

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Nestlé is the world’s largest food and beverage company. We have more than 2,000 brands ranging from global icons to local favorites, and we are present in 187 countries around the world. Creating Shared Value is at the heart of Nestlé’s approach to achieving our purpose: to unlock the power of food to enhance quality of life for everyone, today and for generations to come. That’s why we are taking action to advance regenerative food systems at scale. This means supporting the development of food systems that help protect, renew and restore the environment, improve the livelihoods of farmers and enhance the resilience and well-being of farming communities.

Our actions include committing to achieve net zero greenhouse gas emissions by 2050, which is outlined in our Net Zero Roadmap that includes tangible, time-bound targets to reduce emissions, within and beyond our operations. This work is also supported by our Forest Positive strategy, which builds on our decade-long work to end deforestation in our supply chains. Forest Positive is our strategy to move beyond managing deforestation risks in our supply chain to targeting a positive impact on our broader sourcing landscapes. This includes growing 200 million trees by 2030.

We are signatories of the Ellen MacArthur Foundation Global Commitment on packaging, aiming to make our packaging 100% of recyclable or reusable and to reduce our use of virgin plastics by one-third by 2025. With regards to our work on water, our Nestlé Waters business will advance the regeneration of the water cycle to help create a positive water impact everywhere our waters business operates by 2025. Across Nestlé, we will continue to work to achieve water resource management throughout our operations and agricultural supply chains.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2021	December 31 2021

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

CHF

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Manufacturing	<Not Applicable>
Palm oil	Disclosing	Manufacturing	<Not Applicable>
Cattle products	Disclosing	Manufacturing	<Not Applicable>
Soy	Disclosing	Manufacturing	<Not Applicable>
Other - Rubber	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Cocoa	Disclosing	Processing Manufacturing	<Not Applicable>
Other - Coffee	Disclosing	Processing Manufacturing	<Not Applicable>

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

Yes

F0.5a

(F0.5a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.

Value chain stage	Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Direct operations	Business activity	We don't include office paper in our scope related to Timber products, only paper that is used in our packaging, such as Solidboard, Microflute & Corrugated. This currently represents 95% of total paper-based products that we buy.	Potential for forests-related risk but not evaluated	The following are out of scope for our pulp and paper commitment. They represent an estimated 5% of our pulp & paper usage: - Paper for office or marketing is considered not relevant based on the low volumes compared to our packaging - Paper labels (for jars, cans or bottles) are not managed by our global Nestlé Procurement team but by our local teams – we do not have traceability for these - Flexibles (e.g. pouches, flow-wraps etc.) are considered not relevant based on low volumes compared to our packaging
Supply chain	Specific product line(s)	Meat by products are excluded from the scope of our no deforestation work.	No potential	We exclude meat by-products for the following reason: livestock are raised for their primary products (meat), not for the by-products. If the primary product were not in demand, the animals would not be reared and the risk of deforestation would not exist. Deforestation should be attributed to the primary product, just as GHG footprint is mainly allocated to the primary product and by-product use is viewed as the beneficial consumption of what would otherwise be wasted.
Supply chain	Specific product line(s)	Palm oil derivatives	Potential for forests-related risk but not evaluated	Today there is no standardized method to calculate the fraction of a derivative coming from palm oil industry (e.g. glycerine) so we don't have the ability to trace this material and assess its sustainability practices.

F0.6

(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	CH 003 886 335 0

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Using as input into product manufacturing

Form of commodity

- Primary packaging
- Secondary packaging
- Tertiary packaging

Source

- Contracted suppliers (processors)
- Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Australia
Austria
Belarus
Belgium
Brazil
Bulgaria
Canada
Chile
China
Colombia
Croatia
Czechia
Denmark
Ecuador
Estonia
Fiji
Finland
France
Germany
Hungary
Indonesia
Japan
Latvia
Lithuania
Luxembourg
Malaysia
Mexico
Netherlands
New Zealand
Norway
Poland
Portugal
Russian Federation
Slovakia
Slovenia
South Africa
Spain
Sweden
Switzerland
Thailand
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam

% of procurement spend

1-5%

Comment

Palm oil

Activity

Using as input into product manufacturing

Form of commodity

Refined palm oil

Source

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Brazil

Cambodia

Cameroon

Colombia

Costa Rica

Côte d'Ivoire

Dominican Republic

Ecuador

Guatemala

Honduras

India

Indonesia

Madagascar

Malaysia

Mexico

Nicaragua

Nigeria

Panama

Papua New Guinea

Peru

Philippines

Solomon Islands

Sri Lanka

Thailand

% of procurement spend

1-5%

Comment

Cattle products**Activity**

Using as input into product manufacturing

Form of commodity

Beef

Source

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Australia

Austria

Belgium

Brazil

Canada

Chile

China

Czechia

Denmark

Finland

France

Germany

Hungary

Ireland

Italy

Mexico

Netherlands

New Zealand

Nicaragua

Poland

Portugal

Slovakia

Spain

Sweden

Switzerland

Turkey

United Kingdom of Great Britain and Northern Ireland

United States of America

Uruguay

% of procurement spend

<1%

Comment

Soy

Activity

Using as input into product manufacturing

Form of commodity

Whole soy beans
Soy bean oil
Soy bean meal
Soy derivatives

Source

Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Austria
Brazil
Cambodia
Canada
Croatia
Czechia
France
Hungary
Italy
Mexico
Nigeria
Romania
Russian Federation
Serbia
Slovakia
Thailand
Ukraine

% of procurement spend

<1%

Comment

Other - Cocoa

Activity

Using as input into product manufacturing

Form of commodity

Other, please specify (cocoa beans; cocoa butter; cocoa powder; cocoa liquor)

Source

Smallholders
Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Area of origin

Brazil
Cameroon
Côte d'Ivoire
Ecuador
Ghana
Indonesia
Mexico
Venezuela (Bolivarian Republic of)

% of procurement spend

6-10%

Comment

Other - Coffee

Activity

Using as input into product manufacturing

Form of commodity

Other, please specify (green coffee beans)

Source

Contracted suppliers (processors)

Other, please specify (Cooperative / mill)

Country/Area of origin

Brazil
Burundi
Cameroon
China
Colombia
Costa Rica
Côte d'Ivoire
Cuba
Democratic Republic of the Congo
Dominican Republic
Ethiopia
Guatemala
Honduras
India
Indonesia
Jamaica
Kenya
Lao People's Democratic Republic
Mexico
Nicaragua
Papua New Guinea
Peru
Philippines
Puerto Rico
Rwanda
Thailand
Togo
Uganda
United Republic of Tanzania
Viet Nam
Zambia
Zimbabwe

% of procurement spend

11-20%

Comment

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	51-60%	This is calculated on the percentage of our products (SKUs) that use paper-based packaging as a primary packaging.
Palm oil	61-70%	We estimate that a maximum of 67% of our products could use some amount of palm oil and therefore we estimate that 61-70% of our revenue is dependent on palm oil based on total Group sales.
Cattle products	1-5%	Meat is primarily used in our Prepared dishes and cooking aids business which accounted for CHF 12.1 bn turnover in 2021. It is however only present in a limited number of recipes, so we have estimated that 5% of revenue or less is dependent on it.
Soy	11-20%	Soy is primarily used by our Purina Petcare Business, which is CHF 15.6 billion turnover as well as in some of our plant-based products (small amount) in 2021.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	6-10%	Cocoa is primarily used in our Confectionery products, which accounted for CHF 7.5bn turnover in 2021.
Other - Coffee	21-30%	Green coffee is primarily used in our coffee businesses, which accounted for CHF 24bn turnover in 2021.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing
Soy	Consumption data available, disclosing
Other - Rubber	<Not Applicable>
Other - Cocoa	Consumption data available, disclosing
Other - Coffee	Consumption data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

1238

Metric for commodity production/ consumption volume

Other, please specify (kilotonnes)

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

98

Please explain

We take a risk-based approach to implementing our no-deforestation commitment. We start by mapping our supply chains to identify the origins of our raw materials. We then take steps to assess that our sourcing is not contributing to deforestation. Our cut-off date across commodities is December 31, 2015 for all commodities we report against. For soy, we align to sectoral cut-off dates where they exist (e.g. Amazon Soy Moratorium). When no sectoral cut-off date exists, we apply December 31, 2015 as a cut-off date. Raw materials are assessed as deforestation-free when they can be traced either to low-risk origins or have been assessed as deforestation-free either from the sky or from the ground. We have been publishing the percentage of volumes of our key forest-risk commodities assessed as deforestation-free for a number of years by method of verification. Traceable to low-risk origin means that volumes have been traced back to regions classified as at low risk of deforestation using tools such as Maplecroft. The traceability exercise is carried out in collaboration with our partners (e.g. Earthworm Foundation and Proforest) or using technology (e.g. SupplyShift). Assessed on the ground means that volumes have been assessed through on-the-ground assessments, including by High Carbon Stock Approach and High Conservation Value assessments, by our partners (e.g. Earthworm Foundation, Proforest, SGS) and/or through certification such as Roundtable on Responsible Soy and Proterra (soya), Forestry and Stewardship Council and PEFC (paper) and Roundtable on Sustainable Palm Oil. Only segregated volumes are accepted as deforestation-free. Assessed from the sky means that volumes have been assessed through satellite monitoring of production sites (farms, mills or supply area) in our supply chain identified through a traceability exercise. Unknown means that volumes have not been traced yet or being traced but not yet assessed as deforestation-free. In 2021, 98% of the pulp and paper we purchased was assessed as deforestation-free, including: • 94% traceable to low-risk origins • 4% assessed on the ground • 2% was classified as unknown.

Forest risk commodity

Palm oil

Data type

Consumption data

Commodity production/ consumption volume

423

Metric for commodity production/ consumption volume

Other, please specify (kilotonnes)

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

90

Please explain

We take a risk-based approach to implementing our no-deforestation commitment. We start by mapping our supply chains to identify the origins of our raw materials. We then take steps to assess that our sourcing is not contributing to deforestation. Our cut-off date across commodities is December 31, 2015 for all commodities we report against. For soy, we align to sectoral cut-off dates where they exist (e.g. Amazon Soy Moratorium). When no sectoral cut-off date exists, we apply December 31, 2015 as a cut-off date. Raw materials are assessed as deforestation-free when they can be traced either to low-risk origins or have been assessed as deforestation-free either from the sky or from the ground. We have been publishing the percentage of volumes of our key forest-risk commodities assessed as deforestation-free for a number of years by method of verification. Traceable to low-risk origin means that volumes have been traced back to regions classified as at low risk of deforestation using tools such as Maplecroft. The traceability exercise is carried out in collaboration with our partners (e.g. Earthworm Foundation and Proforest) or using technology (e.g. SupplyShift). Assessed on the ground means that volumes have been assessed through on-the-ground assessments, including by High Carbon Stock Approach and High Conservation Value assessments, by our partners (e.g. Earthworm Foundation, Proforest, SGS) and/or through certification such as Roundtable on Responsible Soy and Proterra (soya),

Forestry and Stewardship Council and PEFC (paper) and Roundtable on Sustainable Palm Oil. Only segregated volumes are accepted as deforestation-free. Assessed from the sky means that volumes have been assessed through satellite monitoring of production sites (farms, mills or supply area) in our supply chain identified through a traceability exercise Unknown means that volumes have not been traced yet or being traced but not yet assessed as deforestation-free. In 2021, 90% of the palm oil we purchased was assessed as deforestation-free, including: • 83% assessed from the sky • 6% assessed on the ground • 1% traceable to low-risk origins • 9% was classified as unknown.

Forest risk commodity

Cattle products

Data type

Consumption data

Commodity production/ consumption volume

243

Metric for commodity production/ consumption volume

Other, please specify (kilotonne)

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

99

Please explain

We take a risk-based approach to implementing our no-deforestation commitment. We start by mapping our supply chains to identify the origins of our raw materials. We then take steps to assess that our sourcing is not contributing to deforestation. Our cut-off date across commodities is December 31, 2015 for all commodities we report against. For soy, we align to sectoral cut-off dates where they exist (e.g. Amazon Soy Moratorium). When no sectoral cut-off date exists, we apply December 31, 2015 as a cut-off date. Raw materials are assessed as deforestation-free when they can be traced either to low-risk origins or have been assessed as deforestation-free either from the sky or from the ground. We have been publishing the percentage of volumes of our key forest-risk commodities assessed as deforestation for a number of years by method of verification. Traceable to low-risk origin means that volumes have been traced back to regions classified as at low risk of deforestation using tools such as Maplecroft. The traceability exercise is carried out in collaboration with our partners (e.g. Earthworm Foundation and Proforest) or using technology (e.g. SupplyShift). Assessed on the ground means that volumes have been assessed through on-the-ground assessments, including by High Carbon Stock Approach and High Conservation Value assessments, by our partners (e.g. Earthworm Foundation, Proforest, SGS) and/or through certification such as Roundtable on Responsible Soy and Proterra (soya), Forestry and Stewardship Council and PEFC (paper) and Roundtable on Sustainable Palm Oil. Only segregated volumes are accepted as deforestation-free. Assessed from the sky means that volumes have been assessed through satellite monitoring of production sites (farms, mills or supply area) in our supply chain identified through a traceability exercise Unknown means that volumes have not been traced yet or being traced but not yet assessed as deforestation-free. In 2021, 99% of the meat we purchased was assessed as deforestation-free through ttraceability to low-risk origins. 1% was classified as unknown.

Forest risk commodity

Soy

Data type

Consumption data

Commodity production/ consumption volume

521

Metric for commodity production/ consumption volume

Other, please specify (kilotonnes)

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

98

Please explain

We take a risk-based approach to implementing our no-deforestation commitment. We start by mapping our supply chains to identify the origins of our raw materials. We then take steps to assess that our sourcing is not contributing to deforestation. Our cut-off date across commodities is December 31, 2015 for all commodities we report against. For soy, we align to sectoral cut-off dates where they exist (e.g. Amazon Soy Moratorium). When no sectoral cut-off date exists, we apply December 31, 2015 as a cut-off date. Raw materials are assessed as deforestation-free when they can be traced either to low-risk origins or have been assessed as deforestation-free either from the sky or from the ground. We have been publishing the percentage of volumes of our key forest-risk commodities assessed as deforestation for a number of years by method of verification. Traceable to low-risk origin means that volumes have been traced back to regions classified as at low risk of deforestation using tools such as Maplecroft. The traceability exercise is carried out in collaboration with our partners (e.g. Earthworm Foundation and Proforest) or using technology (e.g. SupplyShift). Assessed on the ground means that volumes have been assessed through on-the-ground assessments, including by High Carbon Stock Approach and High Conservation Value assessments, by our partners (e.g. Earthworm Foundation, Proforest, SGS) and/or through certification such as Roundtable on Responsible Soy and Proterra (soya), Forestry and Stewardship Council and PEFC (paper) and Roundtable on Sustainable Palm Oil. Only segregated volumes are accepted as deforestation-free. Assessed from the sky means that volumes have been assessed through satellite monitoring of production sites (farms, mills or supply area) in our supply chain identified through a traceability exercise Unknown means that volumes have not been traced yet or being traced but not yet assessed as deforestation-free. In 2021, 98% of the soy we purchased was assessed as deforestation-free, including: • 18% assessed on the ground • 80% traceable to low-risk origin • 2% was classified as unknown.

Forest risk commodity

Other - Cocoa

Data type

Consumption data

Commodity production/ consumption volume

391

Metric for commodity production/ consumption volume

Other, please specify (Kilotonnes)

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

% of reported volume verified as deforestation- and/or conversion-free

<Not Applicable>

Please explain

We plan to start publishing our deforestation-free number for cocoa as of next year.

Forest risk commodity

Other - Coffee

Data type

Consumption data

Commodity production/ consumption volume

981

Metric for commodity production/ consumption volume

Other, please specify (kilotonnes)

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

% of reported volume verified as deforestation- and/or conversion-free

<Not Applicable>

Please explain

We plan to start publishing our deforestation-free number for coffee as of 2024.

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Western Australia, Tasmania, Victoria, NSW, South Australia)

% of total production/consumption volume

2.3

Please explain

We know the % volume of virgin fiber from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Minas Gerais, Belmonte, Eunapolis, Itagimirim, Itapebi, Porto Seguro, Santa Cruz, Cabralia, Aracruz-Espirit Santo, Cruz Machado - PR, Imperatriz, Inácio Martins - PR, Mallet,Cabralia, Parana, Rio de Janeiro, São Paulo)

% of total production/consumption volume

7.2

Please explain

We know the % volume of virgin fiber from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Valle, Cauca, Quindio, Caldas, Risaralda)

% of total production/consumption volume

0.6

Please explain

We know the % volume of virgin fiber from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Carchi)

% of total production/consumption volume

0.1

Please explain

We know the % volume of virgin fiber from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (South Sumatra, Kalimantan Tengah)

% of total production/consumption volume

0.1

Please explain

We know the % volume of virgin fiber from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (South Sabah, SarawakSumatra, Kalimantan Tengah)

% of total production/consumption volume

0.1

Please explain

We know the % volume of virgin fiber from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (SAMUTPRAKAN, Kanchanaburi, Ratchaburi, Khon kaen, Eastern and Northeast Thailand)

% of total production/consumption volume

0.1

Please explain

We know the % volume of virgin fiber from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Ha Tinh, Ba Ria, Vung Tau, Khanh Hoa, Quang Nam, Nghe, Thanh Hoa, Quang Tri, Thien Hue, Thua Thien Hue, Quang Ninh, Phu Tho, Hoa Binh, Da Nang, Quang Ngai, Binh Thuan, DakLak, DakNong, Lam Dong, Bac Giang, Thai Nguyen)

% of total production/consumption volume

0.1

Please explain

We know the % volume of virgin fiber from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

88.2

Please explain

We source 88.2% of our pulp and paper from other countries. These include: Austria, Belarus, Belgium, Canada, Chile, China, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, New Zealand, Norway, Poland, Portugal, Russia, Slovakia, Slovenia, South Africa, Spain, Sweden, Taiwan, Ukraine, UK, Uruguay, USA. Among those our biggest sourcing country is USA with 51.94% of total sourcing volume, followed by Finland (12.69%), Chile (5.6%), Sweden (4%) and Russia (6.48%) We know the % volume of virgin fiber from the annual traceability exercise where our suppliers provide traceability data in combination with our procurement data. We receive country of origin information and, where possible, regional information from pulp & paper mills through traceability data sent to us by suppliers.

Forest risk commodity

Timber products

Country/Area of origin

Unknown origin

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

1.5

Please explain

1.5% of our known virgin fiber is currently untraceable. Improving our traceability has continued to be one of our key priorities in 2021. We continue to do this through online platform Supply Shift, which allows us to connect with suppliers more efficiently and to gain improved traceability information all the way to the mill and then to the Country of Origin of the raw material and region.

Forest risk commodity

Soy

Country/Area of origin

Argentina

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Cordoba, Buenos Aires, Santa Fe, Entre Rios, Santiago Del Estero, La Pampa, Chaco, San Luis, Salta)

% of total production/consumption volume

4.9

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. Our traceability is to the crush site or country of origin. This includes soy coming from the Gran Chaco biome. Together with the Brazilian Cerrado, these are the two regions prioritized for our work on natural capital. Traceability is the first step towards achieving our no deforestation commitments and helps inform the next steps. We combine traceability with a risk-based approach, meaning that in high-risk countries (Brazil and Argentina), we gather traceability information to the region (biome) of origin and in high-risk biomes (Amazon and Cerrado in Brazil and Chaco in Argentina), we then verify the municipalities of origin and if sourcing of conversion-free soy is ensured. As soy is a global commodity and an annual crop, it has multi-tier supply chains which can be dynamic year on year. Establishing regular transparency beyond crush sites and back to farming areas is a challenge. We are currently working to improve our traceability in soy. We have joined industry and multi-stakeholder working groups who aim to support the key soy value chain stakeholders in monitoring the soy origins in the most high-risk countries regarding deforestation and conversion of high ecosystemic value land. Several approaches are looked at from an industry point of view, they can foster transparency from upstream to downstream stages of the value chain.

Forest risk commodity

Soy

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Mato Grosso, Pará, Rondonia, Minas Gerais, Goiás)

% of total production/consumption volume

15.3

Please explain

Forest risk commodity

Soy

Country/Area of origin

Nigeria

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Kaduna state)

% of total production/consumption volume

1.48

Please explain

Forest risk commodity

Soy

Country/Area of origin

Cambodia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.5

Please explain

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

76

Please explain

76% of our soy sourcing (out of 98% traceable soy) comes from Austria, Canada, Croatia, Czech Republic, Europe, France, Hungary, Italy, Mexico, Romania, Russia, Serbia, Slovakia, Thailand, Ukraine, US. We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Soy

Country/Area of origin

Unknown origin

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

2

Please explain

98% of our soy is traceable back to crush site location/country of soy production origin. 2% our soy volumes are currently not supply chain mapped (compared with 7% in 2020). Improving our traceability has been one of our key priorities since the beginning of 2020. One of the key actions to achieve this is engaging a larger set of suppliers to get them to map their supply chains and share with us country, region or municipality information regarding soy production origins in high-risk origins. We are deploying in 2022 a global subnational supply chain mapping exercise to increase the granularity of our mapping across origins, even outside Brazil and Argentina. As soy is a global commodity and an annual crop, it has multi-tiers supply chains which can be dynamic year on year. Establishing regular transparency beyond crush sites and back to farming areas is a challenge. We are currently working to improve our traceability in soy and focusing our granularity in origins of high-risk of deforestation and conversion linked to the commodity. We have joined industry and multi-stakeholder working groups who aim to support the key soy value chain stakeholders in monitoring the soy origins in the most high-risk countries for conversion of natural ecosystems. Several approaches are looked at from an industry point of view, they can foster transparency from upstream to downstream stages of the value chain.

Forest risk commodity

Palm oil

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Para)

% of total production/consumption volume

1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Cambodia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (KAOH KONG, SIHANOUK)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Cameroon

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Littoral)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Casanare, Cesar, Magdalena, Meta, Narino, Norte de Santander, Santander, Vichada)

% of total production/consumption volume

3

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Palm oil

Country/Area of origin

Côte d'Ivoire

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Bas-Sassandra)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Esmeraldas, Los Rios, Manabi, Orellana, Pichincha, Santo Domingo de los Tsachilas, Sucumbios)

% of total production/consumption volume

1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Escuintla, Izabal, Peten, Quezaltenango, San Marcos)

% of total production/consumption volume

1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Honduras

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Colon)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

India

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Andhra Pradesh, Tamil Nadu, Telangana)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Aceh, Bangka Belitung, Banten, Bengkulu, Gorontalo, Jambi, Jawa Barat, Kalimantan Barat, Kalimantan Selatan, Kalimantan Tengah, Kalimantan Timur, Kalimantan Utara, Kepulauan Riau.)

