trained 33 885 cocoa farmers (2012: 46 000 tonnes, 2 co-ops, 13 schools, 27 000 farmers).	By 2014 – Source 80 000 tonnes of cocoa through the <i>Nestlé Cocoa Plan</i> ; roll out child labour monitoring and remediation to a further 12 co-ops; build 10 schools; train 25 000 cocoa farmers; distribute at least 1 million plants to farmers. By 2015 – Source 100 000 tonnes of cocoa through the <i>Nestlé Cocoa Plan</i> and complete our school-building programme to build 40 schools in four years. By 2016 – Source 120 000 tonnes of cocoa through the <i>Nestlé Cocoa Plan</i> .
Roll out the <i>Nescafé Plan</i>	Focus on sustainable consumption, production and manufacturing. Membership of Common Code for Coffee Community (4C) Partnership with Rainforest Alliance	In 2013, we launched the <i>Nescafé Plan</i> in Central America (reaching a total of 13 countries), sourced 148 198 tonnes of coffee from 176 040 Farmer Connect ⁸ farmers, and distributed over 21.4 million coffee plantlets (2012: 133 792 tonnes, 136 227 farmers, 12.46 million plantlets).	By 2015 – Source 180 000 tonnes of coffee from Farmer Connect ⁸ , which is 100% in line with 4C's ⁹ baseline sustainability standard. By 2020 – Source 90 000 tonnes ¹⁰ of coffee that is compliant with the Sustainable Agriculture Network principles ¹¹ , and distribute 220 million coffee plantlets.

⁷ Created to bring all our rural development activities together, the Framework – supported by our Rural Development Commitment – is composed of four pillars: successful farmers; productive and respected workers; prospering communities; and alignment, collaboration and advocacy.

⁸ Our programme for direct sourcing from farmers, through which we commit to the local sourcing of raw materials, offering technical assistance and ensuring co-operation to meet the highest sourcing standards.

⁹ The Common Code for the Coffee Community (4C) Association is a multi-stakeholder group with members across trade and industry, producers, civil society and companies active in the coffee supply chain.



Rural development and responsible sourcing

Commitment	How	Progress	Objective
Implement responsible sourcing	Nestlé Supplier Code Nestlé Responsible Sourcing and Traceability Programme Partnerships with third parties	We have completed 2507 responsible sourcing audits with 70% full compliance of first tier suppliers (2012: 2261 audits) and currently, 17% of the volumes of our 12 key commodities are traceable. By September 2013, 100% of our palm oil was Roundtable on Sustainable Palm Oil certified (this includes RSPO segregated and GreenPalm Certificates).	By 2015 – Complete 10 000 responsible sourcing audits, with 70% full compliance achieved. By 2015 – 40% of the volumes of 12 key commodities to be traceable (palm oil, soya, sugar, paper, coffee, cocoa, dairy, seafood, shea, vanilla, hazelnut, and meat, poultry and eggs).



Water

Commitment	How	Progress	Objective
Work to achieve water efficiency across our operations	The Nestlé Commitment on Water Stewardship	In 2013, we reduced direct water withdrawals in every product category, achieving an overall reduction per tonne of product of 33% since 2005. We have carried out nine water resource reviews at new facilities, bringing the global number of factories reviewed to 126. Recently, we have identified and prioritised a selection of manufacturing facilities for further improvement (based on water-related physical risks and impacts) and a set of key areas where catchment-level stewardship initiatives will take place.	By 2015 – Reduce direct water withdrawals per tonne of product in every product category to achieve an overall reduction of 40% since 2005. By 2015 – Establish and implement detailed guidelines on human rights to water and sanitation due diligence. By 2016 – Define water stewardship initiatives and start implementation in five high-priority locations. By 2016 – Implement water savings projects in 100% of high-priority manufacturing facilities. By 2016 – Carry out 45 new water resources reviews in selected manufacturing facilities, and all greenfield sites.

¹⁰ This is an aggregate figure from 2010 to 2020.

¹¹ An international coalition of leading conservation groups in sustainable agriculture, with standards for environmental protection, social responsibility and economic vitality.



