

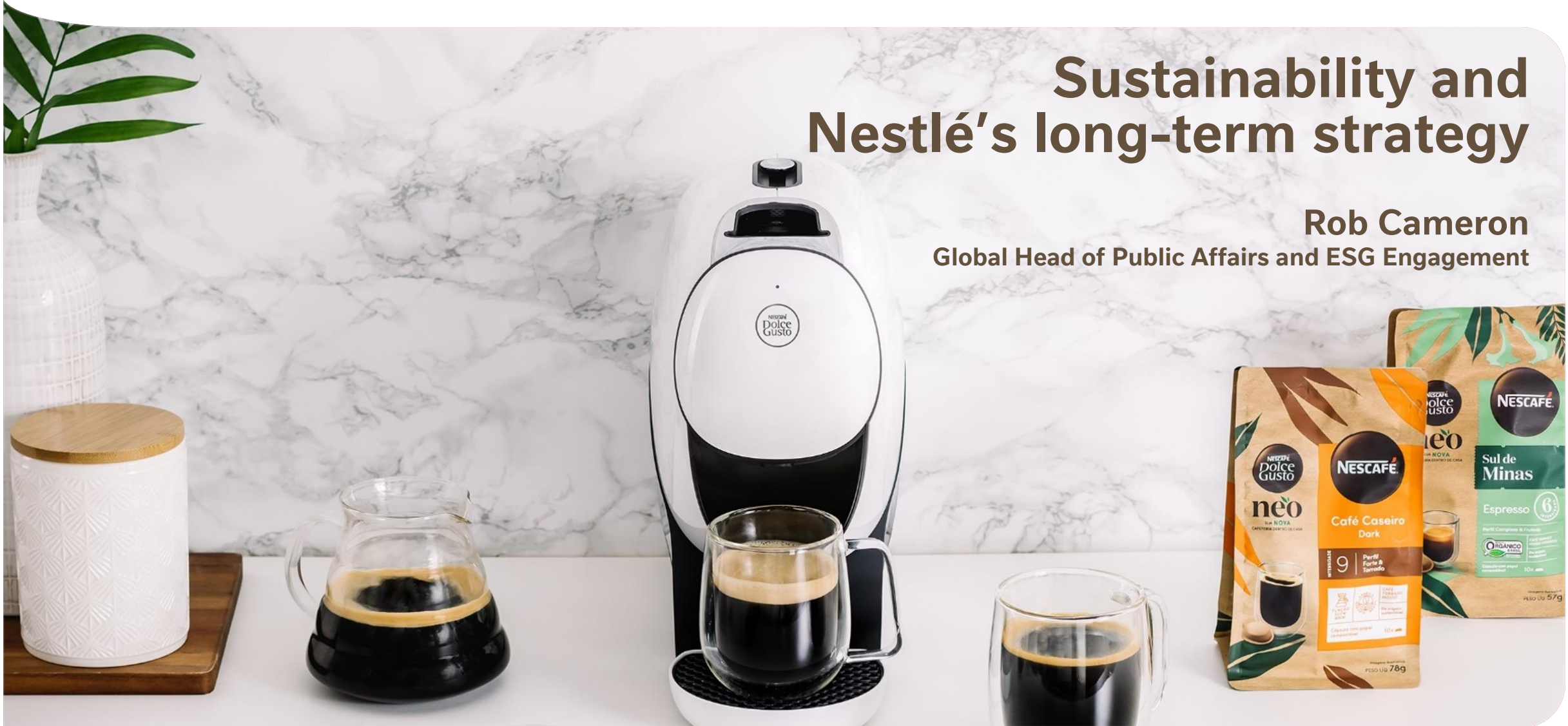


Nestlé Good food, Good life

Sustainability and Nestlé's long-term strategy

Rob Cameron

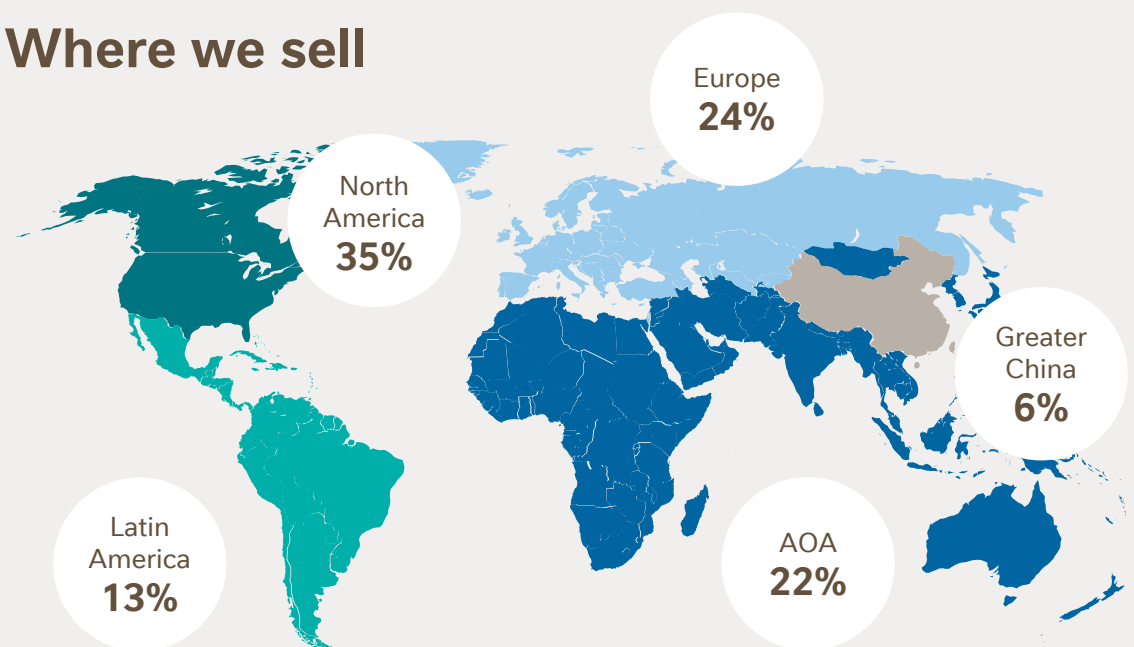
Global Head of Public Affairs and ESG Engagement



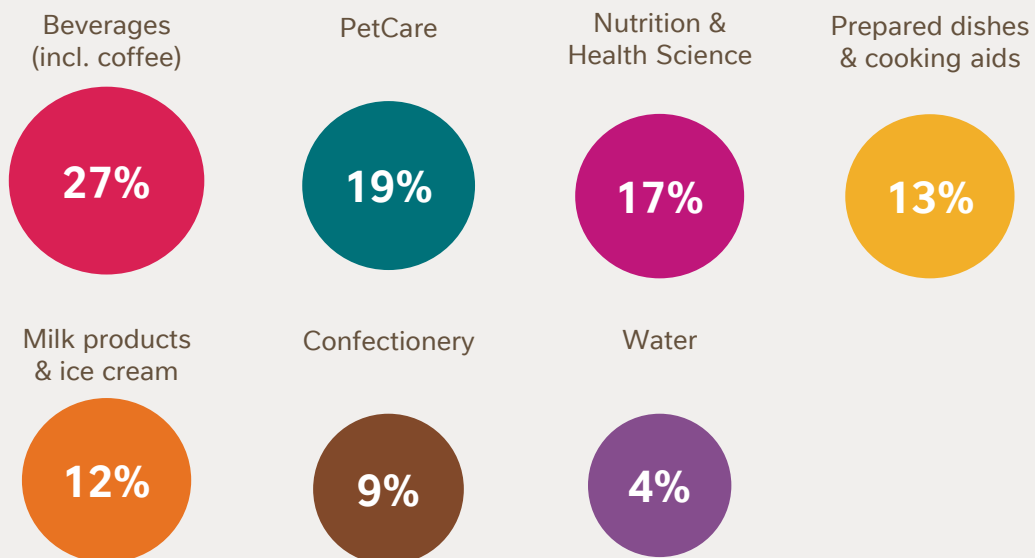
Our business is global, balanced and diversified

2022 sales of **CHF 94.4 bn**, with an underlying TOP margin of **17.1%**

Where we sell



What we sell



Resources

Number of employees

275 000

R&D spend

CHF 1.7 bn

R&D locations

23

Factories

344



Our strategy

Food and beverages are core, including Nestlé Health Science and nutritional health products as an additional growth platform