% of total production/consumption volume

19.5

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Madagascar

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (ATSINANANA)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Johor, Kedah, Kelantan, Melaka, Negeri Sembilan, Pahang, Perak, Pulau Pinang, Sabah, Sarawak, Selangor, Terengganu)

% of total production/consumption volume

40

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Campeche, Chiapas, Tabasco, Veracruz)

% of total production/consumption volume

4

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Nicaragua

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Antlantico Sur)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Nigeria

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Edo)

% of total production/consumption volume

2

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Panama

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Chiriqui)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Milne Bay, Morobe, New Ireland, Oro, West New Britain)

% of total production/consumption volume

2

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Philippines

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (AGUSAN DEL SUR)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Chumphon, Krabi Nakhon Si Thammarat, Phatthalung, Prachuap Khiri Khan, Surat Thani, Trang)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

1.1

Please explain

We also source some palm oil from Sri Lanka, Dominican Republic, Solomon Islands and Costa Rica.

Forest risk commodity

Palm oil

Country/Area of origin

Unknown origin

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

3

Please explain

These volumes are from Indonesia & Malaysia but are not yet traceable to the mill.

Forest risk commodity

Cattle products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (MG, SP, MT, PR, RS, GO, ES)

% of total production/consumption volume

0.17

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Cattle products

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Sonora, Cuenca)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Cattle products

Country/Area of origin

Australia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (NSW, WA, Tasmania)

% of total production/consumption volume

0.1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Cattle products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

99

Please explain

We source 99% of our meat volumes from these countries: Austria, Belgium, Canada, Chile, China, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Netherlands, New Zealand, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States, Uruguay. We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Cattle products

Country/Area of origin

Unknown origin

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

0.5

Please explain

These volumes are not traceable yet.

Forest risk commodity

Other - Coffee

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (South of Minas, Cerrado Mineiro, Espirito Santo, Bahia)

% of total production/consumption volume

28

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Cameroon

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (South-west, East and Littoral regions)

% of total production/consumption volume

0.1

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Antioquia, North Santander, Quindio, Valle, Caldas, Cundinamarca)

% of total production/consumption volume

7

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Côte d'Ivoire

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Dimbokro, Abengourou, Bongouanou, Gagnoa, Aboisso, Man, Danané, Agboville, Daloa, Divo, Issia, Vavoua, Biankouma, Guiglo, Adzopé, Bondoukou)

% of total production/consumption volume

2.5

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Acatenango, Fraijanes, Coban, San Marcos)

% of total production/consumption volume

1.2

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Honduras

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Santa Barbara, Lempira, Ocotepeque, Olancho, El Paraiso, Yoro, Copan)

% of total production/consumption volume

3.2

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

India

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Kerala, Karnataka State)

% of total production/consumption volume

3.5

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Lampung, South Sumatra and Bengkulu)

% of total production/consumption volume

6.6

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains

traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Kenya

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Mt. Kenya, the Aberdare Range, Kisii, Nyanza, Bungoma, Nakuru, Kericho)

% of total production/consumption volume

0.7

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Lao People's Democratic Republic

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Bolaven Plateau)

% of total production/consumption volume

0.1

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Chiapas, Veracruz, Puebla, Oaxaca, Guerrero)

% of total production/consumption volume

7.4

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Nicaragua

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Matagalpa, Snueva Segovia, Jinotega)

% of total production/consumption volume

1

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Eastern Highland Province, the Western Highland Province, Simbu)

% of total production/consumption volume

0.1

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Peru

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Junin, Cajamarca)

% of total production/consumption volume

1

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Philippines

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Mindanao (Sultan Kudarat and Bukidnon Province), South & North Luzon)

% of total production/consumption volume

0.9

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Chumphon, Ranong, Surat Thani Provinces)

% of total production/consumption volume

0.6

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Central Highlands - Dak Lak, Lam Dong, Gia Lai, Dak Nong, Kon Tum Provinces)

% of total production/consumption volume

30.5

Please explain

In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Coffee

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

5.7

Please explain

We also source some palm oil coffee from: Uganda, Rwanda, Ethiopia, China, Costa Rica, Burundi, Congo, Cuba, Dominican Republic, Ecuador, Jamaica, Puerto Rico, USA, RD Congo, Tanzania, Togo, Zambia, Zimbabwe. In 2021, 82.8% of our coffee was traceable to farmer group-level. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement.

Forest risk commodity

Other - Cocoa

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Para, Bahia, Espirito Santo)

% of total production/consumption volume

6

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Other - Cocoa

Country/Area of origin

Cameroon

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Central Region)

% of total production/consumption volume

3

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Other - Cocoa

Country/Area of origin

Côte d'Ivoire

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Agneby, Sud Comoe, Nawa, Cavally, San Pedro, Belier, Gbokle, Loh-Djiboua, Goh, Marahoue, Guemon, Haut Sassandra, IndenieDjuablin, La Me, Tonkpi,N'zi, bas Sassandra)

% of total production/consumption volume

67

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Other - Cocoa

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Esmeraldas, Pichincha, Los Rios, Manabi, Canar, Bolivar, El Oro)

% of total production/consumption volume

8

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Other - Cocoa

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Sulawesi, Sumatra South)

% of total production/consumption volume

4

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Other - Cocoa

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Tabasco, Chiapas, Veracruz)

% of total production/consumption volume

1

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Other - Cocoa

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

11

Please explain

We also source Cocoa from Ghana. We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Lampung, Papua, Papua Barat, Riau, Sulawesi Barat, Sulawesi Selatan, Sulawesi Tengah, Sulawesi Tenggara, Sumatera Barat, Sumatera Selatan, Sumatera Utara)

% of total production/consumption volume

19.5

Please explain

We know the % volume from the annual traceability declarations that our suppliers provide in combination with our procurement data. We monitor the mills through Starling Satellite Monitoring and have the GPS coordinates of the mills at origin.

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?**Does your organization produce or consume biofuel derived from palm oil?**

No

Data type

<Not Applicable>

Volume produced/consumed

<Not Applicable>

Metric

<Not Applicable>

Country/Area of origin

<Not Applicable>

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

<Not Applicable>

Does the source of your organization's biofuel material come from smallholders?

<Not Applicable>

Comment

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.**Forest risk commodity**

Palm oil

Impact driver type

Reputational and markets

Primary impact driver

Negative media coverage

Primary impact

Increased production costs

Description of impact

Stakeholder and media attention related to the sustainable production of palm oil remains high with NGOs campaigns and media articles about the topic ongoing, leading to continued interest from consumers and customers to know whether there is palm oil in the Nestlé products they buy (e.g. in our confectionery brands such as Kit Kat) and whether it has been produced sustainably. Most of the NGO campaigns have targeted the company rather than specific Nestlé brands and link mills in our supply chains to allegations of deforestation. However, in the last year, we have seen some NGOs asking for information about forest-risk relating to specific brands. In addition, some consumers have written to us asking that we remove palm oil from our products based on their perceptions that palm oil is not sustainable. Some customers (e.g. in Australia and in Europe) are also asking for evidence that palm oil in the products that they put on shelf is sustainably sourced as a condition to sell our products. We also see more investor questions related to this topic. All of this can have a negative impact on the brand and we are addressing it by working together with our suppliers and partners to improve the sustainability of the palm oil that we source. This impact has not been substantive so far.

Primary response

Engagement with suppliers

Total financial impact**Description of response**

So far detrimental impacts are associated with the incremental cost of switching to other origins or suppliers more aligned with sustainable practices that we demand from forest-based commodities. This incremental cost is evaluated at approx. +5% premium. Actions taken in 2021: - We continued to work with partners to engage suppliers to both improve traceability to mill (97%) and plantation (70%), improve compliance with our Responsible Sourcing Standard and collaborate on joint projects on the ground. - We use Starling satellite monitoring to monitor 100% of our supply chain. We prioritize which suppliers to engage based on Starling data (number and size (ha) of deforestation alerts linked to our supply chain). As such, this may cover different sizes of suppliers and different geographies. We also plan to achieve 100% RSPO palm oil by 2023. - We published our Forest Positive strategy, which explains how our strategy is moving beyond managing deforestation-risks in our forest-risk commodity supply chains (e.g. palm oil) to target a positive impact on the critical landscapes we source from. - We held several media and stakeholder webinars to engage and raise awareness about our actions in palm oil. Outcomes: We increased our percentage of traceable palm oil to mill (97%) and to plantation (70%) and % of assessed deforestation-free palm oil (90.4%). Reputationally, we increased the number of positive media articles related to our responsible sourcing of palm oil.

Forest risk commodity

Timber products

Impact driver type

Reputational and markets

Primary impact driver

Other reputational and market driver, please specify (Future availability of sustainable pulp & paper)

Primary impact

Increased production costs

Description of impact

We use pulp & paper for food packaging, wrapping and transport. Deforestation is a key challenge in some geographies where pulp & paper is produced. Following commitments made by many companies, including Nestlé, to reduce use of plastics, demand for pulp is growing, incl. our own as some brands are switching to paper packaging (e.g. Nesquik). Most pulp is produced in North America, Europe, China and Japan, using fiber sourced from these countries and from further afield. However, large investments are now being made in South America, Africa, Asia and Russia, attracted by lower production costs, shorter crop rotations in the tropics and in some cases the availability of natural forest fiber in temperate and boreal regions. Expansion is planned through new capacity or areas where new plantations are being developed. In these cases, the fiber does not enter our supply chain now, as it takes years to install capacity and establish these plantations. This poses a future risk for us as unsustainable practices may mean we won't be able to source from these locations in the future. If this is the case, it may lead to increased production costs. As such, this risk is not considered as substantive at the moment but could become so in the future. This is why we're proactively working to better understand where and how this expansion is happening and are engaging with our suppliers and leveraging our influence to ensure sustainable expansion.

Primary response

Engagement with suppliers

Total financial impact**Description of response**

So far forest related detrimental impacts on pulp and paper are associated with the cost of assessing deforestation-free and good forest management practices. This is largely related to project and third-party assessment personnel costs, which is negligible vs. our spend. Actions taken: through ongoing responsible sourcing work, we're looking to ensure our Standard is met prior to any increase in capacity or of new plantations to ensure we can source from these locations in future. In 2020 we looked at two mill expansions in Sweden to understand the possible effect on forest resources, HCV/biodiversity and local communities. In 2021, we visited the companies, had calls with NGOs, companies, private ownership organizations, academics, and Sami (local community) organizations to receive feedback on the Healthy Forest Landscape approach. We worked on the roadmap we have in place with one company, with a focus on biodiversity and community wellbeing. The roadmap aims to improve transparency and knowledge on key metrics, and the ability to take action if required. We're involved in multi-stakeholders initiatives including CGF's Forest Positive Coalition and several landscape initiatives to drive transformative change. We continue to share best practices and learnings in different fora and with a broad range of stakeholders. Impact to date: Increased traceability (96% to country of origin), assessed deforestation free KPI improved to 98%, improved engagement with suppliers.

Forest risk commodity

Cattle products

Impact driver type

Reputational and markets

Primary impact driver

Negative media coverage

Primary impact

Brand damage

Description of impact

Stakeholder and media attention related to the sustainable production of meat (especially meat from Brazil) remains high with NGOs campaigns and media articles about the topic, leading to a continued interest from consumers and customers to know whether beef has contributed to deforestation or other unsustainable practices. This has been for example the case during the Amazon fires in 2019, where conversion of forest for cattle rearing was cited as one of the causes of fires in the Amazon. Nestlé being among the companies sourcing meat and meat by products in Brazil, we were asked whether our suppliers were linked to the Amazon fires. We have also recently received questions from an NGO asking where the meat in our Purina products sold in a European country was sourced from. So far, the impact of this has not been substantive for Nestlé.

Primary response

Greater traceability of forest-risk commodities

Total financial impact**Description of response**

So far forest-related detrimental impacts on beef are associated with the cost associated with switching to lower risk origins. The price differential is considered negligible versus the total spend. However, we believe in engaging suppliers in high-risk areas, rather than exiting these areas, to help drive a positive impact on the ground. Action taken: This has accelerated our traceability efforts for meat. We partner with suppliers to ensure the best monitoring tools are used. Our sourcing of meat in the Amazon is traceable and has not been linked to any deforestation. Note that our volume of meat is limited in this region as well as in other regions of deforestation risk. Following the Amazon fires in 2019, we traced our purchase of meat by-products to ensure it is not linked to deforestation. This work included a more focused assessment of the Nestlé animal protein supply chain in Brazil than our standard traceability exercise. Impact to date: Proforest examined supplier sustainability programs related to deforestation, human rights and animal welfare, shedding light on potential support Nestlé could provide. This work led to the development of supplier training in 2020, also led by Proforest and funded by Nestlé, that began in 2021 and was successful in progressing commitments and policies within the participating companies. As a result of our work in our meat supply chain, we have increased the % of meat assessed as deforestation free to 99%.

Forest risk commodity

Soy

Impact driver type

Reputational and markets

Primary impact driver

Negative media coverage

Primary impact

Brand damage

Description of impact

As consumer demand for plant-based products is increasing (including for Nestlé Brands like Garden of Eatin' and Sweet Earth), stakeholder and media attention related to the sustainable production of soy is also increasing. This is in particular the case for soy sourced from high value ecosystems, like the Cerrado in Brazil. There are ongoing NGO campaigns and media attention to industry sourcing in the Brazilian Cerrado, including the Nestlé footprint. We source soya products from numerous suppliers in many different countries, including Argentina, Brazil, Serbia and the US. Supply chains vary in length and complexity: making soya traceability challenging. However, our sourcing from the Cerrado is relatively small, and therefore we qualify our risk exposure as low in this jurisdiction. As such, we estimate the brand damage risk potential as not substantive.

Primary response

Greater traceability of forest-risk commodities

Total financial impact**Description of response**

So far forest related detrimental impacts are associated with the incremental cost of switching to other origins or suppliers more aligned with the sustainable practices that we demand from forest based commodities. This incremental cost is evaluated on soya to be approx. +2% premium. However we believe in engaging suppliers in high risk areas, rather than exiting these areas altogether, to help drive a positive impact on the ground. Actions in 2021: To better address potential and future risks related to unsustainable sourcing of indirect soy, we developed methodology to estimate our indirect footprint volume and linkage to high risk areas, increasing our understanding of our indirect exposure to risk origins. We use this insight to size the investment needed in transformation strategies in line with the Consumer Goods Forum Forest Positive Coalition soy roadmap, which include strategic supplier engagement, RTRS credits, landscape conservation and restoration initiatives, and financial investments). Impact to date: increased % of soy assessed as deforestation free to 98%.

Forest risk commodity

Other - Cocoa

Impact driver type

Reputational and markets

Primary impact driver

Negative media coverage

Primary impact

Brand damage

Description of impact

Stakeholder and media attention related to the sustainable production of cocoa remains high with NGOs campaigns and media articles about the topic ongoing, leading to a continued interest from consumers and customers to know where the cocoa in their products comes from and whether it is sustainable. Since we source a large part of our cocoa from countries at risk of deforestation due to agricultural expansion (e.g. Côte d'Ivoire and Ghana), this can be a potential reputational risk for our company or for our Confectionery brands, such as KitKat. For example, the annual Easter Egg scorecard by a group of NGOs uses pack shots of Kit Kat and Nesquik products to illustrate Nestlé's confectionery business. So far, the impact has of this type of communication has not been substantive.

Primary response

Greater traceability of forest-risk commodities

Total financial impact

Description of response

- We have committed to achieve full traceability and segregation of our cocoa products from origin to factory, on top of our commitment to source 100% of cocoa sustainably through the Nestlé Cocoa Plan by 2025. - As part of our Cocoa & Forests Initiative action plan, we have mapped >125 000 farms in Côte d'Ivoire and Ghana, well over the 2022 target, allowing us to work with suppliers to assess deforestation risk by comparing mapped farms to maps of national parks and classified forests. We distributed >1 million forest and fruit trees to farmers to drive agroforestry and regenerative agriculture, bringing the total to >2.2 million. We helped replant 366ha of Cavally Forest Reserve as part of a CHF2.5 million investment. In Beki and Bossematié forests, a key wildlife corridor, we helped reforest 43ha and raise awareness among 5 000 farmers and their families. Our pilot for small-scale community and sacred forest conservation in Toa Zèò has protected and reforested several small woodlands and will be rolled out to multiple cocoa-farming communities in partnership with the Ministry of Waters and Forests. - We commissioned a detailed risk assessment from Global Risk Assessment Services for Brazil, Ecuador, Mexico, and Venezuela, using satellite data from 2015-2020 covering 2 787 653km². The data was compared with protected, at-risk, and high carbon stock areas. The results show that cocoa-related deforestation risk is mainly low and concentrated in specific areas.

Forest risk commodity

Other - Coffee

Impact driver type

Reputational and markets

Primary impact driver

Negative media coverage

Primary impact

Brand damage

Description of impact

Stakeholder and media attention related to the sustainable production of coffee is increasing - this has not always been a major topic of concern in relation to coffee but is increasing although we would still qualify the potential risk as low and the reputational damage as non significant. With two of the well most known coffee brands in our portfolio, Nescafé and Nespresso, we also believe that there are opportunities to address the potential risks through conservation projects and agroforestry. These projects are expected to also help us to meeting our net zero GHG emissions commitment by 2050 and provide consumers with information.

Primary response

Other, please specify (Responsible Sourcing supplies, Voluntary engagement in conservation projects (including reforestation, afforestation and ecosystem restoration)

Total financial impact

Description of response

Our response has been on different fronts: - from an operational point of view, we continue to increase the traceability and responsible sourcing of the coffee we use (82.8% back to a group of farm). - From a collaboration perspective, we are part of the different coffee platforms, including the Global Coffee Challenge and Sustainable Coffee Challenge. - From a stakeholder engagement perspective, we have been doing a lot of work to engage with media, NGOs, customers and consumers on our actions to ensure responsible sourcing of coffee. - From a transparency point of view: we have disclosed our coffee supply chain. Impact to date: Nespresso has been transitioning AAA coffee farming into agroforestry models since 2014. Begun in Colombia and Guatemala, this approach is being expanded to 9 of its sourcing regions. As part of this program, it committed to plant 5 million trees in the AAA coffee farms and landscapes. By the end of 2021, Nespresso had reached the commitment and had funded plantation of 5.94 million trees in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. It is challenging to determine a financial figure for potential reputational damage.

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

Forest risk commodity

Please select

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

Forest risk commodity

Cattle products

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

Forest risk commodity

Soy

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

Forest risk commodity

Other - Cocoa

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

Forest risk commodity

Other - Coffee

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods
External consultants
Starling
Jurisdictional/landscape assessment
Other, please specify (Maplecroft, SupplyShift, Forest Footprint)

Issues considered

Availability of forest risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Corruption
Social impacts

Stakeholders considered

Customers
Investors
Local communities
NGOs
Regulators
Suppliers

Please explain

We use the following tools: - The Responsible Sourcing (RS) Program that covers our 14 most important raw materials, including pulp & paper. Based on our volume and spend breakdown we identify countries and Tier 1 suppliers to prioritize. For Pulp & Paper, we send suppliers an annual questionnaire to refresh traceability information in relation to direct suppliers, mills and country of harvest (COH). COH is particularly important in pulp since wood chips may come from another country than where the mill is located. A review of priority suppliers is made based on traceability / country risk and business importance. We combine our annual supply chain mapping with tools like industry intelligence, satellite monitoring and on-the-ground assessment to assess deforestation risks. We use this toolkit approach as we know that several tools combined are more beneficial to assess deforestation risks. - We use the results and findings from the RS program at corporate level (Enterprise Risk assessment) and at operational level with the dedicated Zone sustainability committees to determine priorities for action and what actions are needed. - A corporate materiality analysis is carried out by external advisors every two years and includes engagement with third party stakeholders. The time frame reflects the risk assessment that took place as we developed our Net Zero Roadmap, which includes 2025, 20 and 2050 targets. Our work on our no-deforestation commitment is a key part of the roadmap. We are also expanding our approach to assess future risks of deforestation through a forest footprint exercise. Case study of a tool: We use Starling satellite monitoring in pulp & paper because it helps us identify potential forest loss in our supply chain and understand whether this may result in deforestation and degradation of HCV forests. In 2019 we developed the base maps and in 2020 and 2021 used this technology to analyze changes in forest cover across four key priority landscapes: NW Russia; SE USA; British Columbia, Canada; and Sumatra, Indonesia. This increased visibility allows us to observe changes in real-time and has informed more targeted discussions with suppliers on forest cover change alerts and supported the development of interventions and solutions.

Palm oil

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods
External consultants
Starling
Jurisdictional/landscape assessment
Other, please specify (RADD)

Issues considered

Availability of forest risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Corruption
Social impacts

Stakeholders considered

Customers
Investors
Local communities
NGOs
Regulators
Suppliers

Please explain

We use the following tools to assess forest related risk: - The RS Program that covers 14 key raw materials including palm oil. Based on volume and spend, we identify countries and Tier-1 suppliers to prioritize. Supplier questionnaires are sent out annually to refresh our traceability information. A review of priority suppliers is made based on traceability / country risk and business importance. We combine our annual supply chain mapping with tools like satellite monitoring + on the ground assessment. We use this toolkit approach as we know that several tools combined are more beneficial to assess deforestation risks. In particular, Starling satellite monitoring has been instrumental to accelerate our progress given the fact that we source from more than 1,600 mills in 21 countries. - We use the results and findings from the RS program at corporate level (Enterprise Risk assessment) and at operational level with the dedicated Zone sustainability committees to determine priorities for action and what actions are needed. - A corporate materiality analysis is carried out by external advisors every two years and includes engagement with third-party stakeholders to understand their expectations. The time frame reflects the risk assessment that took place as we developed our Net Zero Roadmap, which include 2025, 2030 and 2050 targets. Work on our no-deforestation commitment is a key part of the roadmap. We're also expanding our approach of assessing future deforestation risks through a forest footprint exercise. In 2021 we continued to refine our methodology based on a pilot in our palm oil supply chain in Aceh, Indonesia, and expanded the work to East and North Kalimantan and Sumatra. Case study: We use Starling to monitor 100% of our global palm oil supply chain and identify potential deforestation cases and areas at risks, prioritize actions and inform of our strategy. In 2021, thanks to Starling data we: - Assessed 83% of our purchases of palm oil as deforestation free globally up from 68% in the previous year (in addition 6% were assessed through certification or on the ground assessment and 1% was traceable to low-risk origin) - Continued to include forest conservation elements in all our smallholder palm-oil projects (including new projects) - Further developed our forest footprint methodology to assess future risks of deforestation.