Commitment	How	Progress	Objective
<p>Advocate for effective water policies and stewardship</p>	<p>The Nestlé Commitment on Water Stewardship</p>	<p>We have published the Nestlé Commitment on Water Stewardship, which sets out our position and strategy. We continue to maintain a strong presence at high-profile initiatives on water policy and challenges, seeking new shared solutions and promoting collective action on water efficiency.</p>	<p>By 2014 – Extending the 2030 Water Resources Group through Public-Private Partnership to other countries.</p> <p>By 2014 – Contribute to the publication of CEO Water Mandate Public Disclosure Guidelines and Guide on good practices for business on the Human Right to Water and Sanitation.</p> <p>By 2014 – Contribute to the completion of the ISO 14046: Water Footprint – Principles, Requirements and Guidelines.</p> <p>By 2014 – Initiate the roll-out for wide adoption of the World Business Council for Sustainable Development (WBCSD) Water, Sanitation and Hygiene self-assessment tool in all our manufacturing facilities.</p> <p>By 2014 – Use the principles of the Alliance for Water Stewardship’s International Water Stewardship Standard as a self-assessment guide at selected high-priority locations.</p>
<p>Treat the water we discharge effectively</p>	<p>The Nestlé Commitment on Water Stewardship Nestlé Environmental Requirements</p>	<p>We have further strengthened our requirements for water quality and effluent discharge. We reduced water discharges per tonne of product by 48.5% since 2005.</p>	<p>By 2016 – Implement new Nestlé Environmental Requirements for water quality and effluent discharge in all factories.</p>
<p>Engage with suppliers, especially those in agriculture</p>	<p>The Nestlé Commitment on Water Stewardship</p>	<p>Nestlé works directly with around 686 000 farmers, many of whom benefitted from assistance ranging from technologies that make agricultural processes less water intensive, to drought-resistant plantlets. Through our global Sustainable Agriculture Initiative at Nestlé (SAIN), 10 water cases were implemented in 2013.</p>	<p>By 2015 – Define and start to implement action plans to save water in our upstream supply chain for coffee, sugar, rice and cereals, in high-priority locations.</p>



Water

Commitment	How	Progress	Objective
Raise awareness of water access and conservation	The Nestlé Commitment on Water Stewardship The World Business Council for Sustainable Development Pledge for access to safe water, sanitation and hygiene at the workplace (WASH Pledge)	Currently, over 300 000 beneficiaries are reached by water, sanitation and hygiene projects around our manufacturing facilities. In 2013, Nestlé became one of the first signatories of WBCSD's pledge that commits businesses to upholding the human right to water and sanitation within their operations. Project WET, a global water education programme sponsored by Nestlé, has reached out to hundreds of thousands of beneficiaries in 66 countries.	By 2015 – Every Nestlé employee has access to safe water, sanitation and hygiene at the workplace of an appropriate standard. By 2016 – 350 000 beneficiaries in local communities have access to water, sanitation or hygiene projects around our manufacturing facilities and in Farmer Connect areas.

Environmental sustainability

Commitment	How	Progress	Objective
Improve resource efficiency	The Nestlé Policy on Environmental Sustainability Nestlé Environmental Management System	In 2013, 61 Nestlé factories (12%) achieved zero waste for disposal (2012: 39 factories, 8%). This means we achieved the objective we set ourselves in 2012 two years early. We have also reduced overall energy consumption, per tonne of product, by 23% since 2005 (2012: 21%).	By 2015 – We will achieve zero waste for disposal in 10% of our factories. By 2015 – We will reduce energy consumption per tonne of product in every product category to achieve an overall reduction of 25% since 2005.
Improve the environmental performance of our packaging	The Nestlé Policy on Environmental Sustainability Nestlé Environmental Management System Packaging Impact Quick Evaluation Tool (PIQET)	In 2013, 66594 tonnes of packaging material were saved, which is equivalent to CHF 158.5 million (2012: 47125 tonnes). We also evaluated 5200 projects and more than 15500 scenarios (2012: 4000 projects and 13000 scenarios).	We will expand the scope of our packaging ecodesign by moving from PIQET, a tool that optimises the environmental performance of our packaging, to a broader, more holistic approach that covers the entire value chain, called Ecodesign for Sustainable Product Development and Introduction (EcodEX).