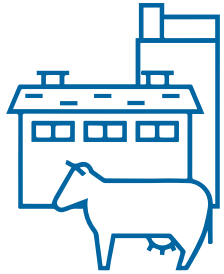
- Meet needs of modern time-constrained consumers with healthy, delicious, convenient products
- Bring differentiated, premium innovations to market fast
- Offer affordable, high-quality nutrition in developing markets
- **Lead on climate and sustainability agenda**

Creating Shared Value (CSV) to generate value for shareholders and society



Business case: transition to a just, regenerative food system

Systemic change is needed



Unsustainable business models



Regulatory change



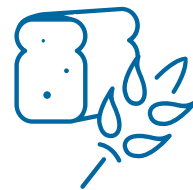
Declining yields



Extreme weather events

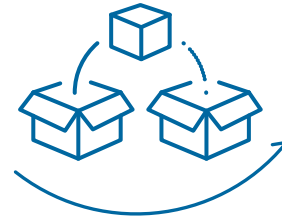


Zoonotic diseases



Food insecurity

Shared value creation is key



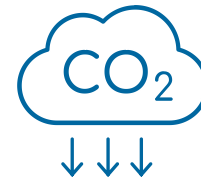
Supply chain resilience



Local sourcing flexibility



Sustainable livelihoods



Emissions reduction and removals

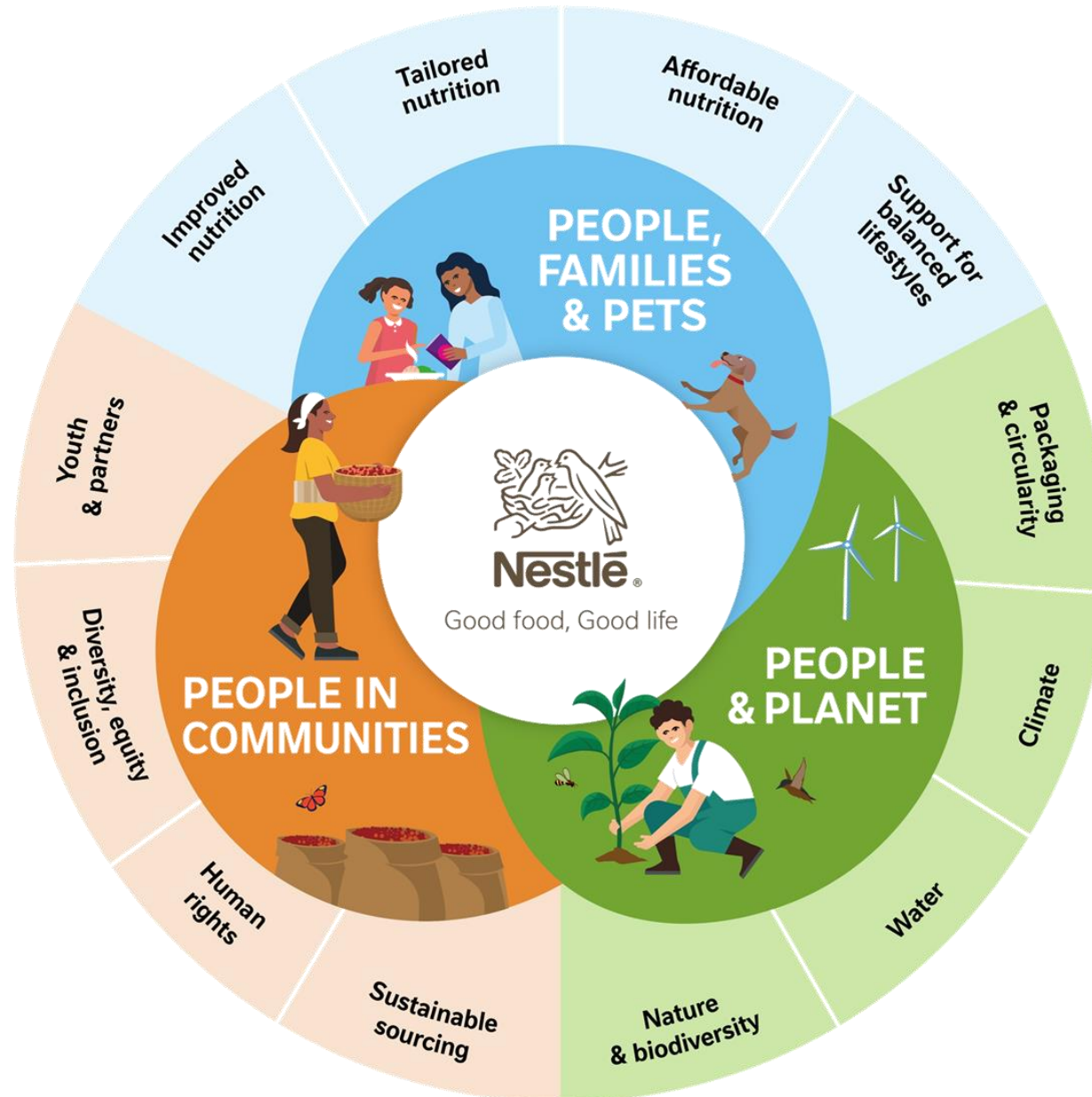


Biodiversity positive



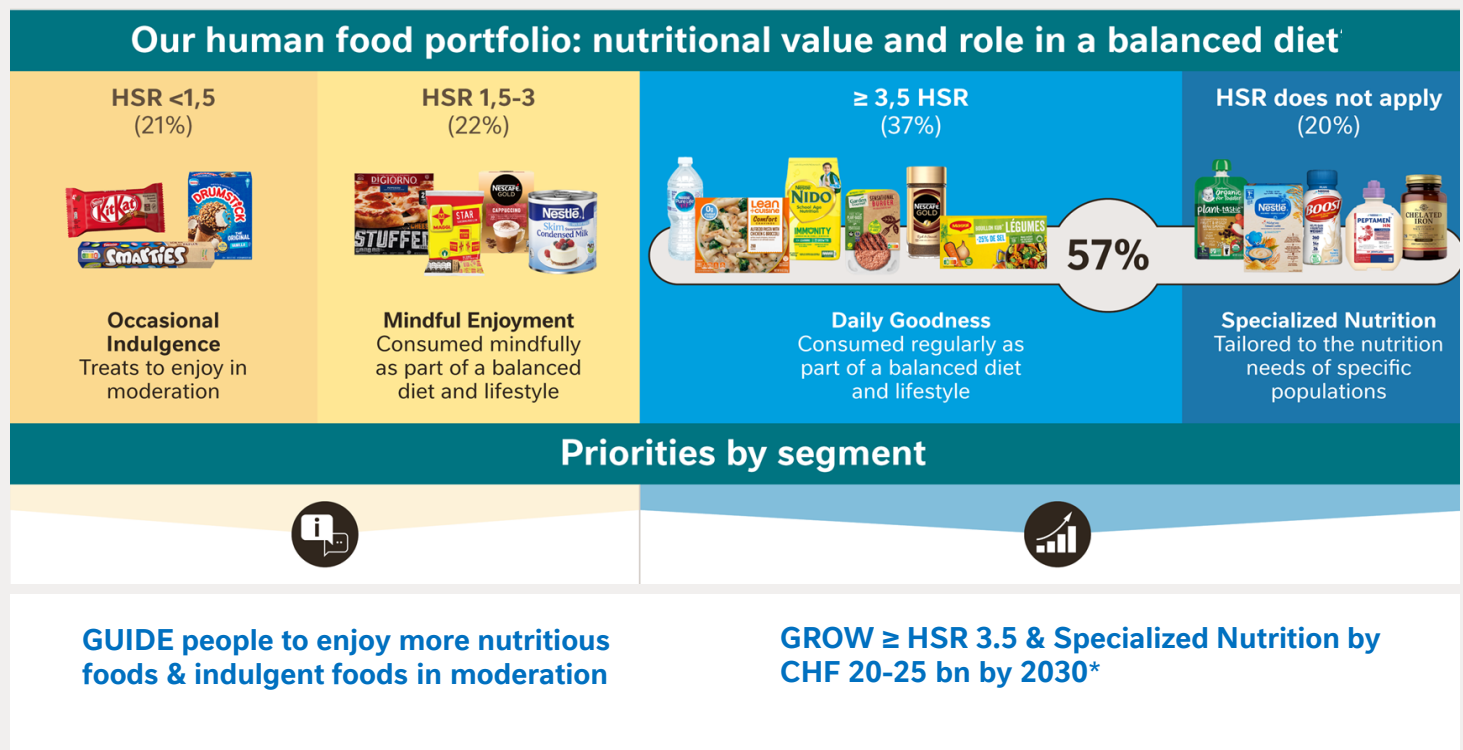
Consumer relevance