Cattle products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods
External consultants

Issues considered

Availability of forest risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Corruption
Social impacts

Stakeholders considered

Customers
Investors
Local communities
NGOs
Regulators
Suppliers

Please explain

We use these tools to assess forest-related risks: - The Responsible Sourcing (RS) Program that covers our 14 most important raw materials, including cattle. Based on our volume and spend breakdown we identify countries and Tier-1 suppliers to prioritize. Supplier questionnaires are sent out annually to refresh our traceability information. A review of priority suppliers is then made based on traceability / country risk and business importance, together with our implementation partners. We combine our annual supply chain mapping exercise with tools like industry intelligence (e.g. Maplecroft) and on the ground assessment. We use this toolkit approach as we know that several tools need to be combined to efficiently assess deforestation risks. For livestock, suppliers provide traceability information back to the slaughter facilities that process the meat. This information is assessed against a country-level index of deforestation risk. Nestlé is also a member of the Consumer Goods Forum Beef Working Group to help address direct and indirect beef supply chains in Brazil and support the development of greater traceability in that country. - We use the results and findings from the RS program at corporate level (Enterprise Risk assessment) and at operational level with the dedicated Zone sustainability committees to determine priorities for action and what actions are needed. - A corporate materiality analysis is carried out by external advisors every two years and includes engagement with third-party stakeholders to understand their expectations. The time frame reflects the risk assessment that took place as we developed our Net Zero Roadmap, which include 2025, 2030 and 2050 targets. Our work on our no-deforestation commitment is a key part of the roadmap. We are expanding our approach to assess future risks of deforestation through a forest footprint exercise. Case study: we regularly conduct a global traceability exercise together with our suppliers to trace back the volumes of meat to the slaughterhouse. We combined this with the Maplecroft deforestation risk index to assess what are the volumes at risk. Through this, we traced 99% of our meat volumes to low-risk origins. For the 2022 exercise, we are assessing supplier ability to trace beyond the slaughterhouse level.

Soy

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods
External consultants

Issues considered

Availability of forest risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Corruption
Social impacts

Stakeholders considered

Customers
Investors
Local communities
NGOs
Regulators
Suppliers

Please explain

We use the following tools to assess forest related risk: - The RS Program that covers our 14 most important raw materials, including soy. Based on volume and spend breakdown we identify countries and Tier-1 suppliers to prioritize. For soy, supply chain mapping questionnaires are sent to suppliers, all soy (under scope) is mapped to country of origin. For high-risk countries based on recent literature and in line with the Accountability Framework initiative, soy origin needs to be mapped one level further, to identify the biome of origin. In biomes classified as high risk, soy needs to either be certified by a credible deforestation and conversion-free scheme; traceable to a municipality where risk of conversion to soy is monitored by credible traders' system and considered very low; or traceable to a farm where a credible monitoring system checked that no conversion to soy has happened. - We use the results and findings from the RS program at corporate level (Enterprise Risk assessment) and at operational level with the dedicated Zone sustainability committees to determine priorities for action and what actions are needed. - A materiality analysis is carried out by external advisors every two years and includes engagement with third-party stakeholders to understand their expectations. The time frame reflects the risk assessment that took place as we developed our Net Zero Roadmap, which include 2025, 2030 and 2050 targets Our work on our no-deforestation commitment is a key part of the roadmap. We are expanding our approach to assess future risks of deforestation through a forest footprint exercise. Case study - external consultants: We developed a global risk-based approach to allow traceability to a level where risks can be better managed. To understand risk at subnational level, we develop country risk profiles and run spatial risk assessments using public info. In 2021, this helped identify our potential exposure to deforestation risk, and our prioritization in assessing supplier sourcing information to validate and mitigate risk exposure. This resulted in higher performance on transparency and deforestation-free indicators and in the ability to geographically target risk mitigation investments (e.g. RTRS regional credits or future landscape initiatives).

Other - Cocoa

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods
Global Risk Assessment Services (GRAS)
Jurisdictional/landscape assessment

Issues considered

Availability of forest risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Corruption
Social impacts

Stakeholders considered

Customers
Investors
Local communities
NGOs
Regulators
Suppliers

Please explain

We use these tools to assess forest-related risk: - The Responsible Sourcing (RS) Program that covers our 14 most important raw materials, including cocoa. Based on our volume and spend breakdown we identify countries and Tier-1 suppliers to prioritize. Supplier questionnaires are sent out annually to refresh our traceability information. A review of priority suppliers is then made based on traceability / country risk and business importance, together with our implementation partners. We combine our annual supply chain mapping exercise with tools like industry intelligence and on the ground assessment to assess deforestation risks and inform our no-deforestation strategy. - We use the results and findings from the RS program at corporate level (Enterprise Risk assessment) and at operational level with the dedicated Zone sustainability committees to determine priorities for action and what actions are needed. - A corporate materiality analysis is carried out by external advisors every two years and includes engagement with third-party stakeholders to understand the expectations they have of Nestlé in terms of managing the risks and opportunities. The time frame reflects the risk assessment that took place as we developed our Net Zero Roadmap, which include 2025, 2030 and 2050 targets. Our work on our no-deforestation commitment is a key part of the roadmap. Case study of tool – use of Global Risk Assessment Services (GRAS). In 2021 we commissioned a detailed risk assessment from Global Risk Assessment Services (GRAS) across four countries (Brazil, Ecuador, Mexico and Venezuela). The assessment used satellite data from 2015-2020 and covered 2 787 653km². The data was compared with known protected and at-risk areas, as well as high carbon stock areas. GRAS used remote sensing data and geo-spatial datasets to investigate the total potential risk of deforestation (i.e. including deforestation risk of mining operations or urbanization). They then determined the agriculture-specific and cocoa-specific risks of deforestation. The results show that the risk of cocoa-related deforestation is mainly low and concentrated in specific areas. Detailed mapping was provided to enable Nestlé to avoid sourcing from high-risk areas and to minimize our risk of sourcing cocoa from deforested areas.

Other - Coffee

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods
External consultants

Issues considered

Availability of forest risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Corruption
Social impacts

Stakeholders considered

Customers
Investors
Local communities
NGOs
Regulators
Suppliers

Please explain

We use the following tools to assess forest-related risk within the company: - The main tool is the RS Program that covers 14 key raw materials, including coffee. Based on volume and spend we identify countries and suppliers to prioritize. - We use results from the RS program at corporate level (Enterprise Risk Assessment) and at operational level with the dedicated Zone sustainability committees to determine priorities for action and what actions are needed. - A corporate materiality analysis is carried out by external advisors every two years and includes engagement with third-party stakeholders to understand their expectations of Nestlé in terms of managing risks and opportunities. The time frame reflects the risk assessment that took place as we developed our Net Zero Roadmap, which include 2025, 2030 and 2050 targets. Work on our no-deforestation commitment is a key part of the roadmap. We are in the process of expanding our approach to assess future deforestation risk through a forest footprint exercise that will overlay our sourcing areas, standing forests and peatlands in these areas and customary land rights. Case study: Use of Global Risk Assessment Services (GRAS). In 2021 we commissioned a detailed risk assessment of coffee-related deforestation risk from GRAS to gain greater visibility of the remaining non-RS coffee volume. The assessment covered the main coffee growing regions of Colombia, Ethiopia, India, Indonesia, Mexico, Papua New Guinea, and the Philippines and used satellite data from 2015-2020 covering 889'775km2. The data was compared with protected, at-risk, and high carbon stock areas. GRAS used remote sensing data and geo-spatial datasets to investigate the total potential risk of deforestation (i.e. including from mining or urbanization). They then determined risks related to agriculture and coffee. The results show that coffee-related deforestation risk varies from country to country and looks to be concentrated in specific areas in each country. We obtained partial voluntary information of mill location and sourcing radius from conventional coffee suppliers to compare and assess deforestation risks of each mill sourcing area. This detailed mapping will enable Nestlé to avoid sourcing conventional coffee from high-risk areas.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Palm oil	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Cattle products	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Soy	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Soy

Scope of value chain mapping

Tier 1 suppliers
Tier 2 suppliers
Tier 3 suppliers

% of total suppliers covered within selected tier(s)

98

Description of mapping process and coverage

We work closely with our soy suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers, such as Proforest. Our global buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our soy via supplier Traceability Declaration Documents used to collect supply chain data to country of harvest. We have mapped 100 percent of our Tier 1 suppliers. In addition, we have visibility on 98% of our supplies to crush site and country of farming origin. As soy is a global commodity and an annual crop, it has multi-tier supply chains which can be dynamic year on year. Establishing regular transparency beyond crush sites and back to farming areas is a challenge. We are currently working to improve this and have joined industry and multi-stakeholder working groups who aim to support the key soy value chain stakeholders in monitoring the soy origins in the most high-risk countries regarding conversion of natural ecosystems. Several approaches are looked at from an industry point of view, they can foster transparency from upstream to downstream stages of the value chain. We update our public supply chain disclosure periodically, if there are significant changes.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

nestle-supply-chain-disclosure-soya[1].pdf

Forest risk commodity

Timber products

Scope of value chain mapping

Tier 1 suppliers
Tier 2 suppliers
Tier 3 suppliers

% of total suppliers covered within selected tier(s)

96

Description of mapping process and coverage

We work closely with suppliers to create a full picture of their supply chains and sourcing locations. This is repeated annually, at every tier in the supply chain. External partners and service providers, such as Earthworm Foundation help us achieve this. We also piloted technology like Supply Shift. Our global buyers in Malaysia, Panama and Switzerland track and monitor the origin of our pulp and paper via Supplier Traceability Declaration Documents used to collect supply chain data to country of harvest. We do not map and assess upstream supply for recycled material in the same way as virgin pulp and paper. Recycled material is not considered as adding to deforestation. We have mapped 100 percent of our Tier 1 suppliers. In addition, we have visibility on 97% of our supplies to the pulp mill. We update our public supply chain disclosure periodically, if there are significant changes.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

nestle-pulp-mill-transparency[1].pdf

nestle-converter-transparency[1].pdf

Forest risk commodity

Palm oil

Scope of value chain mapping

Tier 1 suppliers
Tier 2 suppliers
Tier 3 suppliers

% of total suppliers covered within selected tier(s)

69

Description of mapping process and coverage

We work closely with our suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. Our global oils buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our palm oil via Supplier Traceability Declaration Documents used to collect supply chain data with our external partner Earthworm Foundation. We request supply chain to the mill and plantation. We also ask for GPS coordinates of the mills as well as concession maps. When we don't have access to concession maps we used a 50km radius proxy and input all of this information in our Starling satellite monitoring system to continuously monitor our palm oil supply chain. We have mapped 100 percent of our Tier 1 suppliers. In addition we have visibility over 97% of our volumes to the mill (Tier 3) and 69% to the plantation (Tier 4+). We update our public supply chain disclosure periodically, if there are significant changes.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

supply-chain-disclosure-palm-oil[1].pdf

Forest risk commodity

Cattle products

Scope of value chain mapping

Tier 1 suppliers
Tier 2 suppliers
Tier 3 suppliers

% of total suppliers covered within selected tier(s)

96

Description of mapping process and coverage

We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers, such as SGS. Our global buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our meat via supplier Traceability Declaration Documents used to collect supply chain data to country of harvest. Our supply chain mapping is conducting all the way to the slaughterhouse. We have mapped 100% of our Tier 1 suppliers. In addition we have visibility over 98% of our volumes to the slaughterhouse (Tier 3). We update our public supply chain disclosure periodically, if there are significant changes.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

nestle-supply-chain-disclosure-meat-tier1[1].pdf

nestle-supply-chain-disclosure-meat-upstream[1].pdf

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	Yes
Other - Coffee	Yes

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

We run a materiality assessment with external stakeholders every two years. This helps us identify the economic, social and environmental risks that matter most to our business and our stakeholders. For each risk, the materiality assessment rates the degree of stakeholder concern as well as the potential business impact. Our materiality assessment is integrated into the Group's Enterprise Risk Management process to ensure that wider sustainability risks are incorporated into the risks and opportunities under consideration across the company.

The assessment has a four-level risk rating scale which enables us to categorize the level of impact of each risk:

- Internal stakeholders rate the impact of the risk on Nestlé's success as major, significant, moderate or negligible
- External stakeholders rate the level of importance of the risk to them as major, significant, moderate or negligible

Both qualitative and quantitative factors are considered when rating a risk:

- does the risk have the potential to substantively affect the Group's strategy or its business model (either at a global level, category level, or across multiple categories)?
- does the risk have the potential to substantively affect one or more of the capitals the Group uses or accesses (e.g. talented, engaged workforce, capital funding)?
- does the risk have the potential to substantively influence the assessments and decisions of stakeholders?

Based on the results of the materiality assessment, we tailor our activities. Nestlé defines as a substantive strategic impact those issues identified as being most material to its business, developing ambitious goals to help advance the health of our planet, drive societal progress and support regenerative food systems. Our ERM risk rating is the metric used to identify change, and the threshold which indicates substantive change is a significant or major risk as opposed to a moderate or negligible risk.

In our most recent materiality assessment in 2020, Responsible Sourcing (which includes risks and opportunities related to how we source our raw materials, including forest-related risks) was identified as one of Nestlé's material risks, being rated as being of major importance to external stakeholders and having a significant impact according to internal stakeholders.

To support in the Group's identification and assessment of potential substantive climate-related risks and opportunities, Nestlé is implementing the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. In 2021, we continued to develop a qualitative and quantitative climate modeling process across our value chain to assess our portfolio's resilience under different external conditions. We use a climate modelling tool developed with the University of Cambridge's Centre for Risk Studies to build a climate modeling tool to evaluate the potential directional impacts on Nestlé's operations and supply chains for both transition and physical risks.

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Other parts of the value chain

Primary risk driver

Shifts in consumer preference

Primary potential impact

Disruption to sales

Company-specific description

An increasing number of our customers, in particular retailers in developed markets, want the products they market and the ingredients used to make them to be sustainably sourced, with no links to deforestation. In some cases, customers ask that our products contain certified ingredients or are free from certain ingredients. This is particularly the case for palm oil, which has been the subject of much NGO campaigning and media coverage in some countries. Though we share our customers' commitment to sustainable products that are not linked to deforestation, there is a risk that a retailer may stop buying a certain Nestlé product, leading to loss of revenue and market share. Nestlé products including Confectionery may be affected as they often contain small amounts of palm oil.

Timeframe

1-3 years

Magnitude of potential impact

High

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Palm oil is present in many of our recipes for confectionery and other products. We estimate financial impacts based on the potential delisting of our main palm-oil containing products by our customers in a number of countries where palm oil is high on the media agenda.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

We have committed to achieving 100% Roundtable on Sustainable Palm Oil (RSPO) certified sustainable palm oil by 2023. In addition, we have supported the strengthening of the RSPO's Principles and Criteria and we are the manufacturer representative in the Assurance Taskforce. As of end of 2021, 71% of the palm oil we buy was RSPO Certified. As we progress towards our 100% goal, this is helping us to address the risk of customers delisting our products, since most products sold in countries where certified palm oil is preferred are covered by RSPO certification. Beyond certification, we are also using Starling satellite monitoring to assess the palm oil we source is not linked to deforestation and to address any potential risk based on alerts we receive. To date and to the best of our knowledge we believe that no customer has delisted any of our products due to a perception that we are using palm oil linked to deforestation.

Cost of response

Explanation of cost of response

The cost of response is commercially sensitive and is based on the total premiums we will pay for RSPO Certified palm oil at current market cost over the next two years (2022-2023) until we reach 100% RSPO certified palm oil. The assumptions made in this calculation include that supply of segregated volume opportunities will remain limited (we're assuming no or low growth of segregated palm oil) and that we will only purchase segregated/identity preserved and credits (no mass balance).

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Other parts of the value chain

Primary risk driver

Shifts in consumer preference

Primary potential impact

Brand damage

Company-specific description

As we are implementing our commitment to reduce our virgin plastics packaging by one third by 2025, we are increasing our use of paper packaging for our brands. For example, we've recently switched our Nesquik brand to paper packaging in some markets. At the same time, our customers and consumers are increasingly aware of environmental footprint, including the potential link between deforestation and paper packaging. Indeed, our consumer market research as well as our materiality assessment show growing consumer demand and growing stakeholder expectations for us to develop alternative packaging or delivery systems, including paper packaging. Also, our last materiality assessment, which rates the degree of stakeholder concern as well as the potential business impact, showed that the topic of product packaging and plastics was of significant importance to external stakeholders and major importance to internal stakeholders. While this link has been less in the spotlight in the last couple of years, we cannot exclude renewed NGO or media attention on this as well as more customers questions on this topic. The potential link of our paper packaging to deforestation could result in brand damage and may deter some consumers from buying our products, leading to reduced revenues.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

We estimate financial impact based on a scenario where one range of product would be delisted from one major retailer. We believe that the potential risk would likely affect one country and one retailer rather than being the result of a global campaign.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

We are investing in the responsible sourcing of pulp & paper through our responsible sourcing program. We use a variety of due-diligence tools including, supply chain mapping and traceability, on-the-ground assessments and certification, to assess the pulp and paper we buy as deforestation-free in all markets. In particular, we source certified paper packaging materials in countries where the market demand for certified products is higher from consumers and customers. As a result of our efforts we were able to assess 98% of our total pulp and paper volumes as deforestation free in 2021.

Cost of response

Explanation of cost of response

The cost of response is based on the ongoing annual cost of our Responsible Sourcing program for pulp and paper. This is commercially sensitive and includes premium costs for certified pulp and paper (FSC and PEFC) that we use, supply chain mapping, on-the-ground assessments, partnerships and on-the-ground projects.

Forest risk commodity

Soy

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Other parts of the value chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Today, the majority of the soy we use goes to our Purina Petcare business. However, as consumer demand for plant-based products is increasing (including for Nestlé Brands like Garden of Eatin' and Sweet Earth), stakeholder and media attention related to the sustainable production of soy is also increasing. This is in particular the case for soy sourced from high value ecosystems, like the Cerrado in Brazil. There are ongoing NGO campaigns and media attention to industry sourcing in the Brazilian Cerrado, including the Nestlé footprint. Brand damage caused by negative media coverage may lead to loss of revenues if NGO campaigning deters consumers from buying products that may contain soy sourced from the Cerrado. We source soya products from numerous suppliers in many different countries, including Argentina, Brazil, Serbia and the US. Supply chains vary in length and complexity: making soya traceability challenging. However, our sourcing from the Cerrado is relatively small, and therefore we assess the risk in relation to our sourcing from the Cerrado as relatively low.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

We estimate the potential financial impact based on the potential of loss of a proportion of revenues from the Purina Petcare business, which is the biggest user of soy in our business. In the future we expect our exposure to soy-related risks will become bigger as we expand our plant-based products (including soy-based products).

Primary response to risk

Increased use of sustainably sourced materials

Description of response

We are investing in the responsible sourcing of soya through our responsible sourcing program. We use a variety of due-diligence tools including, supply chain mapping and traceability, on-the-ground assessments and certification, to assess the soy we buy as deforestation-free. As a result of our efforts we were able to verify 98% of our total soy volumes soy as deforestation free in 2021.

Cost of response

Explanation of cost of response

The cost of response is commercially sensitive and is based on the current annual cost of implementing our responsible sourcing program for soy, including premium for certification (RTRS and Proterra), supply chain mapping, partnerships and projects on the ground.

Forest risk commodity

Cattle products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Other parts of the value chain

Primary risk driver

Shifts in consumer preference

Primary potential impact

Brand damage

Company-specific description

Meat is primarily used in our Prepared dishes and cooking aids business (e.g. Stouffer brand). It is however only present in a limited number of recipes. We source meat from numerous suppliers in many different countries, mainly in countries of low risk of deforestation. However, we do source very small amounts of meat from Brazil (0.06%) and therefore there is a small risk for our brands of being associated with deforestation. There are ongoing NGO campaigns and media attention on industry sourcing in Brazil, including the Nestlé footprint. Brand damage caused by negative media coverage may lead to loss of revenues if NGO campaigning deters consumers from buying products that may contain meat sourced from Brazil. However, since our sourcing of meat from Brazil is relatively small, we assess the risk in relation to this as low.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

We estimate the potential financial impact based on the potential of loss of a proportion of revenues from our Prepared dishes and cooking aids business, which is the primary user of meat.

Primary response to risk

Engagement with suppliers

Description of response

We currently have 0.06% of our meat coming from Brazil and 1% coming from unknown origins. We are working with our direct suppliers to trace the remaining 1% and ensure this is not coming from areas at risk of deforestation.

Cost of response

Explanation of cost of response

So far, forest-related detrimental impacts are associated with the incremental cost of switching to other origins or suppliers more aligned with the sustainable practices that we demand from forest-based commodities. This incremental cost is commercially sensitive.

Forest risk commodity

Other - Cocoa

Type of risk

Regulatory

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Other regulatory driver, please specify ((Stricter regulation in importing countries (EU in particular))

Primary potential impact

Supply chain disruption

Company-specific description

In November 2021, the European Commission proposed a draft Regulation to minimise EU-driven deforestation and forest degradation. By promoting the consumption of 'deforestation-free' products and reducing the EU's impact on global deforestation and forest degradation, the new rules aim to bring down greenhouse gas emissions and biodiversity loss. As Côte d'Ivoire and Ghana are two countries at risk of deforestation; that sixty percent of Nestlé's global sourcing of cocoa comes from these two countries (55% from Côte d'Ivoire alone); and that lot of this cocoa enters into the EU market for manufacturing in Nestlé's European-based factories, the draft regulation is particularly relevant for Nestlé's sourcing of cocoa. Final regulation is expected to be finalized in 2023. If we were not ready to comply with the final regulation this could impact our ability to import cocoa and would lead to supply chain disruptions.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

The financial impact is based on the size of our Confectionery business in our Zone Europe, Middle East and North Africa and on the assumption that a regulation could be potentially restrict imports of cocoa into the EU Market.

Primary response to risk

Greater due diligence

Description of response

As part of the Forests & Cocoa Initiative, we have developed and published an action plan that includes mapping all Nestlé Cocoa Plan farm boundaries in Côte d'Ivoire and Ghana (main sourcing countries and where there is a higher risk of deforestation), implementation by our suppliers of traceability systems and exclusion processes for farms found in protected forests. We are distributing shade trees and piloting agroforestry projects. We have partnered with the government of Côte d'Ivoire to restore the Cavally Forest, an important forest in Côte d'Ivoire. Impact to date: • Mapped >125 000 farms in Côte d'Ivoire and Ghana – well over the 2022 target • Distributed >1 million forest and fruit trees to farmers to drive agroforestry and regenerative agriculture, bringing the total to >2.2 million • Cumulatively trained more than 90 000 farmers in good agricultural practices • Replanted 366 hectares of Cavally Forest Reserve in 2021 as part of a CHF 2.5 million investment in restoring the forest • Ramped up community and reforestation efforts in Beki and Bossematié forests – a key wildlife corridor – reforesting 43ha and reaching 5 000 farmers and their families with community awareness-raising sessions • Ran a pilot for small-scale community and sacred forest conservation in Toa Zèò. This approach protected and reforested several small woodlands (1-16ha) and will be rolled out to multiple cocoa-farming communities in partnership with the Ministry of Waters and Forests (MINEF).