Environmental sustainability

Commitment	How	Progress	Objective
Assess and optimise the environmental impact of our products	<p>The Nestlé Policy on Environmental Sustainability</p> <p>Sustainability by Design Programme</p> <p>Sustainability by Design Network</p> <p>New ecodesign tool EcodEX covering the entire value chain</p> <p>Life Cycle Assessment (LCA)</p>	<p>In 2013, sustainability hotspots were identified and addressed for 12 product categories (2012: eight categories), while the EcodEX ecodesign tool has been rolled out to all Product Technology Centres (2012: four locations). All new products undergo an environmental sustainability assessment.</p>	<p>By 2014 – Identify and address the sustainability hotspots for 12 product categories.</p> <p>By 2014 – Extend the EcodEX ecodesign tool to all research and development locations.</p>
Provide climate change leadership	<p>The Nestlé Policy on Environmental Sustainability</p> <p>Nestlé Commitment on Climate Change</p>	<p>We have reduced direct GHG emissions per tonne of product by 35.4% since 2005, resulting in an absolute reduction of 7.4% (2012: direct GHG emissions declined 14% between 2005 and 2012, while production increased by 31%). This means we achieved the objective we set ourselves in 2012 two years early. We have phased out 93% of our industrial refrigerants with high global warming and ozone-depleting potential (2012: 92%), and 18000 of our new ice cream chest freezers are using natural refrigerants.</p>	<p>By 2014 – We will expand the use of natural refrigerants in our industrial refrigeration systems.</p> <p>By 2014 – All of our new ice cream chest freezers in Europe will use natural refrigerants.</p> <p>By 2015 – We will reduce direct greenhouse gas (GHG) emissions per tonne of product by 35% since 2005, resulting in an absolute reduction of GHG emissions.</p>
Preserve natural capital, including forests	<p>The Nestlé Policy on Environmental Sustainability</p> <p>Sustainability by Design Programme</p> <p>Sustainability by Design Network</p> <p>New ecodesign tool EcodEX covering the entire value chain</p> <p>Life Cycle Assessment (LCA)</p>	<p>17% of the volume of our key commodities are responsibly sourced, in accordance with our guideline requirements.</p>	<p>By 2015 – 30% of the volume of our 12 key commodities volumes have been assessed against our Responsible Sourcing Guideline requirements and are compliant, or improvement plans are ongoing.</p> <p>By 2015 – Improvement programmes are taking place for all factories adjacent to Important Water Areas¹³.</p>
Provide meaningful and accurate environmental information and dialogue	<p>The Nestlé Policy on Environmental Sustainability</p>	<p>We leverage relevant contact points (such as digital, packaging and point-of-sale) to inform consumers of environmental improvements and challenges and, in 2013, fact-based environmental information was accessible to consumers in 109 countries.</p>	<p>By 2016 – Fact-based environmental information will be accessible to consumers in all countries.</p>

¹³ Water-related areas of a catchment that are legally protected or under a conservation agreement which, if impaired or lost, could adversely impact the environmental, social, cultural or economic benefits derived from the catchment in a significant or disproportionate manner.