A broad sustainability agenda – with clear focal points



Good for you: bringing tasty, balanced diets within reach for billions

Transparent reporting & support for balanced diets



Healthy aging and longevity

Active lifestyle support



Nutritional balance



Preventative health

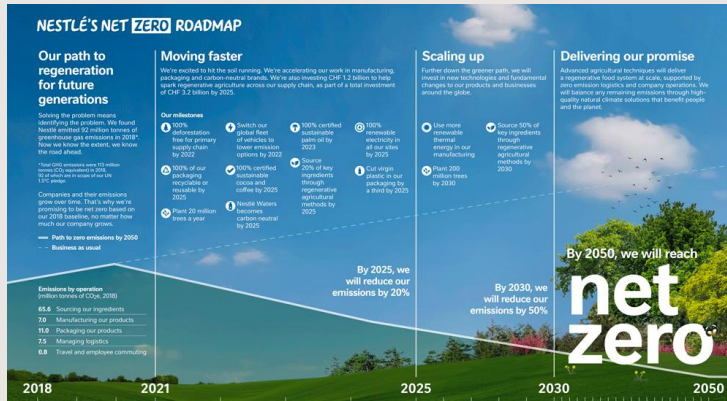


* Target excludes infant formula 0-12 months.



Good for the planet: driving climate action

Climate: Net zero by 2050*



Interim targets

- 20% GHG reduction by 2025
- 50% GHG reduction by 2030

Progress

- Plan SBTi approval
- **Beyond peak carbon**

Regenerative agriculture: 50% raw materials by 2030



Interim targets

- 20% raw materials sourced by 2025

Progress

- By-commodity playbooks
- 6.8% by year end 2022

Packaging: 30% virgin plastic reduction by 2025

30% virgin plastic reduction by 2025



Progress

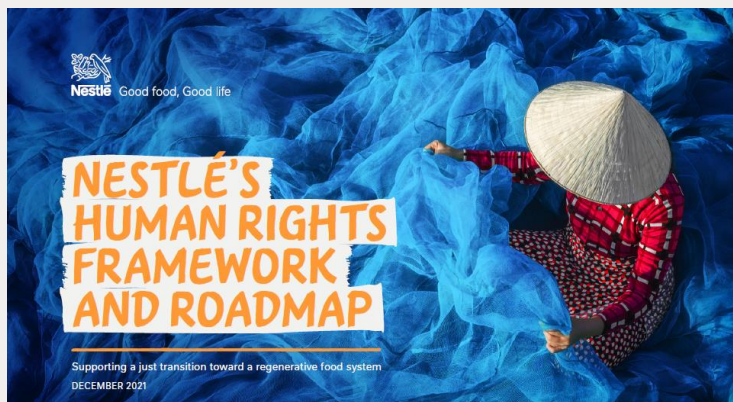
- **Beyond peak virgin plastic**
- **10.5%** reduction in virgin plastic use versus 2018 baseline
- **81.9%** of plastic packaging designed for recycling, heading to > 95% by 2025

* Absolute emissions reduction & removal vs. 2018 baseline

Good for the planet: enhancing supply chain resilience

Human rights:

Assess direct supplier HRDD by 2025



Progress

- **10** salient human rights issues with dedicated action plans including:
- Forced labor & responsible recruitment, child labor, living income etc.

Deforestation-free supply:

100% for key materials by 2022



Progress & targets

- **99.1%** for meat, palm oil, pulp & paper, soya & sugar by end 2022 vs. 100% target
- **37 m** trees secured for planting in 2021-2022, on track for 200 m by 2030

Water:

Stewardship & regeneration



Progress & targets

- **2.38 million m3** water reduction in our factories
- **All** Waters sites to be certified Alliance for Water Stewardship (AWS) by 2025
- **48** water sites to advance regeneration of local water cycles by 2025

Numbers relate to 2022 achievements, unless otherwise stated

From sustainable to regenerative agriculture



Biodiversity

Increase plant and animal biodiversity above and below the ground.