Cost of response

Explanation of cost of response

The cost of response commercially sensitive and is based on the cost of implementing activities related to the Cocoa & Forests Initiative and reforestation projects in West Africa.

Forest risk commodity

Other - Coffee

Type of risk

Regulatory

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Other regulatory driver, please specify (Stricter regulation in importing countries (EU in particular))

Primary potential impact

Supply chain disruption

Company-specific description

In November 2021, the European Commission proposed a draft Regulation to minimise EU-driven deforestation and forest degradation. By promoting the consumption of 'deforestation-free' products and reducing the EU's impact on global deforestation and forest degradation, the new rules aim to bring down greenhouse gas emissions and biodiversity loss. As many countries where coffee is produced and from which we source are at risk of deforestation and that important quantities of coffee are brought into the EU market for manufacturing in Nestlé's European-based factories, the draft regulation is particularly relevant for Nestlé's sourcing of coffee. Final regulation is expected in 2023. If we were not ready to comply with the final regulation this could impact our ability to import cocoa and would lead to supply chain disruptions.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial**Primary response to risk**

Greater due diligence

Description of response

We have significant actions and investments aimed at climate change adaptation of present growing areas, with teams of agronomists working closely with our suppliers and with coffee growing communities in the countries where we implement the Nescafé Plan and Nespresso's AAA program. We also have a long standing coffee Plant Science/breeding program, the recently launched Nestlé Agriculture services institute and multiple research partnerships to develop improved coffee varieties and agricultural practices to assist coffee farmers to produce more and better coffee from the same (or less) area presently dedicated to coffee farming. Our net zero and regenerative agriculture commitments will also play an important role with reforestation/agroforestry programs, improving practices and reducing farming greenhouse gas emissions.

Cost of response**Explanation of cost of response**

Costs are from implementing activities related to our plant breeding program.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	Yes
Other - Coffee	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**Forest risk commodity**

Other - Cocoa

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Nestlé operates in a very competitive environment with many different players, including multinational companies as well as smaller regional or local competitors. As consumers are more and more interested in knowing where the ingredients in their products come from and that they are produced sustainably, brand communication that includes the sustainability attributes of the brand is increasingly becoming a positive differentiation element for consumers. Nestlé is well placed to capture this opportunity as we have been investing in sustainability for a number of years and have a good basis for communicating this to consumers. As a result of the identification of this opportunity, our brands are undergoing an exercise to define a "brands with purpose" strategy - this is the framework developed in our Brand Building the Nestlé Way that we use to embed sustainability at the core of our brands. For instance, KitKat, one of the world's most popular confectionery brands, has pledged to become carbon neutral by 2025. Most emissions occur when producing ingredients like cocoa and milk. KitKat aims to reduce the emissions generated through the sourcing of its ingredients, the manufacturing of the product and its distribution through actions in the country origin like, forest regeneration, agroforestry, planting shade trees and supporting regenerative farming. In addition, Nestlé is working towards its commitment to 100% renewable electricity for our sites. KitKat will offset any remaining carbon by investing in high-quality climate projects. These actions will be communicated to engage consumers.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Forest risk commodity

Palm oil

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Improved response to regulatory changes

Company-specific description & strategy to realize opportunity

Countries and regions including the EU and UK are currently developing forest-related due diligence regulation to prevent raw materials or products associated with deforestation entering their market. In the past 10 years, Nestlé has worked toward its no-deforestation commitment on key forest-risk commodities. Through our toolkit approach (supply chain mapping, satellite monitoring, etc), at the end of 2021 we had assessed 97% of all commodities sourced as deforestation-free and 90% of palm oil sourced as deforestation-free. While we continue to work towards our commitment, we're strengthening our strategy to be in a better position to assess future risks of deforestation. To this end, we launched a new Forest Positive strategy in 2021 that goes beyond assessing current deforestation risks in our supply chains to targeting positive impact in the critical landscapes we source from. This strategy has three pillars: 1) deforestation-free supply chains; 2) long-term conservation and restoration in and around our supply chains; 3) Sustainable landscapes. As part of this approach, we piloted in 2020 a "forest footprint" methodology in our palm oil supply chain in Aceh, Indonesia, to better understand risks within our supply chain. By better understanding these risks, we wanted to design more effective, forward-looking forest-positive strategies. In 2021 we expanded the exercise to other regions in Indonesia and to other commodities including pulp and paper, cocoa and coffee. We're in a good position to leverage the forest footprint exercise to take a more long-term and proactive approach to addressing deforestation risks as we have good traceability for our forest risk commodities. E.g. we're using satellite technology in palm oil, pulp and paper, and have extended it to cocoa and coffee in 2021. This is connected to our Net Zero Roadmap published in 2020 and ambition to reduce GHG emissions by 8 million tons by 2030 through preventing deforestation in our supply chain. Acting on this will help better inform our risk analysis and intervention design, as well as our work toward our no-deforestation communication.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

High

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We are not able to calculate the potential financial impact for improving our response to regulatory changes.

Forest risk commodity

Soy

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Increased growth in the alternative protein market

Company-specific description & strategy to realize opportunity

Trends show growing consumer demand for low-carbon products like plant-based foods and drinks. For consumer-facing businesses like Nestlé operating in very competitive and innovative markets where we compete with both agile start-ups and multinational companies, it is clear we need to seize the opportunity that increasing demand for plant-based options constitutes – to stay relevant in the marketplace and to gain a competitive advantage and increased market share. With its R&D capabilities and marketing expertise, Nestlé is well placed to take advantage of this opportunity, which also contributes to our sustainability goals. Following the success of Vuna, launched in 2020, in 2021 Garden of Eatin' introduced vegan egg and shrimp alternatives, vEGGie and Vrimp. Plant-based food products generated sales of around CHF 800 million in 2021, posting 16.8% organic growth. We also expanded our dairy alternatives with pea-based, carbon-neutral Wunda. To continue seizing the opportunity: - We sped up the transformation of Nestlé's portfolio to offer more products that have a better environmental footprint, including more plant-based food and beverages, including soy-based ones. This led us to redefine our approach to new product development with shorter innovation cycles and faster launches. - We are educating our employees about climate change and provide them with the knowledge, skills and tools they need to make informed decisions around product development. - We are helping our portfolio and product managers incorporate GHG emissions information more effectively into their decision-making, including selecting which ingredients to use and continuously improving our eco design tools used in R&D. To support this, we will make more environmental data about ingredient supply chains available at the product level. - We are establishing clear key performance indicators (KPIs) and refining our central data tracking systems to better measure progress and improve the allocation of emissions and reductions to specific businesses. We are making it easier to make comparisons and consult with brand managers around translating corporate targets into business-specific ones.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

High

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The Group's plant-based food products continue to grow at a strong double-digit rate, helped by innovations and product launches such as the new vegetarian shrimp (Vrimp). Financial forecasts are business sensitive and not publicly disclosed.

Forest risk commodity

Other - Coffee

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Improved climate change adaptation

Company-specific description & strategy to realize opportunity

Global efforts to tackle climate change by reducing carbon emissions should result in a transition to a low-carbon economy. This transition presents both risks and opportunities for Nestlé. Transition risks include market and technological shifts, policy and legal changes and reputational damage. Opportunities include increases sales of low-carbon products. To better understand this, we have adopted the Taskforce for Climate-related Financial Disclosures recommendations and began implementation in 2019. Physical risks have a higher probability to impact coffee, with higher temperatures and water shortages compromising quality and reducing availability. This may lead to an increase in raw material costs for the industry, and have economic and social impacts on coffee-growing communities. We have initiatives in place to support farmers and our business in mitigating and adapting to climate-related physical risks. These include providing technical assistance to farmers through our Nescafé Plan and Nespresso AAA Program, enhancing resilience to climate change in our plant breeding programs and improving management of the coffee supply chain. We are scaling up initiatives in agriculture to build farm-level resilience with the objective of helping farmers store carbon through soil management and land restoration, reduce greenhouse gas emissions and halt deforestation. Since 2014, Nespresso has been transitioning AAA coffee farming into agroforestry models. Begun in Colombia and Guatemala, this approach is being expanded to 9 of its sourcing regions. As part of this program, Nespresso committed to plant five million trees in the AAA coffee farms and landscapes. By the end of 2021, Nespresso had reached the commitment and had funded plantation of 5.94 million trees in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. In addition, consumers are more and more interested in knowing where the ingredients in their products come from and that they are produced sustainably. Nespresso & Nescafé will continue to leverage their work to inform consumers, aiming at increasing trust in the brand and brand value.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Forest risk commodity

Timber products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

As a food and beverage company, we need packaging to keep food safe, protect it during transportation, extend shelf life and reduce waste. Our consumer market research as well as our materiality assessment show growing consumer demand and growing stakeholder expectations for us to develop alternative solutions for our packaging and delivery systems for our products, including paper packaging. For Nestlé who is operating in very competitive and innovative markets coupled with increased consumer demand, we need to seize the opportunity to be relevant and meet the demands in a sustainable manner. To reduce our environmental footprint and satisfy consumers demand for sustainable products and sustainable packaging, we have signed the Ellen MacArthur Foundation Global Commitment pledging to ensure that 100% of our packaging recyclable or reusable by 2025. With its R&D capabilities and marketing expertise, Nestlé is well placed to take advantage of this opportunity. In 2019, we launched our Institute of Packaging Sciences, the first of its kind in our industry, in order to help us accelerate our sustainable packaging ambition and increase brand value as a result. Research focus areas include packaging-free solutions, simplified packaging, functional paper, and recycled, biodegradable or compostable materials. New solutions will be tested in various product categories before being rolled out across Nestlé's global portfolio. For example, the Institute helped launch the fully paper-based packaging for Smarties and for ice cream wrappers. These wrappers are the result of extensive research by a dedicated team of scientists and engineers and replace the multi-material versions that are hard to recycle. The new packaging is made from sustainably sourced paper – from pulp and paper mills certified by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Forest risk commodity

Cattle products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Increased availability of products with reduced environmental impact (other than certified products)

Company-specific description & strategy to realize opportunity

Dairy and livestock ingredients are our largest single source of emissions. They accounted for 34.2 million tonnes of CO2e in 2018 – more than half of the emissions created in sourcing our ingredients. In order to work toward our Net Zero ambition, we need to drive a major shift in the sourcing and production these nutritious ingredients. By strengthening our programs with livestock farmers to help them restore land, for instance, we can scale up initiatives to help absorb more carbon from the atmosphere. Thanks to our experience in the dairy sector and our network of agronomists and partners, we are well placed to respond to this challenge. As a first step, to find the most effective ways of reducing emissions, in 2020 in partnership with the Sustainability in Business Lab at ETH Zurich, we developed a simulation tool to evaluate actions and costs for dairy, which represents most of our livestock emissions. Based on this we defined our focus initiatives, which include: - Cutting the methane produced by animals mainly through the inclusion of feed additives and dietary supplements, with the help of dedicated research and development (R&D) support for the Agriculture

team - Feeding livestock with more sustainable feed, i.e. feed from regenerative agricultural practices to help avoid deforestation and reduce the carbon footprint of feeding livestock - Making farms more productive through better herd, by helping increase the productivity and livelihoods of farmers, by developing sustainable business models and helping them adopt successful business practices. For example, one of our pilots has shown that in 2021 our lead test farm in South Africa reduced its cow herd by 100 animals, yet increased its total milk yield by 12% since the start of the trial. It has reduced emissions from electricity by 24% thanks to energy-saving measures and seen a 53% increase in active carbon in the soil, sequestering 4 700 additional tonnes of CO2. - Introducing regenerative agricultural practices such as better paddock management and silvopasture to increase carbon storage in the soil. - Using our R&D capabilities to support new technologies that will help increase the efficiency of dairy farms, maximizing output while using minimum energy We expect these initiatives will reduce the emissions from sourcing our dairy and livestock ingredients by 21 million tonnes by 2030.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

High

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We are not yet able to disclose a financial impact figure for this opportunity.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board-level committee	At Board level, as of the Annual General Meeting 2021, Nestlé split its existing Nomination and Sustainability Committee into a separate Nomination Committee and dedicated Sustainability Committee. The Sustainability Committee provides strategic guidance on sustainability-related matters including our Forest Positive strategy and reports to the full Board of Directors, which has overall oversight. The Sustainability Committee meets at least three times per year. It reviews the Company's commitments on environmental, social and governance aspects and discusses periodically how other material non-financial risks affect the Company's financial performance and how its long-term strategy relates to its ability to create shared value. In 2021, the Sustainability Committee approved the creation of the ESG and Sustainability Council to replace three previous bodies and make decisions on five key workstreams, including our Net Zero Roadmap which incorporates our deforestation-free commitments.

F4.1b

(F4.1b) Provide further details on the board’s oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	At Board level, as of the Annual General Meeting 2021, Nestlé split its existing Nomination and Sustainability Committee into a separate Nomination Committee and a dedicated Sustainability Committee. This reflects the importance of sustainability in Nestlé’s corporate governance and allows Board members to dedicate more time and focus to each of these important topics. The Sustainability Committee provides strategic guidance on sustainability-related matters including deforestation and our Forest Positive strategy to the full Board of Directors, which has overall oversight. The Sustainability Committee of the Board meets at least three times per year. It reviews the Company’s commitments on environmental, social and governance aspects as well as the annual Creating Shared Value report and discusses periodically how other material non-financial risks affect the Company’s financial performance and how its long-term strategy relates to its ability to create shared value. An Environmental, Social and Governance (ESG) Sustainability Council has been established at the Executive Board level. The ESG Sustainability Council provides governance, strategic leadership and execution support. It drives implementation of Nestlé’s sustainability strategy, including implementation of our 2050 Net Zero Roadmap, ensuring focus and alignment on execution.

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

One board member has operational agricultural expertise and a second board member has food and agriculture research expertise.

Primary reason for no board-level competence on forests-related issues

<Not Applicable>

Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future

<Not Applicable>

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Other, please specify (ESG and Sustainability Council)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	Nestlé has an Executive Board-level ESG and Sustainability Council. The Council is chaired by the Group's Executive Vice President (EVP) Head of Strategic Business Units and Marketing and Sales. The ESG and Sustainability Council pulls together the geographical business scopes led by our EVP Zone CEOs and functional leadership at the Executive Board level. It meets every month and regularly reports progress to the full Executive Board. The Council provides governance, strategic leadership and execution support, and drives implementation of Nestlé's sustainability strategy, including our Forest Positive strategy, ensuring focus and alignment. At an operational level, an ESG Strategy and Deployment Unit has been established. It ensures execution, monitors external developments and defines strategies in support of Nestlé's sustainability commitments, including our no-deforestation commitment. It coordinates sustainability activities and has oversight of internal sustainability data gathering and external disclosures. It also advises Nestlé's ESG and Sustainability Council. The ESG Strategy and Deployment Unit reports to the EVP Head of Operations with strategic oversight from the EVP Head of Strategic Business Units and Marketing and Sales. Its work is complemented by other internal departments, including the Corporate Legal team as well as the Public Affairs and ESG Engagement team.
Other C-Suite Officer, please specify (Executive Vice President Head of Strategic Business Units and Marketing and Sales)	Other, please specify (Chair of ESG and Sustainability Council)	More frequently than quarterly	The Executive Vice President Head of Strategic Business Units and Marketing and Sales is the chair of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Americas (United States of America, Canada, Latin America, Caribbean))	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Chief Executive Officer Zone Americas (United States of America, Canada, Latin America, Caribbean) is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Europe, Middle East and North Africa (EMENA))	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Chief Executive Officer Zone Europe, Middle East and North Africa (EMENA) is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA))	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA) is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Global Head of Operations)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Head of Operations is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Global Head of Operations)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Head of Operations is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President Chief Technology Officer)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President Chief Technology Officer is a member of the ESG Sustainability Council.
Other C-Suite Officer, please specify (Executive Vice President General Counsel, Corporate Governance and Compliance)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Vice President General Counsel, Corporate Governance and Compliance is a member of the ESG Sustainability Council.
Chief Financial Officer (CFO)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Chief Financial Officer (CFO) is a member of the ESG Sustainability Council.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	The no-deforestation performance is a bonusable objective for the board members.

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Board/Executive board	Achievement of commitments and targets	The no-deforestation performance is a bonusable objective for the board members.
Non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	Please select	

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p>	<p>Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its pulp and paper, as well as our ambition that our products have not led to deforestation. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 2018, the RSS replaces previous versions of the Nestlé Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. In addition, we have developed category-specific requirements for pulp and paper: - Protection of high-carbon-stock forests. - Protection of high-conservation-value sites. - No development on peat, regardless of depth. - Respecting the process of free, prior and informed consent. We also use certifications such as Forest Stewardship Council (FSC) and Programme for Endorsement of Forest Certification (PEFC) as tools to demonstrate compliance. These criteria go beyond regulatory requirements to promote sustainable long-term supply. As of end of December 2021, 98% of pulp & paper we buy was assessed as deforestation-free. We will continue to work with smallholder farmers and large suppliers alike in connection with our deforestation-free commitment by 2022.</p>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Palm oil	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p>	<p>Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its palm oil, as well as our ambition that our products have not led to deforestation. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 2018, the RSS replaces previous versions of the Nestlé Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. Our category-specific requirements for palm oil require our suppliers to source oil from origins that: - Are not areas cleared of natural forest after December 31, 2015. - Respect local and indigenous communities' right to free, prior and informed consent. - Protect HCS land. - Protect peatlands. - Comply with the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO). These criteria go beyond regulatory requirements to promote sustainable long-term supply. As of December 2021, 90% of the palm oil we buy was assessed as deforestation-free. We will continue to work with smallholder farmers and large suppliers alike in connection with our deforestation-free commitment by 2022.</p>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Cattle products	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its meat, as well as our ambition that our products have not led to deforestation. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 2018, the RSS replaces previous versions of the Nestlé Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers, including those for cattle products, to implement our commitment. It is an integral part of all of our purchase orders and supply contracts for cattle products and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. The Standard makes explicit provisions for the protection of peatland and high-carbon-stock (HCS) land, which are critical in combating deforestation, and for the prevention of social conflict arising from potential disputes over land rights and land acquisition. These criteria go beyond regulatory requirements to promote sustainable long-term supplies of cattle products. As of December 2021, 98% of the meat we buy was assessed as deforestation-free. We will continue to work with smallholder farmers and large suppliers alike in connection with our deforestation-free commitment by 2022.</p>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Soy	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its soy, as well as our ambition that our products have not led to deforestation. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 2018, the RSS replaces previous versions of the Nestlé Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers of soy to implement our commitment. It is an integral part of all of our purchase orders and supply contracts for soy and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. The Standard makes explicit provisions for the protection of peatland and high-carbon-stock (HCS) land, which are critical in combating deforestation, and for the prevention of social conflict arising from potential disputes over land rights and land acquisition. These criteria go beyond regulatory requirements to promote sustainable long-term soy supplies. As of December 2021, 98% of the soy we buy was assessed as deforestation-free. We will continue to work with smallholder farmers and large suppliers alike in connection with our deforestation-free commitment by 2022.</p>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Other - Cocoa	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its cocoa, as well as our ambition that our products have not led to deforestation. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 2018, the RSS replaces previous versions of the Nestlé Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. The Standard makes explicit provisions for the protection of peatland and high-carbon-stock (HCS) land, which are critical in combating deforestation, and for the prevention of social conflict arising from potential disputes over land rights and land acquisition. These criteria go beyond regulatory requirements to promote sustainable long-term supply. We have announced our commitment to make our cocoa supply chain deforestation free by 2025 and will be reporting on the percentage of assessed deforestation-free cocoa in 2024. We have also announced our ambition to sourcing 100% of our cocoa through the Nestlé Cocoa Plan by 2025 and achieved 50.6% in 2021. As part of the Cocoa & Forests Initiative, we have defined specific commitments for cocoa and set out a time-bound action plan for Côte d'Ivoire and Ghana by 2022 (see: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/cocoa-and-forests-initiative-nestle_initial-action-plan.pdf)</p>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Other - Coffee	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>Nestlé's commitment on Deforestation and Forest Stewardship is an Appendix to The Nestlé Policy on Environmental Sustainability. This was produced in 2010, and then updated in 2013, following significant consultation with outside experts and is publicly available on our website. The policy describes how the success of Nestlé is intimately connected with the health of the forests and forested landscapes from which it sources some of its coffee, as well as our ambition that our products have not led to deforestation. This policy served as the basis to inform the deforestation-free requirements that are included in our Responsible Sourcing Standard (RSS). As of 1 July 2018, the RSS replaces previous versions of the Nestlé Supplier Code, as well as the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment for the Responsible Use of Agricultural Raw Materials. The RSS has been developed to help procurement staff and suppliers implement our commitment. It is an integral part of all of our purchase orders and supply contracts and therefore drives internal decision making, including purchasing decisions and responsible sourcing strategies. The Standard makes explicit provisions for the protection of peatland and high-carbon-stock (HCS) land, which are critical in combating deforestation, and for the prevention of social conflict arising from potential disputes over land rights and land acquisition. These criteria go beyond regulatory requirements to promote sustainable long-term supply. We have announced our commitment to make our coffee supply chain deforestation free by 2025. The Nescafé Plan and Nespresso's AAA Sustainable Quality Program include no-deforestation criteria in their verification schemes.</p>

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

New York Declaration on Forests
Cerrado Manifesto
Soy Moratorium

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
No new development on peat regardless of depth
Avoidance of negative impacts on threatened and protected species and habitats
No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Recognition of legal and customary land tenure rights