Our people, human rights and compliance

Commitment	How	Progress	Objective
Assess and address human rights impacts in our operations and supply chain	Nestlé Corporate Business Principles UN Global Compact Principles Partnership with the Danish Institute of Human Rights	In 2013, we trained a further 6650 employees on human rights, in nine FTSE4Good countries of concern. Since the launch of our online human rights training tool in 2011, 37768 employees have been trained across 64 countries. We are the first multinational company to issue a public report on Human Rights Impact Assessment.	By 2015 – All FTSE4Good ¹⁴ countries of concern where we have significant ¹⁵ involvement are covered and employees trained. By 2015 – Include human rights across all 12 commodities covered by the Nestlé Responsible Sourcing Guideline.
Eliminate child labour in key commodities (cocoa, hazelnuts, vanilla)	Membership of Fair Labor Association	Working with the Fair Labor Association (FLA), we are implementing action plans that focus on commodities and countries where there is a higher risk of child labour. Our cocoa and hazelnut plans are being implemented in two countries.	By 2015 – Completed action plans for cocoa, hazelnuts and vanilla, with 60 000 farmers trained on child work/ labour practices; 60 schools built or renovated; and 80% of co-ops covered by a child labour monitoring and remediation system (100% by 2016).
Market breast-milk substitutes responsibly	Compliance with National Codes and WHO Code as implemented by national governments. Independent third parties to verify and validate our policies and practices.	We are included in the FTSE4Good Index Series – the only global responsible investment index with clear criteria on the marketing of breast-milk substitutes (BMS). In 2013, our practices were audited in 31 countries by internal auditors and in three countries by Bureau Veritas. In light of the recommendations, we have enhanced our transparency and good governance mechanisms and strengthened our compliance systems.	As part of our ongoing efforts to promote breastfeeding, report publicly on our progress regarding the responsible marketing of breast-milk substitutes. By 2014 – Ensure our newly acquired Wyeth Nutrition Infant Formula business meets the FTSE4Good Index criteria.
Ensure that all Nestlé units have the necessary systems in place to deliver the same level of basic safety and health protection for all employees	Certify safety and health management systems to OHSAS 18001 standard for all Nestlé units. To include factories, R&D centres, distribution, sales and offices.	In 2013, the safety and health management systems at 442 factories, 130 distribution centres and 25 R&D centres were certified to OHSAS 18001 (2012: 418 factories, 130 distribution centres and 24 R&D centres).	By 2016 – Certify the safety and health management systems for all office-based and sales staff.

¹⁴ FTSE4Good is the responsible investment stock market index of the London Stock Exchange. It is designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards.

¹⁵ A significant country is where we have 1000+ employees or GBP 100 million in turnover or assets in these countries through a 20%+ equity stake in subsidiaries or associates incorporated there.



Our people, human rights and compliance

Commitment	How	Progress	Objective
Enhance gender balance	Nestlé Management and Leadership Principles and Nestlé Business Principles	We have signed up to the UN Women's Empowerment Principles and are ensuring men and women at management level progress at the same rate. In 2013, 31% of our managers were women (2012: 29%), 19% of whom were in senior leadership roles.	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 Centre).
Offer 20 000 job opportunities for young people below 30 years of age at Nestlé in Europe	Enhance direct recruitment. Strengthen apprenticeship and traineeship in all European markets.	We have announced a three-year Europe-wide plan to help at least 20 000 people under the age of 30 find employment. We are also encouraging our European suppliers to offer jobs, apprenticeships or traineeships to young people.	By 2016 – Nestlé will hire 10 000 young people and 10 000 trainees or apprentices below 30 years of age in Europe.
Provide training and education for our employees on CSV, Nutrition Quotient (NQ) and environmental sustainability	The Nestlé Policy on Environmental Sustainability CSV integral to global training and development programmes NQ (Nutrition Quotient) ¹⁶ training programme	In 2013, environmental awareness training and education sessions for our employees were held in 79 countries (2012: 52 countries). More than 245 650 employees around the world have completed NQ ¹⁶ training since the programme was launched in 2007 and, in 2013, 108 083 people received refresher training.	By 2014 – Creating Shared Value will be embedded in all courses at our international training centre in Switzerland (reaching approximately 3000 current and future leaders annually), e-learning designed and made available to all employees, and a new leadership course piloted. By 2015 – For Nutrition Quotient (NQ) ¹⁶ training, our company-wide commitment is to have all Nestlé employees trained at least once on the NQ Foundation Module by the end of 2015, including an e-learning module. By 2016 – Strengthen our ability to meet our commitments through environmental awareness sessions for our employees. Environmental awareness training will be run in all countries by 2016.

¹⁶ Nestlé's Nutrition Quotient training programme helps our people make both personal and business nutrition choices based on the most up-to-date scientific evidence.

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