Soil

Scale up farming practices that protect soil health and increase soil organic matter.

Farmers

Water

Reduce chemical farm inputs, optimize organic fertilization, biological pest control and irrigation techniques.

Livestock

Integrate livestock and optimized grazing in farming systems where feasible.

From plastic waste management to packaging sustainability

Accelerating actions on circularity



2019

- Nestlé Institute of Packaging Sciences

2020

- Committed to reduce virgin plastic use by 1/3 by 2025
- Published Net Zero Emissions roadmap

2021

- Supporting waste collection programs, like Project STOP
- Transitioned Smarties to paper packaging globally
- Phased out 4.5 billion plastic straws annually

2022

- Conducted 20 Reuse pilots in 12 countries
- Launched Fair Circularity Initiative driving fair partnerships with waste-pickers

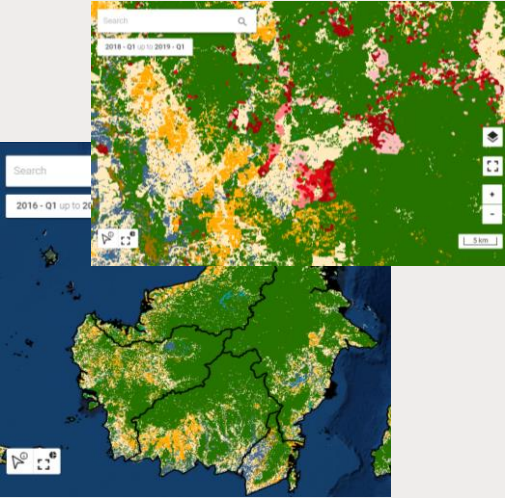
2023

- Supporting 215 packaging waste collection activities driving packaging neutrality
- Co-investing in recycling (UK)
- Championing a UN treaty on plastic pollution

From deforestation-free to forest positive, sustainable landscapes

Stronger risk management

Starling satellite surveillance & on-the ground verification



Conservation & reforestation

Restore natural forest landscapes via agroforestry & support for ecosystem activities



Landscapes

15 landscape-level initiatives reshaping incentives & partnerships to protect for long term