Operational coverage

Direct operations

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2021-25

Please explain

Nestlé has made a no-deforestation commitment. Our Responsible Sourcing Standard (RSS) is the tool that we use to operationalize our commitment. The RSS sets the requirements for upstream supply chain third parties, through to first-tier suppliers, sub-tier suppliers and origin service providers, farms or sea-based raw material production defined as origin. Our RSS includes requirements related to the following and applies to all our suppliers globally: - Not expanding or producing on: - Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. - Peatlands of any depth, except where farming practices protect peat. - IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. - Identifying, protecting and avoiding producing on HCV lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. - Having a forest management plan in place in the case of agricultural production of pulp and paper - Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community - Demonstration of legal right to use the land. - Transparency of business activities, especially pertaining to traceability back to harvesting locations - Demonstration of respect for human rights, labor rights and for gender and women empowerment principles Up to 2020, our focus was on addressing deforestation in our key forest-risk commodities (which includes pulp and paper) supply chains. Building on our 10-year experience, we are moving toward a Forest Positive strategy, where we will work with the objective of helping conserve and restore forests and to help promote sustainable livelihoods and respect for human rights. Our strategy, published in 2021, comprises three pillars: (i) deforestation-free supply chains; (ii) long-term conservation and restoration of forests in our supply chain; and (iii) sustainable landscapes. Example of monitoring: In 2021, we continued to use Starling satellite technology to monitor forest cover change in four priority sourcing areas: Indonesia, southeast USA, British Colombia, Canada and northwest Russia. This technology improves visibility of forest with high biodiversity and carbon values such as Intact Forest Landscapes (IFL), and where these areas are under threat. This intelligence supports informed discussions with key suppliers operating there, in alignment with our Forest Positive Strategy and Net Zero Ambition. Case study: Assessments of virgin wood fiber suppliers in Brazil in 2017 and 2018 identified a need to train their employees in better understanding FPIC and its applications. FPIC training sessions were offered in 2019 and 2020. In 2021, in conjunction with Earthworm, FSC Brazil and the Cooperative Program for Forest Certification within the Forestry Research Institute of the University of São Paulo, we remotely connected with key industry leads on FPIC, supplier social management systems and social license to operate. 150 forest industry professionals were trained via Earthworm's Centre for Social Excellence (CSE) platform. Case study: We are also supporting landscape work in BC, Canada focusing on strengthening land rights and protection carbon, biodiversity and social values prioritised by the First Nations. This work aims to improve visibility of these values in discussions with forestry companies operating within their traditional lands. Case study: Recovered fiber makes up approximately 60% of our total packaging volumes. While we are maximizing its use to reduce pressure on forests, there are social risks in some recycled fiber supply chains. We have supported the scaling of a social franchise model in collaboration with Earthworm and YouGreen for recycling cooperatives to improve health, safety, working conditions and efficiency, and better contribute to the circular economy

Forest risk commodity

Palm oil

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
No new development on peat regardless of depth
Best management practices for existing cultivation on peat
Avoidance of negative impacts on threatened and protected species and habitats

No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources
Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2021-25

Please explain

Nestlé made a no-deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties through to first-tier suppliers, sub-tier suppliers and origin service providers, farms or sea-based raw material production defined as origin. Our Responsible Sourcing Standard includes requirements related to the following and applies to all our suppliers globally: 1. Not expanding or producing on: • Areas converted from HCS forests and habitat such as peatland, wetlands, savannas after 31/12/2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on HCV lands in and around the producer territory after 31/12/2015. 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community. 4. Demonstration of legal right to use the land. 5. Transparency of business activities. 6. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles. Our Forest Positive strategy, published in 2021, comprises three pillars: (i) deforestation-free supply chains; (ii) long-term conservation and restoration of forests in our supply chain; and (iii) sustainable landscapes. Case study to demonstrate no conversion: In Mexico, a large portion of palm oil comes from smallholders with an average land area of 3-10 hectares. One of the many challenges these smallholders face in meeting industry sustainability commitments is the relatively high cost of assessments for the size of their business, including the required HCS-HCV assessments. Nestlé continued its support in 2021 for a collaboration between Earthworm Foundation and Proforest to produce a large-scale HCS-HCV mapping product suitable for the Mexico smallholder context. This project is also a learning opportunity in developing efficient methodologies for reliable large-scale HCS-HCV mapping that could be replicated elsewhere. Case study to demonstrate zero net deforestation: we are using Starling satellite imagery to monitor 100% of our global palm oil supply chain. In 2020 we developed a forest footprint exercise based on Starling data to allow us to assess future risks of deforestation in and around our palm oil supply chain in Aceh Indonesia. In 2021 we scaled this up over North Kalimantan, East Kalimantan, and the full island of Sumatra. In these areas, we expanded the analysis to include other ingredients and industries beyond palm oil, including pulp and paper, cocoa and coffee. We also consulted various experts on the methodology and results. These insights helped us refine the methodology, identify new data sources, and prioritize engagement with key suppliers. We intend to conduct more external stakeholder sessions to get additional feedback on the prioritization of results. Case study to demonstrate FPIC: In Guatemala, we collaborate with GREPALMA (the Palm Grower Association of Guatemala), Advisors Social License to Operate (ASLO), and Earthworm Foundation to strengthen social practices within the Guatemalan palm oil industry. In 2020, NGOs, palm oil buyers and palm oil companies prioritized human rights risks that needed to be addressed by the industry, identifying four top risks, including FPIC and community consultation processes. In 2021, training modules on FPIC and protection of human rights defenders were carried out. Additionally, an implementation plan was developed to address the identified risks.

Forest risk commodity

Cattle products

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
No new development on peat regardless of depth
Avoidance of negative impacts on threatened and protected species and habitats
No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

Please explain

Nestlé made a no-deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties, through to first-tier suppliers, sub-tier suppliers and origin service providers, farms or sea-based raw material production defined as origin. Our Responsible Sourcing Standard includes requirements related to the following and applies to all our suppliers globally: 1. Not expanding or producing on: • Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on High Conservation Values (HCV) lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community 4. Demonstration of legal right to use the land. 5. Transparency of business activities, especially pertaining to traceability back to harvesting locations 6. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles Up to 2020, our focus has been on addressing deforestation in our key forest-risk commodities (which includes cattle products) supply chains. Building on our 10-year experience, we are moving toward a Forest Positive strategy, where we will work with the objective of helping conserve and restore forests and to help promote sustainable livelihoods and respect for human rights. Our strategy, published in 2021, comprises three pillars: (i) deforestation-free supply chains; (ii) long-term conservation and restoration of forests in our supply chain; and (iii) sustainable landscapes. Case study on no deforestation: We work closely with all our direct meat suppliers at global level and partners to conduct a mapping of our upstream supply chains and carry out farm assessments in our upstream supply chain with partner organizations. As of end of December 2021, 98% of the meat we buy for our Food Business (excluding meat by-products) was assessed as deforestation-free using traceability to no / low risk location and SGS audits. Case study on no conversion: Our recent Climate Pledge to commit to net-zero emissions by 2050 will also push us to seek new innovations to inset our emissions, including through land restoration and conservation activities, sustainable grazing and feed origins, innovations to reduce carbon dioxide and methane emissions, and the adoption of a circular model that will reuse manure methane as a source of energy and lower the overall carbon footprint of animal production. In 2021, we continued to work with US supplier OSI Group to help scale sustainable grazing practices in Montana. The program provides ranchers with the necessary educational resources and financial security to convert their practices, with the objectives of having productive lands, reduced input costs, increased rancher profitability and the delivery of real and measurable environmental results.

Forest risk commodity

Soy

Criteria

No conversion of natural ecosystems
 Zero gross deforestation/ no deforestation
 Zero net deforestation
 No new development on peat regardless of depth
 Avoidance of negative impacts on threatened and protected species and habitats
 No trade of CITES listed species
 No land clearance by burning or clearcutting
 No conversion of High Conservation Value areas
 No conversion of High Carbon Stock forests
 Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
 Promotion of gender equality and women's empowerment
 Adoption of the UN International Labour Organization principles
 Resolution of complaints and conflicts through an open, transparent and consultative process
 Facilitate the inclusion of smallholders into the supply chain
 No sourcing of illegally produced and/or traded forest risk commodities
 No sourcing of forest risk commodities from unknown/controversial sources
 Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2021-25

Please explain

Nestlé made a no-deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties, through to first-tier suppliers, sub-tier suppliers and origin service providers, farms or sea-based raw material production defined as origin. Our Responsible Sourcing Standard includes requirements related and applies to all our suppliers globally to the following: 1. Not expanding or producing on: • Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on High Conservation Values (HCV) lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community 4. Demonstration of legal right to use the land. 5. Transparency of business activities, especially pertaining to traceability back to harvesting locations 6. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles Up to 2020, our focus has been on addressing deforestation in our key forest-risk commodities (which includes soy) supply chains. Building on our 10-year experience, we are moving toward a Forest Positive strategy, where we will work with the objective of helping conserve and restore forests and to help promote sustainable livelihoods and respect for human rights. Our strategy, published in 2021, comprises three pillars: (i) deforestation-free supply chains; (ii) long-term conservation and restoration of forests in our supply chain; and (iii) sustainable landscapes. Case study on no deforestation: To better understand our supply chain exposure, we have developed an approach merging geographical risk analyses with the design of a scorecard for suppliers with Proforest. For the spatial analysis, we focused on Brazil to develop risk maps at municipality scale, considering publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. We used the scorecard in 2021 to engage with and get key comparable information from our large number of suppliers. Case study on no conversion: We're supporting TNC's Regenerative Ranching & Agriculture strategy across Latin America. In 2021, this helped develop a systems approach for bringing regenerative ranching and agriculture to the Brazilian Cerrado and fostering multi-stakeholder cooperation for regenerative practices in Argentina's soy and beef sectors. Local Nestlé agricultural experts attended, and contributed to, workshops and the development of workplans in Colombia and Brazil. Each workshop convened over 30 relevant stakeholders from different sectors to identify systems-level interventions. They also generated ideas on agricultural norms, business models and public policy to facilitate the future development of landscapes through sustainable interventions. Based on this insight, TNC created three-year workplans for the landscapes.

Forest risk commodity

Other - Cocoa

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
No new development on peat regardless of depth
Avoidance of negative impacts on threatened and protected species and habitats
No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2021-25

Please explain

Nestlé made a no-deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties through to first-tier suppliers (, sub-tier suppliers and origin service providers, farms or sea-based raw material production defined as origin. Our Responsible Sourcing Standard includes requirements related to the following and applies to all our suppliers globally: 1. Not expanding or producing on: • Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on High Conservation Values (HCV) lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community. 4. Demonstration of legal right to use the land. 5. Transparency of business activities, especially pertaining to traceability back to harvesting locations. 6. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles. Building on our 10-year experience in addressing deforestation risks in our supply chain, we are moving toward a Forest Positive strategy, with the objective of helping conserve and restore forests and to help promote sustainable livelihoods and respect for human rights. Our strategy, published in 2021, comprises three pillars: (i) deforestation-free supply chains; (ii) long-term conservation and restoration of forests in our supply chain; and (iii) sustainable landscapes. Cocoa is in scope of this strategy Case study: As part of our work within the Cocoa & Forests Initiative to combat deforestation, we've developed an action plan for Côte d'Ivoire and Ghana to be completed by 2022. Our achievements as of end of 2021 include: • Mapping over 125 000 farms in Côte d'Ivoire and Ghana – well in excess of the original 2022 target • Distributing over one million forest and fruit trees to farmers in 2021, to drive agroforestry and regenerative agriculture, bringing the total distributed to more than 2.2 million trees • Cumulatively training more than 90 000 farmers in good agricultural practices • Replanting 366 hectares of Cavally Forest Reserve in 2021 as part of a CHF 2.5 million investment in restoring the forest • Ramping up our community and reforestation efforts in Beki and Bossematié forests – a key wildlife corridor – reforesting 43 hectares and reaching 5 000 farmers and their families with community awareness-raising sessions • Successfully running a pilot for small-scale community and sacred forest conservation in Toa Zèè. This approach successfully protected and reforested several small woodlands (between 1 and 16 hectares). It is a model which will now be rolled out to multiple cocoa-farming communities in partnership with the Côte d'Ivoire's Ministry of Waters and Forests (MINEF)

Forest risk commodity

Other - Coffee

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
No new development on peat regardless of depth
Avoidance of negative impacts on threatened and protected species and habitats
No trade of CITES listed species
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Remediate any adverse impacts on indigenous people and local communities
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2021-25

Please explain

Nestlé made a no-deforestation commitment. Our Responsible Sourcing Standard is the tool that operationalizes our commitment. It sets forth requirements for upstream supply chain third parties, through to first-tier suppliers, sub-tier suppliers and origin service providers, farms or sea-based raw material production defined as origin. Our no-deforestation commitment is global and includes: 1. Not expanding or producing on: • Areas converted from High Carbon Stock forests and habitat such as peatland, wetlands, savannas after 31st December 2015, as defined in the HCSA Toolkit. • Peatlands of any depth, except where farming practices protect peat. • IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List. 2. Identifying, protecting and avoiding producing on High Conservation Values (HCV) lands in and around the producer territory after 31st December 2015, as defined in the HCSA Toolkit. 3. Demonstration of evidence of respect for community land rights and free, prior and informed consent of the local community. 4. Demonstration of legal right to use the land. 5. Transparency of business activities, especially pertaining to traceability back to harvesting locations. 6. Demonstration of respect for human rights, labor rights and for gender and women empowerment principles. Case study on no deforestation: the no-deforestation strategy for green coffee relies on sourcing Responsibly Sourced (RS) coffee from validated programs with segregated value chains traceable to groups of farmers who have been independently checked against external and credible sustainability standards which include deforestation as an unacceptable practice. We interact with these RS programs to incentivise continuous improvement of their systems, methods and approaches to reinforce all aspects including deforestation. These improvements include wider use of satellite imagery, improved algorithms and better risk-adjusted sampling of audited farms. We already source more than 80% of our total coffee as RS and have the objective of getting to 100% RS by 2025 at latest. We have also started using GRAS satellite monitoring to gain more visibility of historical deforestation risks related to diminishing balance of conventional (non-RS) coffee supplies. In addition, we will start a pilot with GRAS to develop a more 'live' deforestation risk monitoring with satellite risk assessments focused on the past 12 months.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	21-30	Deforestation and natural habitat loss are a cause of GHG emissions and therefore affect climate change, which has been identified as one of the greatest risks for Nestlé as the biggest food and beverage manufacturer. To address this, we have integrated forests-related risks into our long-term business objectives. In particular, forest-related risks are core to our Net Zero Roadmap that lays out how we expect to achieve net zero GHG emissions in our entire the value chain by 2050 (scope 1 to 3). To this end, we are following the Science Based Targets initiative (SBTI), which requires us to reduce all possible GHG emissions and compensate the rest with carbon removal projects (e.g. restoring forests) in our own value chains. SBTi also requires us to have an interim target of 50% reduction by 2030. Since our roadmap lays out a framework for actions to achieve zero net emissions by 2050, with interim targets by 2025 (-20%) and 2030 (-50%), we have selected the 21-30 year timeline. The vast majority of our GHG emissions (95%) come from activities in our supply chain. A significant quantity of the ingredients we purchase come from natural ecosystems, which are under pressure from agriculture: 27% of our in-scope 2018 carbon footprint can be linked back to these agricultural ingredients. We are going to accelerate our efforts to help protect and restore these areas, working with farmers and suppliers to enhance biodiversity and limit GHG emissions. The specific interventions we will implement include: - working to make our key supply chains deforestation-free (by 2022 : palm oil, soy, beef, pulp & paper, sugar; by 2025: cocoa and coffee) - Long-term conservation, reforestation and restoration of forests and other precious ecosystems, including planting 200 million trees in key sourcing locations by 2030 and participating in at least 15 sustainable landscapes initiatives by 2023. - Agroforestry projects, building on the work that Nespresso has started in its coffee supply chain. We have also started agroforestry projects in cocoa as part of our Cocoa & Forests Initiative action plan. In 2021, we secured 24.6 million trees for planting and 9.3 million tonnes of CO2 in locations including the Philippines, Nicaragua, Honduras and Colombia.
Strategy for long-term objectives	Yes, forests-related issues are integrated	21-30	As part of the definition of the roadmap a GHG emission baseline exercise was carried out by ingredient, by business unit, and by Zone and Market. Five internal taskforces were set up to define emissions reduction strategies, including a Sustainable sourcing taskforce and a Product Portfolio one. Finally, our Net Zero Roadmap was defined and published in December 2020. It explains the interventions and associated emissions reductions planned to reach zero net emissions by 2050. Since our roadmap details how we expect to get to zero net by 2050, we have selected the 21-30 year timeline. As part of this roadmap, forest-related risks are integrated into different business aspects – this aims to help transform our supply chain, making it more resilient. As part of this roadmap, at corporate level, reforestation and restoration initiatives will complement our commitment to halt deforestation in our supply chains. Building on the work we've already started we will scale up implementation of agroforestry on and off farm, restoration of peatlands and other high carbon and high conservation value ecosystems and protection and restoration of forests. We will also implement lower carbon agricultural practices, like regenerative agriculture. This work will apply to all forest-risk commodities, with a particular focus on palm oil, cocoa, coffee, coconut and nuts for restoration and forest conservation and soy and beef for regenerative agriculture.
Financial planning	Yes, forests-related issues are integrated	21-30	As part of the Net Zero Roadmap, we have calculated the evolution of emissions over time taking into account our planned interventions and the cost of getting there between 2021 to 2050. As part of this roadmap, at corporate level, reforestation and restoration initiatives will complement our commitment to halt deforestation in our supply chains. Building on the work we've already started we will scale up implementation of agroforestry on and off farm, restoration of peatlands and other high carbon and high conservation value ecosystems and protection and restoration of forests. We will also implement lower carbon agricultural practices, like regenerative agriculture. This work will apply to all forest-risk commodities. The budget related to our Forest Positive strategy is included in the CHF 3.2 billion we plan to invest by 2025 in delivering our Net Zero Roadmap, and is embedded into our business and brand strategies, including our sustainable sourcing strategies for forest-risk commodities. In addition, some of our global brands have committed to or already achieved carbon neutrality include KitKat (2025), Garden Gourmet (2022) and Wunda (2021).

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Palm oil

Type of target

Traceability

Description of target

Target: We began a traceability to mill exercise in 2010. In 2016, in addition to requesting traceability to mill from suppliers, we started requesting traceability to plantation. Our goal is to reach 100% traceability to groups of farmers across all commodities by end 2030. For palm oil, this means traceability to plantations. Maintaining traceability is an ongoing exercise and is a criterion for all our Responsible Sourcing targets. Approach: We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. Our global oils buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our palm oil via supplier Traceability Declaration Documents used to collect traceability data to plantation with our external partner Earthworm Foundation.

Linked commitment

Zero net/gross deforestation

Traceability point

Plantation

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2030

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

68

Please explain

In 2021, 97% of the total volume of palm oil we source annually was traceable to mill (TTM) and 68% was traceable to plantation (TTP). Plans to improve: - To get to 100% TTM we are doing direct engagement with our supply chains that have not achieved this and help them map their supply chains or change the supply chains to ones that can provide that information. Plans to improve on TTP: - This information can be challenging to obtain. However, since we started using the granular risk information from Starling satellite monitoring to have very specific engagements with our suppliers around deforestation alerts, we have managed to get more commitments from suppliers to achieve full traceability to plantation. At the same time, engagement with suppliers has revealed gaps in tools to achieve traceability to plantation. This is why we funded Earthworm Foundation to develop a targeted approach to engage suppliers and mills on traceability to plantation and corresponding deforestation verification. - We are also advocating in industry associations and multi-stakeholder platforms we are participating in for more palm oil buyers to ask for traceability to plantation and to find ways to enable and incentivize small and medium-size mills to implement fresh-fruit bunch (FFB) control systems and commit not to accept FFB from unknown origin. We're also strongly committed to more supply chain transparency and have taken the following actions: - updated our public list of Nestlé palm oil Tier 1 (direct) suppliers' names and a list of the mills that supply us further upstream, each listed with their country of origin - launched a palm oil Transparency Dashboard to share more detailed information about how we are using Starling satellite monitoring to advance our strategy to end deforestation in our supply chain. - In May 2021, we have also co-signed a letter addressed at the European Commission asking them to incentivize more supply chain transparency and traceability for forest-risk commodities.

Target reference number

Target 2

Forest risk commodity

Palm oil

Type of target

Assess and/or verify compliance

Description of target

We are working to make our palm oil supply chain deforestation free by the end of 2022. Palm oil volumes are assessed as deforestation-free when they are traceable to locations that meet one of the following criteria: a. Assessed through on-the-ground assessments (e.g. HCS/HCV assessments, site assessment) by partners (e.g. Earthworm Foundation). b. RSPO segregated or identity preserved certified supply chains. c. Traceable to origins that are 1. assessed as deforestation-free via satellite monitoring systems such as Starling or 2. coming from locations that are considered as no/low risk of deforestation as per Maplecroft risk indexes.

Linked commitment

No conversion of natural ecosystems

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2022

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

90

Please explain

In 2010, we made a commitment to no deforestation. We are working to make our palm oil supply chain deforestation-free by the end of 2022. As of December 2021, 90% of the palm oil that we buy was assessed as deforestation free, up from 70% in 2020. This was helped by the use of Starling to verify deforestation alerts. Over the last years we worked hard to accelerate our progress both in terms of traceability and verification. The challenges we have faced are due to 1) the complexity of the palm oil supply chain which was greater than expected when making our commitment in 2010, 2) because our strategy focused on engaging our suppliers and help them build capacity to assess and address deforestation risks, including with smallholders, instead of leaving riskier areas or excluding smallholders. We will continue to work with smallholder farmers and large suppliers alike in connection with our deforestation-free commitment by 2022. Working towards our 2022 target we will continue to use a combination of tools, like supply chain mapping, certification, satellite monitoring, and on-the-ground verification. In particular, the use of Starling satellite monitoring covering 100% of our palm oil supply chain is helping us accelerate progress. Information from Starling helps us to: 1) Engage our suppliers with factual and granular data. As a result, we are getting relevant information more quickly, including concession information 2) Carry out on-the-ground investigation when necessary, to verify what satellite imagery is showing us on the ground and how this links to specific mills in our supply chain. This allows us to inform our decision making, including whether we need to suspend companies. 3) Prioritize Action, including identify priority locations for forest conservation within projects we support. These include engaging smallholders located on the boundaries of at-risk forest areas for conservation planning, getting plantation companies with landbanks at risk of encroachment to commit to no deforestation, and engaging local governments in integrated land use planning. As a result we improved our assessed deforestation-free KPI for palm oil from 70% in 2020 to 90% in 2021.

Target reference number

Target 3

Forest risk commodity

Timber products

Type of target

Traceability

Description of target

Target: Our target is to reach 100% traceability of pulp and paper to mill and to region of harvest for the virgin fiber by end of 2030. Approach: We work closely with suppliers to create a full picture of their supply chains and sourcing locations. This is repeated annually, at every tier in the supply chain. External partners and service providers, such as Earthworm Foundation help us achieve this. We also piloted technology like Supply Shift. Our global buyers in Malaysia, Panama and Switzerland track and monitor the origin of our pulp and paper via Supplier Traceability Declaration Documents used to collect traceability data to mill, country and region of harvest. We do not map and assess upstream supply for recycled material in the same way as virgin pulp and paper. Recycled material is not considered as adding to deforestation so we go trace back to the mill.

Linked commitment

No conversion of natural ecosystems

Traceability point

Mill

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2030

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

98

Please explain

We have a Pulp & Paper buyer network in place which sends out supplier questionnaires to collect supply chain data from tier-1 and upstream supply chains. The tracking and monitoring are managed by the same buyer network together with our external partner Earthworm Foundation. Standard documents are used to collect data and all information is stored in an Excel database. As of end of 2021, we achieved 98% traceability to mill for the pulp and paper we source and to the region of harvest for the virgin fiber used. The structure of the industry - with fewer larger primary processing plants has allowed progress in this commodity to advance faster than others in terms of traceability. In order to progress toward our target, we will continue to engage with our suppliers to improve the information we receive. We are also piloting innovations—particularly in digital technologies – to accelerate progress. Since 2018, we have been piloting SupplyShift, a cloud-based platform to help us collect and analyze data to map our supply chain for our corrugated and solid board suppliers globally. To drive industry-wide transparency, we have published the list of our direct suppliers and the list of related pulp mills in our upstream supply chain. This will help us to continue to focus our resources on tackling the most relevant challenges in our supply chains to drive responsible forest management. We have seen that others have followed suit, which is encouraging. However, more efforts are needed, especially in some geographies, to make transparency the industry norm. This is what we are advocating for in industry associations such as the Consumer Goods Forum's Forest Positive Coalition of Action where we actively participate in the Pulp & Paper working group.

Target reference number

Target 4

Forest risk commodity

Timber products

Type of target

Assess and/or verify compliance

Description of target

In 2010, we made a commitment to no deforestation. We are working to make our pulp and paper supply chains deforestation-free by the end of 2022. Pulp and paper volumes are assessed as deforestation-free when they are traceable to locations that meet one of the following criteria: a. Classified as low risk of deforestation by relevant literature. b. Assessed through on-the-ground assessments (e.g. High Conservation Value/Habitat deforestation by partners (e.g. Earthworm Foundation). c. Certified by FSC or PEFC. d. Recycled or recovered fiber traceable to mill and assessed as low risk. We believe that certifications on Paper do not fully meet our requirements although we accept FSC and PEFC certifications as evidence of compliance for some regions. Our own Responsible Sourcing Guidelines for Paper encompass the FSC, PEFC criteria plus two additional criteria on HCS and Peatlands.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2022

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

98

Please explain

In 2010, we made a commitment to no deforestation. We are working to make our pulp and paper supply chain deforestation-free by the end of 2022. As of end of 2021, 98% of pulp and paper was assessed deforestation free. We will continue to work with smallholder farmers and large suppliers in connection with our deforestation-free commitment. Gaps are where the pulp & paper origin is unknown, or we have not received information from suppliers in high-risk regions regarding certification or action plans to ensure no deforestation. We're working with them to close these gaps. To reach our target we will continue to: - Execute traceability to know the origins of our pulp & paper - Implement tools including supply chain mapping, satellite monitoring, on the ground assessments and supplier engagement - Use Starling to monitor landscapes and concessions that supply us with fiber to help determine forest cover change within Intact Forest Landscapes and inform discussions with key suppliers - Address some drivers of deforestation like the lack of viable livelihoods and community rights. Example: We support a Earthworm and WWF landscape initiative to study local ecology and perform socioeconomic mapping of forest-dependent communities to identify livelihood alternatives in Russia. The findings will be used to raise awareness of the risks and bolster our support of ongoing activities that meet our commitment to continual landscape improvements. In 2021, we signed an MOU where FSC Russia became part of the Advisory Board. The Dvinsky Landscape project is now part of the CGF Forest Positive portfolio of landscapes. Example: We participate in a program to address sourcing risks associated with IFL and caribou habitat degradation, as well as infringements on the rights of Indigenous peoples in British Columbia, Canada. With Earthworm, we supported the indigenous Tsay Keh Dene Nation to gain protection for key areas of land against harvesting for pulp and paper. As a result, the Tsay Keh Dene concluded two agreements with industry to respect the Ingenika Indigenous Protected and Conserved Area. Pulp and paper companies operating in the region have agreed contractually not to log or operate in the area. An HCV Assessment of Chuyaza and Participatory Mapping & Management planning is scheduled for 2022.

Target reference number

Target 5

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

Our approach to sustainable palm oil is based on the use of a combination of tools, including supply chain mapping, RSPO certification, satellite monitoring using Airbus' Starling technology and on-the-ground verification and engagement to drive transformation. We believe RSPO has a role to play in driving industry change towards sustainable palm oil. Note that this is linked both to our full Responsible Sourcing agenda, including our no deforestation commitment as well as other responsible sourcing commitments. As part of our strategy, we have submitted a time-bound action plan to reach 100% RSPO certified sustainable palm oil by 2023. We are focusing on buying RSPO segregated palm oil to ensure its traceability. Therefore, we may have lower percentages of our volume certified in countries where RSPO segregated supplies are not available.

Linked commitment

Social commitments

Traceability point

<Not Applicable>

Third-party certification scheme

RSPO (any type)

RSPO Identity Preserved

RSPO Segregated

RSPO Book and Claim

Start year

2011

Target year

2023

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

71

Please explain

We continue to increase our sourcing of RSPO certified palm oil, with a preference for physically segregated RSPO SG certification, towards 100% RSPO certification by 2023. As end of 2021 we have achieved 71% certified RSPO palm oil (up from 61% in 2020). This is a combination of segregated, Identity Preserved, and Book and Claim, and credits. Since we are focusing on buying RSPO segregated palm oil to ensure its traceability, we may have lower percentages of our volume certified in countries where RSPO segregated supplies are not available. We are the Consumer Goods Manufacturer representative of the RSPO Assurance Standing Committee as its, and actively participated in the various consultation processes around RSPO's Smallholder Standard and Shared Responsibility principles. We're also participating in projects to help smallholder get RSPO Certification. For example in Chiapas and Tabasco Mexico, the Mexico Palm Oil Holistic Program is a collaborative effort from Nestlé, Pepsico, Oleopalma, RSPO, Proforest, and Femexpalma to support the sustainable development of the Mexican palm oil sector and to help smallholder farmers to get RSPO certification.

Target reference number

Target 6

Forest risk commodity

Cattle products

Type of target

Traceability

Description of target

Traceability is key for implementing our no deforestation and other responsible sourcing commitments. We use this information to monitor our suppliers on deforestation risks as well as other sustainability risks. Target: Our target is to reach 100% traceability to slaughterhouse by end of 2030 as well as knowing the maximum distance live animals travel from previous location (such as feedlot or finishing facility). As of end of 2021, we achieved 96% traceability to the slaughterhouse. Approach: We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers, such as SGS. Our global buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our meat via supplier Traceability Declaration Documents used to collect traceability data to slaughterhouse.

Linked commitment

Zero net/gross deforestation

Traceability point

Slaughterhouse

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2030

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

96

Please explain

Since 2010, we have worked on the ground to trace that our raw materials, including meat, are not linked to deforestation. As of December 2021, 96% of the meat that we buy was traceable to slaughterhouse. We also started work with our partner Proforest to carry out the traceability of our meat by-products supply chain in 2019 and are just completing this exercise. Going forward Proforest will also help us to engage our meat suppliers to improve the monitoring mechanisms in our upstream supply chain beyond slaughterhouse. In 2021, we continued to actively participate in the Beef Working Group as part of the Forest Positive Coalition. As part of this work, we have been actively involved in shaping the Beef roadmap, including a set of KPIs that would include traceability KPIs. We think that using our collective voice will help increase transparency and traceability in the sector.

Target reference number

Target 7

Forest risk commodity

Cattle products

Type of target

Assess and/or verify compliance

Description of target

In 2010, we made a commitment to no deforestation. We are working to make our beef supply chain deforestation-free by the end of 2022. Meat volumes are considered

deforestation free when they are traceable to locations that meet one of the following criteria: a. Classified as low risk of deforestation by relevant literature b. Verified through on-the-ground assessments (SGS audits) We don't use certification schemes in beef as the vast majority of the meat we use is coming from the US and Europe (98% of our traceable volumes) where deforestation risk is low. We source a minimal volume (1 to 2%) from regions with high risk of deforestation.

Linked commitment

No conversion of natural ecosystems

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2022

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

98

Please explain

As of December 2021, 98% of the meat that we buy was assessed deforestation free. This was achieved by tracing volumes back to low risk locations as our main sources of meat are from North America (the United States) and Europe (France, Germany and Spain). We only source 1% from high risk countries like Brazil and Argentina and 1% from origins that have not been traced back yet. The challenges in tracing this final 1% lie in the complexity of the meat supply chain where slaughterhouses usually have traceability for their direct cattle suppliers but typically not for the indirect suppliers. As we continue to work toward a deforestation-free beef supply chain, we will continue to engage with the remaining suppliers and are also actively involved in the CGF's Forest Positive Coalition Beef Working Group where one stream of work is developing joint asks for suppliers, including on traceability and compliance.

Target reference number

Target 8

Forest risk commodity

Soy

Type of target

Traceability

Description of target

Traceability is key for implementing our no deforestation and other responsible sourcing commitments. We use this information to monitor our suppliers on deforestation risks as well as other sustainability risks. As of end of 2021, we had achieved 97% traceability to the crush site. Approach: We work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers, such as Proforest. Our global buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our soy via supplier Traceability Declaration Documents used to collect traceability data to crush site and country of harvest. Our traceability efforts have mainly focused on soybean, soybean meal and soybean protein products so far. We started mapping soybean oil and lecithin but these remain out of scope until the end of 2022.

Linked commitment

Zero net/gross deforestation

Traceability point

Crushing facility

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

97

Please explain

We source soya products from numerous suppliers in many different countries, including Argentina, Brazil, Serbia and the US. Supply chains vary in length and complexity: they can be upstream, when the soya is sourced directly from producers, or mid-stream, when producers source soya products and further process them. As a result, knowing where soya was produced is not straightforward. Deforestation and conversion of HCV ecosystems is a major challenge within soya supply chains in certain parts of Brazil, Argentina and Paraguay, especially given the difficulties of physical traceability of soya beans. Our goal is to source products only from land that has not been converted from forest or other high-conservation-value (HCV) areas to other use. To better understand our supply chain exposure, we have worked with Proforest to

develop a global risk-based approach to allow traceability to a level where risks can be managed. To understand the risk at the subnational level, we develop country risk profiles and run spatial risk assessments using publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. We also engage continuously with suppliers, aiming to raise awareness among them to gradually comply with our Responsible Sourcing Standard and constantly improve soya traceability. Our traceability efforts have focused on soybean meal and products so far and in 2021 we achieved 97% traceability for direct soy to crush site and country of origin. We have started mapping our Soybean oil and Lecithin volumes, but these will remain out of the scope until end 2022. Soy embedded in other products is out of scope, but we have calculated our embedded soy footprint and our exposure to high-risk origins. We are purchasing Roundtable on Responsible Soy certification credits in high-risk regions to signal Nestlé's support for sustainable soy production in priority origins, as well as investing in landscape initiatives.

Target reference number

Target 9

Forest risk commodity

Soy

Type of target

Assess and/or verify compliance

Description of target

In 2010, we made a commitment to no deforestation. We are working to make our soy supply chain deforestation-free by the end of 2022. Deforestation and conversion of HCV ecosystems is a major challenge within soya supply chains in certain parts of Brazil, Argentina and Paraguay, especially given the difficulties of physical traceability of soya beans. Our objective is to source products only from land that has not been converted from forest or other high-conservation-value (HCV) areas to other use. Soya volumes are assessed as deforestation-free when they meet one of the following criteria: a. Traceable to origins classified as low risk of conversion of natural ecosystems by relevant literature. b. Traceable to high-risk origins and certified by RTRS, Proterra or other accepted standards.

Linked commitment

No conversion of natural ecosystems

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2022

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

98

Please explain

To implement our no-deforestation commitment in soy, we use a combination of tools, including supply chain mapping, certification and on-the-ground verification. As of December 2021, 98% of the soy we buy was assessed deforestation-free. The remaining 2% is not yet considered deforestation-free because of the level of risk associated with certain traced volumes, or because it is not yet traced back to origin (mainly due to the complexity of the supply chain). In order to accelerate our work toward a deforestation and conversion free supply chain, we developed a new Theory of Change for soya with the support of our partner Proforest. The main strategies for direct and indirect soy sourcing between 2020 and 2025 are to work within and beyond our supply chain. Within our supply chains our priorities are to: - Focus policy implementation in priority origins, where positive change is needed and achievable. Priority origins are based on volumes sourced and needs in Nestlé's different focus areas. For natural capital, priority origins are the Brazilian Cerrado and Argentinian Chaco biomes. - Engage priority suppliers to build capacity, improve policies, cascade implementation and demonstrate compliance. We source soy from numerous suppliers, so prioritization is key. Priority suppliers potentially linked to high risk regions are engaged in a continuous improvement program of awareness raising and capacity building, supply chain mapping, gap assessments, development of action plans and progress monitoring. - Cover potentially at-risk sourced volumes with certification credits and financial mechanisms as an interim solution and move to physical certified volumes or increased traceability to low risk origins. Since 2020, we co-lead the Soy Working Group within the CGF Forest Positive Coalition which focuses on collectively engaging key soy traders and suppliers to deliver on commitments across their entire businesses. We will do this by communicating the Coalition's expectations and monitoring performance, and by finding opportunities to collaborate and align for sector-wide transformation, including landscape initiatives in the most at-risk soy producing areas. The CGF Roadmap commits to support a shared understanding of high-risk origins by working with key actors and using this information to implement effective responses beyond our own supply chain.

Target reference number

Target 10

Forest risk commodity

Other - Cocoa

Type of target

Traceability

Description of target

Traceability is key for implementing our no deforestation and other responsible sourcing commitments. We use this information to monitor our suppliers on deforestation risks as well as other sustainability risks. Approach: As part of the Nestlé Cocoa Plan, our cocoa sustainability program, we work together with our direct suppliers to ensure traceability to the farm. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse, from which point a mass balance system may be used. For UTZ / Rainforest Alliance certified cocoa, all of this data is recorded in their systems. Target: We have announced our ambition to sourcing 100% of our cocoa through the Nestlé Cocoa Plan by 2025.

Linked commitment

Social commitments

Traceability point

Farm

Third-party certification scheme

<Not Applicable>

Start year

2010

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

50.6

Please explain

As of end of 2021, 50.6% of our total cocoa volumes were traceable back to the farm - this is the Nestlé Cocoa Plan tonnage. Of this, all the tonnage from Côte d'Ivoire, Ghana, Cameroon and Indonesia was certified, and 16,000 tonnes of the Ecuador tonnage. Tonnage from Brazil was verified, and we are extending verification to Mexico and the remaining tonnage from Ecuador. Verification, like certification, involves audits by external companies against the Nestlé Responsible Sourcing standard. In 2021, we also announced that we are remodelling our sourcing to segregate and trace all cocoa products from origin to factory, which in turn makes it easier to achieve greater transparency in our supply chain. We aim to bring about lasting change and transform how we source our cocoa, in order to achieve full traceability and segregation of our cocoa products, from origins to factory, in the next five years.

Target reference number

Target 11

Forest risk commodity

Other - Cocoa

Type of target

Assess and/or verify compliance

Description of target

However, we have been working to address deforestation risks in our main cocoa sourcing region, West Africa, for a number of years. For instance, we have been part of the Cocoa & Forests Initiative since its inception in 2017 and our Cocoa & Forests Initiative Action Plan, published in 2019, laid out the key activities we will implement by end of 2022 to as part of our work towards a deforestation-free cocoa supply chain in Côte d'Ivoire and Ghana. This includes actions such as mapping all farms in our Nestlé Cocoa Plan supply chain in Côte d'Ivoire and Ghana, assessing risks of deforestation, distribution of multi-purpose trees and agroforestry projects. Target: As part of our action plan we committed to map 100% of the farm boundaries for all Nestlé Cocoa Plan farmers in Côte d'Ivoire and Ghana and put in place traceability systems to check that all cocoa sourced legally from farms outside of protected areas.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2017

Target year

2022

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)**% of target achieved**

100

Please explain

As of end of 2021, we mapped over 125 000 farms in Côte d'Ivoire and Ghana – well in excess of our original target of 110 137. GPS polygons map the entire farm boundary rather than GPS waypoints, which just show the farm's location. This means we can check whether farm boundaries are expanding or encroaching on protected forest areas. All Nestlé Cocoa Plan cocoa is already traceable to farm-level with either a GPS waypoint or polygon. Each cooperative in our supply chain maintains records of all purchases from each farmer, and our suppliers maintain traceability up to their warehouse, from which point a mass balance system may be used. All of this data is recorded in the certification scheme systems.

Target reference number

Target 12

Forest risk commodity

Other - Coffee

Type of target

Traceability

Description of target

Approach: As part of the Nescafé Plan, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, AAA where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement Target : After achieving our 2020 target to reach 70% of traceability for all the green coffee we source (including Nespresso) to at least a group of identified farmers by 2020, we aim for 100% of coffee volumes to be produced sustainably by 2025 as well as be traceable at least to the group of farms.

Linked commitment

Social commitments

Traceability point

Farm

Third-party certification scheme

<Not Applicable>

Start year

2020

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

82.8

Please explain

As of end of 2020, we achieved 76% traceability for all green coffee that we source, exceeding our 2020 target of 70%. We are now working towards 100% produced sustainably coffee by 2025 as well as traceability back to group of farmers.

Target reference number

Target 13

Forest risk commodity

Other - Coffee

Type of target

Assess and/or verify compliance

Description of target

Rising demand for coffee globally can drive an increase in land used to grow it. In some cases, this could potentially increase risks like forest clearing and amplifying the effects of climate change. Nestlé is collaborating with coffee farmers to help them increase efficiency, grow more coffee on less land, and help reforest affected regions with their communities. Nestlé's programs to produce coffee sustainably and improve farmer livelihoods and coffee landscapes are the Nescafé Plan and Nespresso AAA Sustainable Quality Program. Coffee volumes are considered produced sustainably when they are either: a. Certified by 4C, Rainforest Alliance/UTZ or Fairtrade b. From validated, independently verified programs (Nespresso AAA, Starbucks' C.A.F.E. Practices, Certifica Minas, Comexim app, Olam AtSource). Target: we aim for 100% of coffee volumes to be produced sustainably by 2025. This replaces our previously achieved target to source 70% of green coffee responsibly by 2020.

Linked commitment

Social commitments

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2020

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

82.8

Please explain

Our Nescafé Plan and Nespresso AAA Sustainable Quality Program represent a yearly investment of approx. CHF 80 million. In 2021, 82.8% of our total coffee supplies was produced sustainably. This was achieved by working closely with our suppliers, our partners on the ground and the network of Nestlé agronomists in coffee origins.

Target reference number

Target 14

Forest risk commodity

Timber products

Type of target

Assess and/or verify compliance

Description of target

In 2021, we defined a new 'produced sustainably' KPI, which applies to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume, including pulp and paper. This replaces two previous commitments that ended in 2020: percentage of volume traceable and percentage of volume responsibly sourced. As our new KPI is more ambitious, results are not comparable with prior years' performance. The new 'produced sustainably' KPI combines multiple requirements: – Traceable back to the point of origin (farm or group of farms) – Human rights and environmental due-diligence systems are in place to assess, address and report on the potential or actual impacts in the supply chain – The tier-1 supplier is measurably progressing in addressing actual or potential human rights and environmental impacts identified in its supply chain, as well as animal welfare where applicable. Our target: We aim for 100% of key raw material volumes to be produced sustainably by 2030.

Linked commitment

Social commitments

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2021

Target year

2030

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

We aim for 100% produced sustainably pulp and paper by the end of 2030. This replaces our traceability and responsibly sourced targets that ended in 2020. In this first year of our more ambitious new KPI, we are only disclosing an aggregated number of Produced Sustainably across the 14 key agricultural raw materials that cover 95% of our annual sourcing by volume, including pulp and paper. To reach our aim we are implementing a combination of tools, including supply chain mapping, a new human rights due diligence assurance framework, satellite monitoring, certification and supplier engagement. We are also increasing collaboration with other buyers as we do not always have the leverage to drive and scale change. As part of our Human Rights Framework and Roadmap, we are developing cross-commodity salient issue action plans on our 10 most salient issues (such as IPLC land rights, forced labor and responsible recruitment, and child labor.) We are focusing on different projects and risks. For example: - Risks related to land rights: Assessments of virgin wood fiber suppliers in Brazil identified a need to train their employees in better understanding FPIC and its applications. In 2020, we supported several activities to strengthen implementation of community and indigenous people's rights throughout the Brazilian pulp and paper sector. This included a 5-year partnership with FSC Brazil and the Cooperative Program for Forest Certification within the Forestry Research Institute of the University of São Paulo. This partnership allowed us to promote and improve social management practices, including FPIC training in 2021: about 150 professionals were trained on Social Management Systems and Social License to Operate through distance training sessions which we will build on in 2022. - We continue to implement smallholder programs to help strengthen the resilience of farming communities through a Rurality program run by Earthworm Foundation. By supporting famers and buyers to build stronger links, Rurality helps improve livelihoods and social conditions for farmers and their communities. We are also: performing a social assessment in Chile, working on Malaysia forced labor conditions and working in India within the recovered paper supply chain to address social risks in our supply chain (similar to our work in Brazil within the recovered paper supply chain).

Target reference number

Target 15

Forest risk commodity

Cattle products

Type of target

Assess and/or verify compliance

Description of target

In 2021, we defined a new 'produced sustainably' KPI, which applies to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume, including meat. This replaces two previous commitments that ended in 2020: percentage of volume traceable and percentage of volume responsibly sourced. As our new KPI is more ambitious, results are not comparable with prior years' performance. The new 'produced sustainably' KPI combines multiple requirements: – Traceable back to the point of origin (farm or group of farms) – Human rights and environmental due-diligence systems are in place to assess, address and report on the potential or actual impacts in the supply chain – The tier-1 supplier is measurably progressing in addressing actual or potential human rights and environmental impacts identified in its supply chain, as well as animal welfare where applicable. Our target: We aim for 100% produced sustainably meat by 2030.