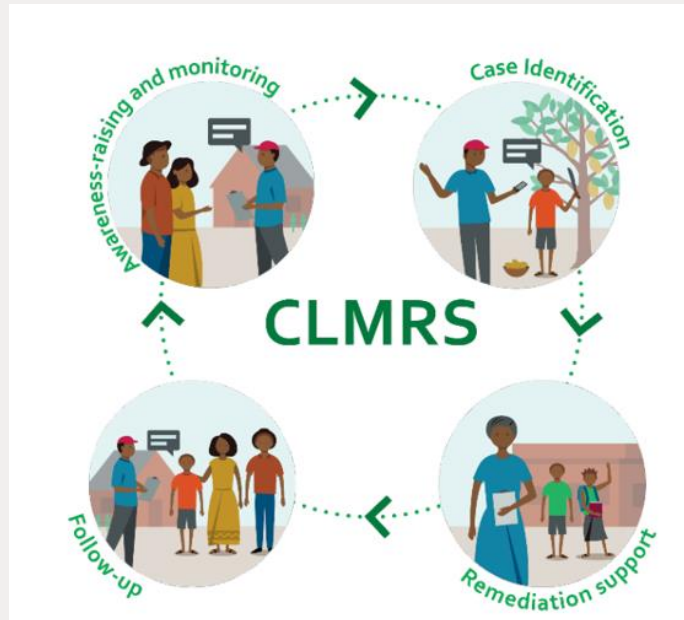


Cavally Forest, Ivory Coast

From risk management to integrated human rights actions: Cocoa

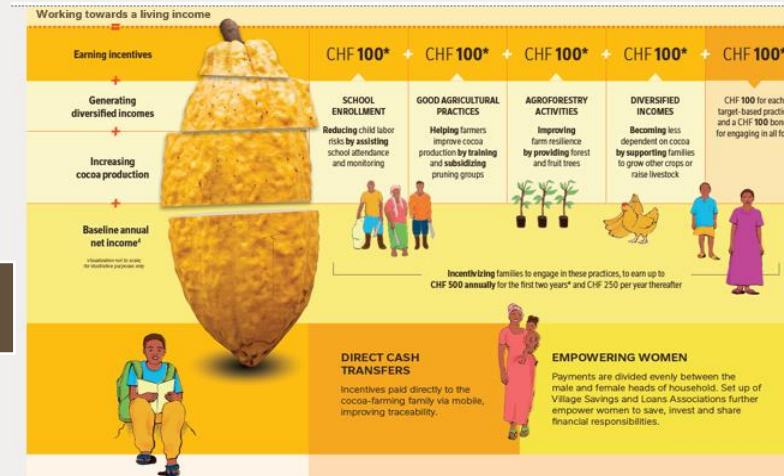
Child labor monitoring & remediation system

Trace, assess, address & report



Income accelerator

Expanded scope with new key focus



- Mobile payments**
Payments delivered via a secure mobile transfer to ensure traceability directly from Nestlé suppliers to the intended recipient.
- Payment calendar**
Managing cash flow throughout the year is often a challenge. Incentives will be distributed when they are needed most.
- Leaving no farm behind**
Fixed incentive not paid on the volume of cocoa sold in order to provide smaller farmers meaningful support.



How our sustainability agenda comes together: Nespresso AAA

nature-based, low carbon, profitable farming

GUIDE



Technical assistance
to guide farmers in adopting:

- regenerative practices
- improve financial literacy

REWARD



Premiums
for quality practices

- AAA
 - regenerative agriculture
- Annual award to celebrate the farmer/agronomist successes

TRANSFORM



Invest/ facilitate
implementation of

- agroforestry
- access to social services:
savings plan + crop insurance
- income diversification
(e.g., beekeeping)
- food security

TRANSITION



Phase in mitigation/ adaptation
via alternative practices

- drought-resistant varieties
- biocontrol
- low carbon fertilization

Strengthening brand differentiation & consumer relevance

simple, short, relevant messaging

Climate action



Human rights



Regenerative agriculture



Embedding sustainability into Nestlé's governance process

sustainability-linked KPIs deployed at multiple levels of the business

Sustainability committee

- **Board of Director level**
- Created March 2021
- **Reviews sustainability agenda** and how long-term strategy creates shared value

ESG council

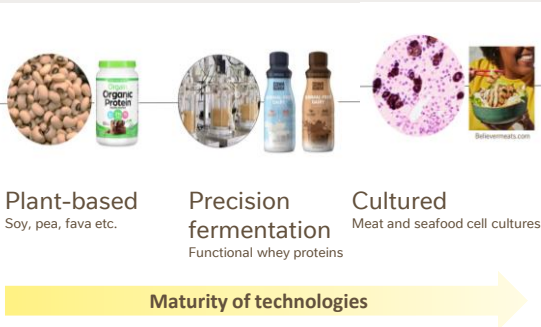
- **Executive Board members**
- Created November 2020
- **Ensures focus and accountability** across key material issues
- Oversees five working groups

Creating Shared Value council

- **External advisor panel**
- Created 2009
- **Facilitates continuing evolution** of Creating Shared Value agenda

Climate action has changed Nestlé's approach to sustainability

Early action yields better understanding of cost curves and scalability



Operationalization accelerates alignment on product & business model evolution



Shared implementation builds credibility with stakeholder partners



Transparent & progressively more granular reporting on key actions builds conviction



Sustainability can generate competitive advantage as regulatory corridors narrow i.e., deforestation-free, compostable packaging

Key takeaways

- Our sustainability **agenda is broad**; priorities and **focus areas are clear**
- Our approach has evolved **beyond 'do no harm'** to having a **positive impact** on food systems at scale
- We aim to **drive innovative and pragmatic approaches** in support of a just transition
- **Investment** in sustainability **will future-proof the business**, such as:
 - resilient supply chains
 - reduced costs linked to regulatory compliance
 - enhanced customer loyalty
 - reinforced consumer loyalty
- **Targets, milestones** and **transparency** on progress fuel stakeholder **confidence** in our journey