Linked commitment

Social commitments

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2021

Target year

2030

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

Please explain

We aim for 100% of meat volumes to be produced sustainably by the end of 2030. This replaces our traceability and responsibly sourced targets that came to a close in 2020. In this first year of rolling out our new KPI, which is more ambitious than the previous ones, we are disclosing an aggregated number of Produced Sustainably across the 14 key agricultural raw materials that cover 95% of our annual sourcing by volume and are part of our responsible sourcing program, including meat. To reach our aim we are implementing a combination of tools, including supply chain mapping, a new human rights due diligence assurance framework, on-the-ground assessments and supplier engagement. We are also increasing collaboration with other buyers as we do not always have the leverage to drive and scale change. As part of our Human Rights Framework and Roadmap, we are also developing cross-commodity salient issue action plans on our 10 most salient issues (such as IPLC land rights, forced labor and responsible recruitment, and child labor). One area of focus in our meat supply chain has been helping our suppliers to improve environmental practices. For example, Nestlé and its US supplier OSI Group are partnering to help scale sustainable grazing practices in Montana through a project run by regional nonprofit Western Sustainability Exchange and international carbon project developer NativeEnergy. The program, entitled the Montana Improved Grazing Project, began in late 2019. It will provide ranchers with the necessary educational resources and financial security to convert their practices, with the objectives of having more productive lands, reduced input costs, increased rancher profitability and the delivery of real and measurable environmental results. The support given through OSI Group and Nestlé's partnership will help Western Sustainability Exchange achieve its goal of expanding the program to 200 000 acres of grasslands surrounding Yellowstone National Park. Under the direction of project implementer NativeEnergy, soil sampling and testing was performed in 2020 to establish the baseline of participating ranches and help build the US soil carbon data set. The data will be taken from soil sample analyses and modeled in the SNAPGRAZE soil model to estimate soil carbon levels across each ranch and adjust and improve the model across the region.

Target reference number

Target 16

Forest risk commodity

Soy

Type of target

Assess and/or verify compliance

Description of target

In 2021, we defined a new 'produced sustainably' KPI, which applies to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume, including soy. This replaces two previous commitments that ended in 2020: percentage of volume traceable and percentage of volume responsibly sourced. As our new KPI is more ambitious, results are not comparable with prior years' performance. The new 'produced sustainably' KPI combines multiple requirements: – Traceable back to the point of origin (farm or group of farms) – Human rights and environmental due-diligence systems are in place to assess, address and report on the potential or actual impacts in the supply chain – The tier-1 supplier is measurably progressing in addressing actual or potential human rights and environmental impacts identified in its supply chain, as well as animal welfare where applicable. Our target: we aim for 100% produced sustainably soy by 2030.

Linked commitment

Social commitments

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2021

Target year

2030

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

Please explain

We aim for 100% of our soy volumes to be produced sustainably by the end of 2030. This replaces our traceability and responsibly sourced targets that ended in 2020. In this first year of our new, more ambitious KPI, we are only disclosing an aggregated number of Produced Sustainably across the 14 key agricultural raw materials that cover 95% of our annual sourcing by volume and are part of our responsible sourcing program, including soy. To reach our aim we are implementing a combination of tools, including supply chain mapping, a new human rights due diligence assurance framework, on-the-ground assessments and supplier engagement. We are also increasing collaboration with other buyers as we do not always have the leverage to drive and scale change. As part of our Human Rights Framework and Roadmap, we are also developing cross-commodity salient issue action plans on our 10 most salient issues (such as IPLC land rights, forced labor and responsible recruitment, and child labor). Our Theory of Change (ToC) for soya developed with the support of Proforest will help us accelerate the work by: - Focusing policy implementation in priority origins, where positive change is needed and achievable. Priority regions are identified by considering volumes sourced and needs in Nestlé's different focus areas. For natural capital the regions identified were the Brazilian Cerrado and the Argentinian Chaco biomes and India for livelihoods and responsible employment. - Engaging priority suppliers to build capacity, improve policies, cascade implementation and demonstrate compliance. Our priority suppliers are engaged in a continuous improvement program that involves awareness raising and capacity building, supply chain mapping, gap assessments, development of action plans and monitoring of progress. - Covering sourced volumes

with certification credits and financial mechanisms as an interim solution and move to physical volumes. Recognizing that our soya supply chain is complex, we will use credits and other mechanisms to offset our footprint and progressively replace them by physical volumes that have verified compliance with our commitments. We are also increasing our collaboration in landscape initiatives, with industry associations (e.g. CGF) and multi-stakeholder platforms (e.g. Statement of Support for the Cerrado Working group) to find industry-wide solutions.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	Responsible sourcing starts with knowing where our ingredients come from. Our approach is to work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. Our global pulp and paper buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our pulp and paper via supplier Traceability Declaration Documents used to collect traceability data to plantation with our external partner Earthworm Foundation. In 2018 we trialed SupplyShift, a cloud-based platform to help us collect and analyze data to map our supply chain for our corrugated and solid board suppliers globally. It has been particularly useful in increasing our reach to smaller suppliers and raising awareness of our expectations and traceability information. However, additional work and innovation is needed to adapt the tool for the specifics of the pulp & paper supply chain. We continue to explore and investigate existing and new tools which allow us to refine and automate our traceability effort – a continued focus point in 2022 and onwards.	Specific product line(s) Other, please specify (Recovered fibre material)	We do not map and assess the upstream supply for recovered fiber material in the same way that we do for virgin pulp and paper, as recovered fiber material is not considered as adding to deforestation. For recycled fiber we map our supply chain back to the recycled fiber supplier level for the paper mill.
Palm oil	Yes	Responsible sourcing starts with knowing where our ingredients come from. Our approach is to work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers. Our global oils buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our palm oil via supplier Traceability Declaration Documents used to collect traceability data to plantation with our external partner Earthworm Foundation. We then use the traceability data to carry out verification against our Responsible Sourcing Standard and no deforestation commitments. Since 2018 we have been inputting the GPS coordinates of all the mills in our supply chain into the Starling satellite monitoring database, this allows us to monitor all the mills in our supply chain for deforestation risks across all our locations. When we receive Starling alerts, we engage our direct suppliers linked to the mill around which the alert was detected. This helps us understand if the alert is linked to our supply chain, what measures companies in our supply chain are taking to address deforestation risk and to constructively discuss collaboration to accelerate progress. We also trialed blockchain technology in 2020. Example: Oleofinos, one of Nestlé's palm oil suppliers in Mexico, supplies Nestlé from a local supply chain involving mills that mostly source from smallholders. Despite the challenge of collecting traceability information for numerous smallholders and as a result of our engagement with them, the company worked intensively over 2020 and 2021 in collaboration with their suppliers to obtain polygons of production areas, which can sometimes be only 1-5 hectares. In 2021, Oleofinos collected geographical information for 2,800 smallholders and investigated all detected risks of deforestation. These efforts resulted in assessing 99.4% of these volumes as deforestation free in 2021.	Not applicable	<Not Applicable>
Cattle products	Yes	Responsible sourcing starts with knowing where our ingredients come from. Our approach is to work closely with suppliers to create a full picture of their supply chains and sourcing locations. We repeat this exercise every year, at every tier in the supply chain with the help of external partners and service providers, such as SGS. Our global buyers based in Malaysia, Panama, and Switzerland track and monitor the origin of our meat via supplier Traceability Declaration Documents used to collect traceability data to country of harvest. Traceability is done by surveying the suppliers bi-annually. This is handled by procurement. Suppliers provide their countries of sourcing as well as the names and locations of slaughterhouses that feed into the Nestlé supply chain. Example: We use the traceability data as a starting point to verify our suppliers compliance with our Responsible Sourcing Standard and no deforestation commitment. This is the basis against which we select suppliers for on-the-ground audits and assessments. In addition, based on this traceability information, our partner Proforest will be engaging with our suppliers on how to improve deforestation risk assessment and management in our upstream supply chain.	Other, please specify (Specific ingredient within cattle category (meat by-product))	In 2019 we carried out a traceability exercise for meat by-products with our partner Proforest. This work included a more focused assessment of the Nestlé animal protein supply chain in Brazil than our standard traceability exercise. Proforest examined supplier sustainability programs related to deforestation, human rights and animal welfare, shedding light on the potential support Nestlé could provide to further progress these risks. It clarified the differences between large and small suppliers' sustainability capacities and between collectors and direct meat suppliers, and led to the development of a supplier training program in 2020, also led by Proforest and funded by Nestlé, that is kicking off in 2021.
Soy	Yes	Responsible sourcing starts with knowing where our ingredients come from. The traceability for soy means that we are able to identify the soy origins at least back to the crush site and country of origin, going further upstream (municipalities of growing origin volumes at risk of deforestation) Our approach is to work closely with suppliers to create a full picture of their supply chains and sourcing locations. This exercise is conducted on an annual basis. The Procurement team provides every year the supply data from year N-1 with the list of suppliers. Procurement and Responsible Sourcing teams invite the targeted suppliers (which represent most of total volumes potentially coming from high risk origins) to participate in a Supply Chain Mapping procedure which is Excel based. Our partner Proforest then conducts follow ups to check evidences of origin, which serves as a verification process for Nestlé. Example: To better understand our supply chain exposure, we have developed with Proforest in 2020 a risk-based approach to allow traceability to a level where noncompliance risks can be managed, which we are now implementing. To understand risk at the subnational level, we develop country risk profiles and run spatial risk assessments using publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. In high risk countries (Brazil and Argentina), we gather traceability information to the region (biome) of origin and in high risk biomes (Amazon and Cerrado in Brazil and Chaco in Argentina), we then assess whether there are risks of conversion.	Other, please specify (soybean oil and Lecithin)	Traceability has focused on soybean meal & products. We started tracing soybean oil and Lecithin in 2022, but this is currently excluded from the reporting as it would change the baseline. We will add these in the scope of our Responsible sourcing work as of 2022 and will start reporting on these then.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes	Responsible sourcing starts with knowing where our ingredients come from. As part of the Nestlé Cocoa Plan, our cocoa sustainability program, we work together with our direct suppliers to ensure traceability to the farm. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse, from which point a mass balance system may be used. For UTZ / Rainforest Alliance certified cocoa, all of this data is recorded in the UTZ systems. Example: Our supplier Cargill is implementing a more advanced system using a barcode on each bag in Côte d'Ivoire. In addition, in Côte d'Ivoire and Ghana we have mapped the farm boundaries of over 125,000 farms in Côte d'Ivoire and Ghana – well in excess of the original 2022 target.	Specific product line(s)	In 2020 we upgraded our commitment and we are working to make our cocoa supply chain deforestation free and our cocoa sourced through the Nestlé Cocoa Plan by 2025, with traceability to at least a group of farmers.
Other - Coffee	Yes	Responsible sourcing starts with knowing where our ingredients come from. As part of the Nescafé Plan, our coffee sustainability program, we work together with our direct suppliers and certifiers to ensure traceability back to an identified group of farmers. The cooperatives maintain records of all purchases from each farmer, and our supplier maintains traceability up to their warehouse. We also have a dedicated program with Nespresso, Nespresso AAA, where a comprehensive AAA database allows Nespresso to trace green coffee back to individual farms, and track the farms' progress in sustainable agriculture practices and farm management improvement Example: Nespresso has partnered with OpenSC to use its technology to trace every bag of coffee digitally and securely from the 1,185 smallholder farms of the AMKA Cooperative in South Kivu, all the way to the consumer. The OpenSC platform automatically verifies that each farmer receives the correct Nespresso AAA Sustainable Quality™ Program premium directly for exactly the coffee they produced - either via mobile money or cash. It uses a Public Blockchain to create a tamper-proof digital log of the coffee's journey, recording when, where, and by whom it was grown, collected, processed, and shipped. It also provides assurance to customers that every farmer receives the right payment, verified automatically.	Not applicable	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Mill	98
Timber products	Not traceable	2
Palm oil	Mill	97
Palm oil	Plantation	68
Palm oil	Not traceable	3
Cattle products	Slaughterhouse	99
Cattle products	Not traceable	1
Soy	Crushing facility	97
Soy	Country	98.5
Soy	Not traceable	1.5
Other - Cocoa	Farm	82
Other - Coffee	Please select	82

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	15.3
Palm oil	Yes	71
Cattle products	No, we have not adopted any third-party certification schemes for this commodity	<Not Applicable>
Soy	Yes	15.48
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes	47
Other - Coffee	Yes	68

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Forest Management certification

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

14.1

Form of commodity

Unprocessed wood fiber

Pulp

Paper

Volume of production/ consumption certified

177.66

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

Yes

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material. Many converters or paper and pulp mills certify their volume using both FSC and PEFC certification.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Controlled Wood

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

1.2

Form of commodity

Unprocessed wood fiber

Pulp

Paper

Volume of production/ consumption certified

14671

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

Yes

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material. Many converters or paper and pulp mills certify their volume using both FSC and PEFC certification.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC (any type)

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

0.1

Form of commodity

Unprocessed wood fiber

Pulp

Paper

Volume of production/ consumption certified

0.49

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

Yes

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material. Many converters or paper and pulp mills certify their volume using both FSC and PEFC certification.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Segregated

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

19.68

Form of commodity

Refined palm oil

Volume of production/ consumption certified

92

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

1.09

Form of commodity

Refined palm oil

Volume of production/ consumption certified

5

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Credits/Book & Claim

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

50

Form of commodity

Refined palm oil

Volume of production/ consumption certified

234

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Other - Cocoa

Third-party certification scheme

Other, please specify (Rainforest Alliance)

Chain-of-custody model used

Mass balance

% of total production/consumption volume certified

47

Form of commodity

Other, please specify (Cocoa beans)

Volume of production/ consumption certified

183884

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (4C)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

73

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

585

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (Nespresso AAA program)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

7

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

52

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (Rainforest Alliance)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

7

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

60

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (Olam AtSource Verified)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

5

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

40

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (UTZ)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

2

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

15

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (CAFE Practices)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

2

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

19

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (EnVeritas verified)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

1

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

9

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

2

Form of commodity

Other, please specify (Green coffee beans)

Volume of production/ consumption certified

13

Metric for volume

Other, please specify (Kilotons)

Is this certified by more than one scheme?

No

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Forest Management certification

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

7.62

Form of commodity

Unprocessed wood fiber

Pulp

Paper

Volume of production/ consumption certified

87952

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material. Many converters or paper and pulp mills certify their volume using both FSC and PEFC certification.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Controlled Wood

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

12.14

Form of commodity

Unprocessed wood fiber

Pulp

Paper

Volume of production/ consumption certified

140146

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

In 2021 we continued to work with suppliers to assess availability of certified material. Many converters or paper and pulp mills certify their volume using both FSC and PEFC certification.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC (any type)

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

0.15

Form of commodity

Unprocessed wood fiber

Pulp
Paper

Volume of production/ consumption certified

1721

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This includes both PEFC FM & CS. In 2021 we continued to work with suppliers to assess availability of certified material.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Cattle products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Soy	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Coffee	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Supply chain

Description of control systems

We use a combination of tools to assess our no deforestation commitment, starting with supply chain mapping. Our volumes are considered deforestation free in the following cases: a. Classified as low risk of deforestation by relevant literature. b. Assessed through on-the-ground assessments (e.g. High Conservation Value/Habitat deforestation by partners (e.g. Earthworm Foundation). c. Certified by FSC or PEFC. d. Recycled or recovered fiber traceable to mill and assessed as low risk.

Monitoring and verification approach

Geospatial monitoring tool
Ground-based monitoring system
Second-party verification
Third-party verification
Other, please specify (Traceability to no or low risk of deforestation)

% of total volume in compliance

91-99%

% of total suppliers in compliance

41-50%

Response to supplier non-compliance

Suspend & engage
Exclude

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

We expect all our suppliers to fully respect and adhere to our Responsible Sourcing Standard requirements, which include no deforestation requirements. We monitor our suppliers on an annual basis through, satellite monitoring, on the ground assessments or certification. If a mill or plantation in our supply chain is found to be connected to deforestation, we suspend it and start engaging them as well as our direct supplier where possible. The mill or plantation will re-enter our supply chain under the condition that it has stopped the practice, placed a moratorium on clearance, developed and implemented a no deforestation policy and plan, as well as developed a remediation plan. If no action is taken the company will remain excluded from our supply chain.

Forest risk commodity

Palm oil

Operational coverage

Supply chain

Description of control systems

We use a combination of tools to assess our no deforestation commitment, starting with supply chain mapping and followed by: - Starling satellite monitoring (covering 100% of our global palm oil supply chain) - on the ground HCS/HCV assessments - Field verification by NGO partners like Earthworm Foundation - Certification (RSPO)

Monitoring and verification approach

Geospatial monitoring tool
Ground-based monitoring system
Second-party verification
Third-party verification

% of total volume in compliance

81-90%

% of total suppliers in compliance

51-60%

Response to supplier non-compliance

Suspend & engage
Exclude

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

We expect all our suppliers to fully respect and adhere to our Responsible Sourcing Standard requirements, which include no deforestation requirements. Frequency of monitoring: Through Starling satellite monitoring, we monitor deforestation constantly in almost real time. When alerts are received, we start by engaging our suppliers linked to the mill around which the alert was detected. This helps us understand if the alert is linked to our supply chain, what measures companies are taking to address deforestation risk and to constructively discuss collaboration to accelerate progress. When necessary, together with our partner Earthworm Foundation and/or with our supplier, we send people on the ground to verify what satellite imagery is showing us and the potential link to specific mills in our supply chain. If a mill / plantation in our supply chain is found to be connected to deforestation, we suspend it and start engaging them as well as our direct supplier. The mill/plantation will re-enter our supply chain only if it has stopped the practice, placed a moratorium on clearance, developed and implemented an NDPE policy and plan, and developed a remediation plan. If no action is taken it will remain excluded from our supply chain. 14 upstream supply chain companies were removed from our palm oil supply chain since 2018. This is publicly disclosed on our website and the list was updated in 2020 and will be updated again in 2022.

Forest risk commodity

Cattle products

Operational coverage

Supply chain

Description of control systems

We use a combination of tools to assess our no deforestation commitment, starting with supply chain mapping and followed by: - Deforestation Risk Index such as Maplecroft - Traceability to Low risk: Volumes that have been traced back to forests/farms/plantations through the use of partnerships with NGOs. Those locations are classified as no or low risk of deforestation by relevant literature. - Verified on the ground by SGS Audit

Monitoring and verification approach

Geospatial monitoring tool
Second-party verification
Other, please specify (traceability to no or low risk location)

% of total volume in compliance

91-99%

% of total suppliers in compliance

91-99%

Response to supplier non-compliance

Suspend & engage
Exclude

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

We expect all our suppliers to fully respect and adhere to our Responsible Sourcing Standard requirements, which include no deforestation requirements. We monitor our suppliers on an annual basis through on the ground assessments or certification. If a mill or plantation in our supply chain is found to be connected to deforestation, we suspend it and start engaging them as well as our direct supplier where possible. The mill or plantation will re-enter our supply chain under the condition that it has stopped the practice, placed a moratorium on clearance, developed and implemented a no deforestation policy and plan, as well as developed a remediation plan. If no action is taken the company will remain excluded from our supply chain. 99% of vendors do not source from countries at risk for deforestation. Of the 1%, some are in at-risk countries and some are unknown (not traceable).

Forest risk commodity

Soy

Operational coverage

Supply chain
Selected facilities, businesses or geographies only

Description of control systems

We use a combination of tools to assess our no deforestation commitment, starting with supply chain mapping and followed by: - Traceability to Low risk, where volumes have been traced back to regions classified as at low risk of deforestation using tools like Maplecroft. The traceability exercise is carried out in collaboration with our partner Proforest. Volumes have been assessed through on-the-ground assessments by our partners Proforest, and/or through certification such as RTRS and Proterra. Only segregated volumes are accepted as deforestation-free.

Monitoring and verification approach

Ground-based monitoring system

Second-party verification

Third-party verification

Other, please specify (Traceability to no or low risk location)

% of total volume in compliance

91-99%

% of total suppliers in compliance

Please select

Response to supplier non-compliance

Suspend & engage

Exclude

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

We expect all our suppliers to fully respect and adhere to our Responsible Sourcing Standard requirements, which include no deforestation requirements. We monitor our suppliers on an annual basis through on the ground assessments or certification. If a mill or plantation in our supply chain is found to be connected to deforestation, we suspend it and start engaging them as well as our direct supplier where possible. The mill or plantation will re-enter our supply chain under the condition that it has stopped the practice, placed a moratorium on clearance, developed and implemented a no deforestation policy and plan, as well as developed a remediation plan. If no action is taken the company will remain excluded from our supply chain.

Forest risk commodity

Other - Cocoa

Operational coverage

Supply chain

Description of control systems

We use a combination of tools to assess our no deforestation commitment, starting with supply chain mapping and followed by: - Mapping Nestlé Cocoa Plan farm boundaries: farm boundaries are compared to maps of national parks and other protected forests and are excluded from the supply chain if they are in national parks or forest reserves. - Certification (Rainforest Alliance / Fairtrade) - Risk assessment through satellite monitoring: assessment from Global Risk Assessment Services (GRAS) in Brazil, Ecuador, Mexico and Venezuela using satellite data from 2015-2020 covering 2 787 653km². The data was compared with known protected, at-risk and high carbon stock areas. GRAS used remote sensing data and geo-spatial datasets to investigate the total potential risk of deforestation including from mining or urbanization, then determined the agriculture and cocoa risks. The results show that cocoa-related deforestation risk is mainly low and concentrated in specific areas.

Monitoring and verification approach

Ground-based monitoring system

Second-party verification

Third-party verification

% of total volume in compliance

51-60%

% of total suppliers in compliance

51-60%

Response to supplier non-compliance

Exclude

Procedures to address and resolve non-compliance with suppliers

Other, please specify (Agroforestry)

Please explain

At the moment farmers that are found to be producing in protected areas are excluded from our supply chain. In addition, as part of the certification standard rules they lose their certification. Audits are carried out on an annual basis on a sample of farms. We also have teams of agronomists working directly with smallholders. In addition, in 2020 we partnered with the Ministry of Water and Forests of Côte d'Ivoire to help restore the Cavally Forest reserve, a biodiversity hotspot under threat due to deforestation, and to help enhance the resilience and livelihoods of local communities. It will also support transition pathways for farmers currently producing in the reserve and promote regenerative agriculture for areas around the reserve. In 2021, more than 400 hectares of Cavally Forest Reserve were replanted with the help of the local communities.

Forest risk commodity

Other - Coffee

Operational coverage

Supply chain

Description of control systems

For responsibly sourced coffee, we use third party certification standards such as 4C, Rainforest Alliance, Fairtrade that are validated as equivalent to the Nestlé Responsible Sourcing Standard. All certifiers today use more advanced technology to assess deforestation risk and risk-adjust the sample of farms audited. Audits are carried out on annually on a sample of farms. We also have agronomists working with coffee growing communities on the ground. We carried out a risk assessment from Global Risk Assessment Services (GRAS). The assessment used satellite data from 2015-2020 and covered 889,775 km² focused on origins/regions we have received non-RS coffee from. The data was compared with protected, at-risk and high carbon stock areas. GRAS used remote sensing data and geo-spatial datasets to investigate the total potential risk of deforestation including from mining or urbanization, then determined the agriculture-specific and coffee-specific risks.

Monitoring and verification approach

First-party verification
 Third-party verification

% of total volume in compliance

81-90%

% of total suppliers in compliance

Please select

Response to supplier non-compliance

Exclude

Procedures to address and resolve non-compliance with suppliers

Other, please specify (No step taken)

Please explain

For our responsibly sourced coffee, including the volumes that are certified by third parties, deforestation is a critical criteria / unacceptable practice, which should be absent from participating farms. We follow the approach and procedures from the certification programs that simply exclude farms with deforestation and don't take steps to resolve non-compliance. Checks are carried out annually and certification audits are carried out at regular intervals on a sample of farms. Also, note that we cannot give a figure for the % of suppliers in compliance with our standards since we may get responsibly sourced / certified coffee and conventional coffee from the same supplier.

F6.5

(F6.5) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.

	Do you collect data regarding compliance with the Brazilian Forest Code?	Please explain
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, from suppliers	Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. The volumes of cocoa that we source through the Nestlé Cocoa Plan are certified UTZ/Rainforest Alliance or Rainforest Alliance, which requires compliance with local regulation. In Brazil, primary data is collected from farmers participating in the Nestlé Cocoa Plan in relation to compliance with the Brazilian legislation. Farmers are assessed by field staff or asked to make a self-assessment prior to joining the Nestlé Cocoa Plan. Details of the farm is cross checked with government official data bases where all infractions of the environmental law are available. A sample of farms are also subject to independent auditing.
Other - Coffee	Yes, from suppliers	Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. In Brazil, primary data is collected from suppliers (farmers) in relation to compliance with the Brazilian legislation. It includes farmers who participate in the Nescafé Plan and farmers under other sustainability schemes recognized by Nestlé as Responsible Sourced. Field staff carries out audit visits. Farms are also subject to independent audits as part of the certification process.

F6.5b

(F6.5b) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).

Forest risk commodity

Other - Cocoa

KPIs

% of suppliers with no gross deforestation after July 2008

Performance against indicators

100%

Please explain

To be able to participate in the Nestlé Cocoa Plan, farmers must demonstrate that they have not contributed to gross deforestation after July 2008. To check it we collect data from suppliers (farmers) in relation to compliance with the Brazilian legislation. Farmers are audited or asked to make a self-assessment prior to joining the Nestlé Cocoa Plan. Details of the farm is cross checked with government official data bank where all infractions of the environmental law are available. Farms are also subject to independent auditing. During year 2020, the Nestlé Cocoa Plan in Brazil was rolled out by one cocoa grinder who has full traceability from farm to first purchasing gate, of all participating farmers. By April 2022 there were 1,490 cocoa farms participating in the Nestlé Cocoa Plan. The following tools are used to measure and monitor compliance against our KPIs: Self-assessments, internal verification run by agronomists dedicated to Nestlé Cocoa Plan, external independent audits and checks in government official data bases. Self-assessments are carried out prior to a farmer entering into the Nestlé Cocoa Plan. Internal verification is carried out through at least one farm visit every 12 months; external audits are carried out annually in a sample of farms in the group; the government official database is checked every week. Exclusion of farms has happened and is documented accordingly, highlighting the risk and acknowledgement by the farmer.

Forest risk commodity

Other - Coffee

KPIs

% of suppliers registered on the Rural Environmental Registry (CAR) database, with active status

Performance against indicators

91-99%

Please explain

To be able to participate in the Nescafé Plan, farmers must demonstrate that they have not contributed to gross deforestation after July 2008. To check this we collect data from suppliers (farmers) in relation to compliance with the Brazilian legislation. We carry out internal verification by agronomists dedicated to Nescafé Plan, external independent audits and we check the government official databases. Our Conilon coffee supply chain base in Brazil is 1,258 coffee growers and 720 farms. Internal verification run by agronomists dedicated to Nescafé Plan, external independent audits and checks in government official data bases with the following frequency: - Internal verification: One farm visit every 12 months. - External audits: Every year, in a sample of farms of the group. - Government official data bases: Every month. Another KPI that we use is % of suppliers with no gross deforestation after July 2008: 100% (prerequisite to participate in Nescafé Plan/4C Certification) - this is subject to the same checks as laid out above.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Timber products	Yes, from suppliers	<Not Applicable>
Palm oil	Yes, from suppliers	<Not Applicable>
Cattle products	Yes, from suppliers	<Not Applicable>
Soy	Yes, from suppliers	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, from suppliers	<Not Applicable>
Other - Coffee	Yes, from suppliers	<Not Applicable>

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers, who we expect to follow its requirements, including compliance with forest regulations. To assess legal compliance with forest regulations and/or mandatory standards, our implementation partners, like Proforest and Earthworm Foundation, start by carrying out a desk-based risk assessment of our sourcing regions and our suppliers based on supplier questionnaires, literature review and information from satellite monitoring tools. Supplier questionnaires include questions to assess compliance with local regulation. Following this desk-based risk assessment process, suppliers are identified for on-the-ground assessments based on volumes and risk profiles. Our on-the-ground assessments for no deforestation / no conversion are based on the HCS/HCV methodology. We also accept certifications like RTRS, FSC/PEFC and RSPO that integrate legal requirements into their standards, against which suppliers are audited for compliance. We are confident that suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through certification or an on-the-ground assessment.

Country/Area of origin

Australia
Brazil
Colombia
Ecuador
India
Indonesia
Malaysia
Thailand
Viet Nam

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Palm oil

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. To assess legal compliance with forest regulations and/or mandatory standards, our implementation partners, like Proforest and Earthworm Foundation, start by carrying out a desk-based risk assessment of our sourcing regions and our suppliers based on supplier questionnaires, literature review and information from satellite monitoring tools. Supplier questionnaires include questions related to compliance with local regulation. Following this desk-based risk assessment process, suppliers are identified based on volumes and risk profiles for on-the-ground assessments. Our on-the-ground assessments for no deforestation / no conversion are based on the HCS/HCV methodology. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements. We are confident that suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through certification or an on-the-ground assessment.

Country/Area of origin

Brazil
Cambodia
Cameroon
Colombia
Côte d'Ivoire
Ecuador
Guatemala
Indonesia
Malaysia
Mexico
Nigeria
Papua New Guinea
Peru
Thailand

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Cattle products

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. To assess legal compliance with forest regulations and/or mandatory standards, our implementation partners, like Proforest and Earthworm Foundation, start by carrying out a desk-based risk assessment of our sourcing regions and our suppliers based on supplier questionnaires, literature review and information from satellite monitoring tools. Supplier questionnaires include questions related to compliance with local regulation. Following this desk-based risk assessment process, suppliers are identified based on volumes and risk profiles for on-the-ground assessments. Our on-the-ground assessments to assess no deforestation / no conversion are based on the HCS/HCV methodology. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements. We are confident that suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through certification or an on-the-ground assessment.

Country/Area of origin

Argentina
Australia
Brazil
Mexico
Nicaragua

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Soy

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. To assess legal compliance with forest regulations and/or mandatory standards, our implementation partners, like Proforest and Earthworm Foundation, start by carrying out a desk-based risk assessment of our sourcing regions and our suppliers based on supplier questionnaires, literature review and information from satellite monitoring tools. Supplier questionnaires include questions related to compliance with local regulation. Following this desk-based risk assessment process, suppliers are identified based on volumes and risk profiles for on-the-ground assessments. Our on-the-ground assessments for no deforestation / no conversion are based on the HCS/HCV methodology. We also accept certification like RTRS, FSC/PEFC and RSPO that integrate legal requirements. We are confident that suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through certification or an on-the-ground assessment.

Country/Area of origin

Argentina
Brazil
India
Nigeria

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Other - Cocoa

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. The volumes of cocoa that we source through the Nestlé Cocoa Plan are certified UTZ/Rainforest Alliance, which requires compliance with local regulation. In addition, in Côte d'Ivoire and Ghana, our biggest sourcing region (70% of our total cocoa volumes), we have also taken the following actions: - we have completed the mapping of the farm boundaries of more than 125 000 farmers who are part of the Nestlé Cocoa Plan. - we have strengthened cocoa beans traceability systems. - we have worked with our suppliers to implement an exclusion process for farmers who grow cocoa in protected areas. - we are sensitizing NCP farmers on forest law enforcement in place in both countries as well as the importance of protecting forests. We are confident that suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through on the ground assessments against our Responsible Sourcing Standard or using certification schemes that integrate legal requirements as well as taking specific actions in Côte d'Ivoire and Ghana as part of the Cocoa & Forests Initiative (a public-private partnership with the two governments)

Country/Area of origin

Brazil
Cameroon
Côte d'Ivoire
Ecuador
Indonesia
Mexico
Peru
Venezuela (Bolivarian Republic of)

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. Our responsibly sourced volumes of cocoa are certified or verified by third parties, who check for compliance with legal regulations in addition to compliance with our Responsible Sourcing Standard.

Other - Coffee

Procedure to ensure legal compliance

Complying with forest regulations and/or mandatory standards is an integral part of our Responsible Sourcing Standard. The Standard is an integral part of all of our purchase orders and supply contracts and is shared with our suppliers and expect them to follow its requirements, including compliance with forest regulations. The volumes of coffee that we source through the Nescafé Plan and through Nespresso's AAA program are certified or verified by independent third party organizations, including 4C, Rainforest Alliance / UTZ, Fairtrade, etc. They check for compliance with legal regulations in addition to compliance with our Responsible Sourcing Standard. We are confident that suppliers assessed as posing a non-compliance risk have been subject to legal compliance checks, either through on the ground assessments against our Responsible Sourcing Standard or using certification schemes that integrate legal requirements.

Country/Area of origin

- Brazil
- Cameroon
- Colombia
- Côte d'Ivoire
- Guatemala
- Honduras
- India
- Indonesia
- Kenya
- Lao People's Democratic Republic
- Mexico
- Nicaragua
- Papua New Guinea
- Peru
- Philippines
- Thailand
- Viet Nam

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders	Supply chain mapping Capacity building	Supplier audits Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Investing in pilot projects	1006	Smallholder farmers and family farms are a key part of our pulp and paper supply chain in some locations. In 2021, Nestlé continued to support a project with smallholder acacia farmers supplying a chip mill in our pulp and paper supply chain in Bình Thuận Province, Vietnam, through Earthworm Foundation's Rurality initiative. In 2018, Earthworm Foundation conducted an initial diagnostic exercise to understand the supply chain, conditions on the ground and opportunities to improve smallholder resilience. This identified challenges including poor-quality seedlings and agricultural practices leading to low productivity, lack of awareness of pest and disease control and health and safety, limited options for income diversification and declining soil fertility due to poor land management. Since then, we have been contributing to this work and as of 2021 year-end have achieved the following despite the challenges of COVID-19 pandemic, which curtailed our training and expansion plans: • Total farmers trained through Rurality: 1,006 • Total high-quality seedlings planted by farmers: 401,500 • Tree planting to protect/restore riparian zones: 213 farmers to plant 19,816 tree seedlings, 60,505 shrubs (Leucaena leucocephala & Trichanther Gigantea), 161,793 slips of grass (Guinea Mombasa & Vetiver) • Secured additional income source for farmers: 10,502 bamboo cuttings, 6,259 banana seedlings, 32,425 mombasa seedlings though other trials with rabbit, watermelon and eel cultivation were less successful. We will use the lessons learned to improve implementation in 2022.
Palm oil	Yes, working with smallholders	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tool Offering on-site technical assistance and extension services Providing agricultural inputs Investing in pilot projects Supporting smallholders to clarify and secure land tenure Prioritizing support for smallholders in high-risk deforestation regions	14500	Smallholders produce around 40% of oil palm globally. Due to the more complex nature of palm supply chains inclusive of smallholders, difficulty in tracing smallholders through dealers, smaller land parcel size, and more limited access to resources such as financing, training, etc., a focus solely on Responsible Sourcing Standard compliant supply chains can result in smallholder exclusion. Palm oil that is produced sustainably should include smallholders and help build their resilience, and that of their communities. For example, we have been funding a specific smallholder support initiative in Ecuador since 2018 to support improvement of farmer resilience. In total, 136 farmers participated actively in the project and received training on good agricultural practices, productive diversification, and conservation of key ecosystems. They received support in the elaboration and implementation of holistic farm plans, and the project trained 10 technicians from palm companies to expand and improve technical assistance to farmers on sustainability and resilience matters. In 2021, Nestlé supported a transition process in which the two local palm oil companies assumed greater responsibility to give continuity to the activities started by this project. The project staff held numerous engagement and capacity building sessions with the two companies that led to the development of 38 holistic farm plans by the company staff and secured the companies' funding to continue the activities in the future. We also supported smallholders via Independent Smallholder RSPO Book & Claim Credits. In 2021, Nestlé purchased 11,673 RSPO credits from independent smallholders (10,769 for CPO production, and 904 for Palm Kernel Oil), up from 10,000 purchased in 2020. To the extent that Nestlé uses RSPO Book & Claim credits to deliver on RSPO commitments, we aim maximize the opportunity to buy these credits from independent smallholders, to support their journey to sustainable palm oil production.
Cattle products	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>	The cattle supply chain is mainly made of big farms, especially in the USA and in Europe where we source around 98% of your volumes. We do not have smallholder cattle farmers in our supply chain.

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Soy	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>	The soy supply chain is mainly made of large soy farms, especially in the USA which is our biggest sourcing country (more than 50% of our sourcing) as well as in Brazil and Argentina. As such, we have not prioritized working directly with smallholders to address deforestation risks. Instead we have chosen to focus on specific geographies (Brazilian Cerrado and the Argentinian Chaco biomes) where the risks of deforestation and conversion of natural habitats are higher. We're doing so by engaging directly with our direct suppliers and through collaboration platforms such as the CGF Forest Positive working group, where engagement with soy traders coalition (SCF) is also ongoing.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, working with smallholders	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tool Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events Investing in pilot projects	152236	The cocoa we source is largely grown by smallholders. The Nestlé Cocoa Plan is our cocoa sustainability Program. Our approach is to work with farmer co-operatives - these group farmers together provide traceability and records for all their purchases from each individual farmer. In 2021, 152 236 farmers were part of the Nestlé Cocoa Plan. Our direct Tier 1 suppliers manage the commercial relationship with these co-operatives and most of their sustainability activities, including Rainforest Alliance certification where relevant. The Nestlé team manages some aspects directly, including the supervision of shade tree nurseries, gender training for co-operatives and the development of video training. We also trial new ideas that our suppliers can scale up. We aim to develop long-term relationships with co-operatives through the Nestlé Cocoa Plan, and several have been part of the Nestlé Cocoa Plan for over eight years. Among key 2021 activities 1,038,900 forest and fruit trees were distributed globally. We also launched an Income Accelerator Program. Using financial incentives, we will encourage behavior change that we expect to deliver sustainable economic growth for cocoa-farming families. Incentivized actions include applying good agricultural practices, introducing additional income streams, keeping children in school and planting shade trees. distributed globally.
Other - Coffee	Yes, working with smallholders	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tool Offering on-site technical assistance and extension services Providing agricultural inputs Organizing capacity building events Investing in pilot projects Other, please specify (Financial incentives for certified projects)	800000	The Nescafé Plan and Nespresso AAA programs are our coffee sustainability programs. Both programs aim at addressing sustainability challenges in the coffee sector and work very closely with coffee smallholders in countries around the world. Both programs implement activities like traceability, investments in community infrastructures, training and technical assistance in best agricultural practices and in entrepreneurship, income diversification, plant research and breeding, climate change adaptation, women's empowerment, premiums for responsible sourced coffee. - Farmer training: Nescafé provided training to 86,082 farmers in 2021 as part of its extensive field programs with coffee farmers around the world. - Plant research and breeding: Nestlé Research has been running a breeding program for over a decade, creating and selecting new and improved Arabica and Robusta coffee varieties with higher yield, quality and greater resistance to leaf rust and other pests/diseases.. - Climate change adaptation: An agroforestry program, launched in 2013 in cooperation with Pur Projet and the Rainforest Alliance, is helping Nespresso work to mitigate the impacts of climate change and to reduce the carbon footprint of coffee farming. The program aims to protect, regenerate and improve coffee ecosystems to support climate change resilience. Furthermore, it aims to generate economic benefits for coffee farmers thanks to crop diversification and carbon certification. - Premium and long-term relationships: both programs pay premiums for responsibly sourced coffee. Nespresso's AAA program pays premiums for top quality coffee and best agricultural practices.

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier audits Offering on-site training and technical assistance Investing in pilot projects Financial incentives for certified products	100%	Addressing risks of deforestation in our agricultural supply chains requires working with our 467 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers abide by our Responsible Sourcing Standard. We verify compliance with the Standard by all our direct suppliers through independent audits that follow SMETA Best Practice. If gaps are found, a time-bound action plan is developed and implemented by the supplier. The implementation of this plan will be later verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. We collaborate with them to ensure traceability of our raw materials to origins. We work closely with all our suppliers to create a full picture of their supply chains & sourcing locations. We repeat this exercise every year, at every tier in the supply chain. This info is used to carry out farm assessments against our Standard, which may lead to time-bound action plans to address the gaps. Where risks are identified as requiring long-term, tailored interventions to tackle their root causes, we engage directly with our suppliers on these. Example: Using Starling data on forest cover changes to engage our suppliers across four key landscapes: NW Russia; SE USA; British Columbia, Canada; and Sumatra, Indonesia. The information has informed more targeted discussions with suppliers on forest cover change alerts and supported the development of interventions and solutions with them and other stakeholders. We pay premiums for responsibly sourced/ certified pulp & paper. A specific example of a supplier engagement activity in 2021 was continued work with suppliers operating in the Dvina Pinega Reserve, which forms the core of the Dvinsky Intact Forest Landscape (IFL). Using Starling satellite monitoring data was useful to inform our discussions. We are now exploring how to balance the competing.

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Organizing capacity building events Investing in pilot projects Financial incentives for certified products	91-99%	Addressing deforestation risks in our agricultural supply chains requires working closely with our 58 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers abide by our Responsible Sourcing Standard. We verify compliance with the Standard by assessing and monitoring our direct suppliers. If gaps are found, a time-bound action plan is developed and implemented by the supplier. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. We also collaborate with them to ensure traceability of our raw materials to origins. We work closely with suppliers to create a full picture of their supply chains & sourcing locations. We repeat this exercise every year, at every tier in the supply chain. This info is used to carry out farm assessments against our Standard, which may lead to the development of time-bound action plans to address the gaps. Where risks are identified as requiring long-term, tailored interventions to tackle their root causes, we engage directly with our suppliers on these. 2021 examples: - We used Starling to conduct an in-depth analysis of every single point of origin identified in our supply chain. This included monitoring over 8,000 farm boundaries and the area surrounding more than 1,600 mills, to determine whether origins were verifiably deforestation-free or whether further supplier engagement and investigation were needed. In many cases we directly engaged with our direct suppliers on deforestation alerts in our upstream supply chain. - We participate in landscape initiatives – e.g. we're working with one of our palm oil supplier in La Encrucijada Biosphere Reserve in Mexico on a conservation initiative in the area. The project aims to develop farmer resilience, conservation and restoration and land use planning, including preventing the expansion of palm oil in the reserve. We pay premiums for responsibly sourced or certified palm oil.
Cattle products	Yes, working with direct suppliers	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tool Supplier audits Investing in pilot projects	100%	Addressing the social and environmental risks, including deforestation, in our agricultural supply chains, requires working closely with our 161 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers abide by our Responsible Sourcing Standard (RSS). We verify compliance with the Standard by all our direct suppliers through independent audits carried out by audit firms accredited by Nestlé. These audits follow the SMETA Best Practice Guidance. If gaps are found, a time-bound action plan is developed and implemented by the supplier. Implementation is verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. We also collaborate with them to ensure traceability of our raw materials to its origins. We work closely with suppliers to create a full picture of their supply chains and sourcing locations. carry out this exercised at least annually at every tier in the supply chain with the help of external partners and service providers. This information is then used to carry out farm assessments against our RSS with partner organizations, which may lead to the development of time-bound action plans to address the gaps and show progress year on year. As we verify compliance, we understand that some actions at farm level require time and often an industry transformation to be implemented. We partner with our suppliers and other industry stakeholders in value-adding projects. These projects aim to improve animal welfare and the environmental sustainability of livestock production. For example, in 2020, Nestlé and its US supplier OSI Group partnered to help scale sustainable grazing practices in Montana through a project run by regional nonprofit Western Sustainability Exchange and international carbon project developer NativeEnergy. The objective is provide ranchers with the necessary educational resources and financial security to convert to sustainable grazing practices.
Soy	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Investing in pilot projects Financial incentives for certified products	100%	Addressing the social and environmental risks, including deforestation, in our agricultural supply chains, requires working closely with our 204 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers abide by our Responsible Sourcing Standard (RSS). We verify compliance with the Standard by all our direct suppliers through independent audits carried out by audit firms accredited by Nestlé. These audits follow the SMETA Best Practice Guidance. If gaps are found, a time-bound action plan is developed and implemented by the supplier. Implementation is verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. One of the key actions to continuously increase transparency within our own soya supply chain is engagement with suppliers to gradually map where the soya we source comes from. With Proforest, we developed an approach merging geographical risk analyses with the design of a scorecard for suppliers. For the spatial analysis, we focused on Brazil to develop risk maps at municipality scale, considering publicly available information about deforestation, protected areas, land and water conflicts, legal compliance and forced labor. The scorecard aims to provide us with some key comparable information on our large numbers of suppliers, as some might not follow our sustainability commitments and we need to understand what and where the gaps are. The scorecards are going to be used as our main engagement tool. In 2021, we engaged suppliers through our participation in The Nature Conservancy Regenerative Ranching & Agriculture (R2A) strategy across Latin America to drive transformational change in food production while actively restoring natural systems. This aims to help producers to implement science-based practices, methods and policies that drive regenerative agriculture, forest restoration and the protection of environmental resources and services at scale. We also engaged two strategic suppliers in Argentina to increase capability and capacity of Deforestation Free and Conservation free soy through Producing Right agency.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, working with direct suppliers	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tool Supplier audits Investing in pilot projects	91-99%	Addressing the social and environmental risks, including deforestation, in our agricultural supply chains, requires working closely with our 17 direct suppliers who account for more than 95% of our volumes, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers abide by our Responsible Sourcing Standard (RSS). We verify compliance with the Standard by our direct suppliers through independent audits carried out by audit firms accredited by Nestlé. These audits follow the SMETA Best Practice Guidance. If gaps are found, a time-bound action plan is developed and implemented by the supplier. Implementation is verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. We also collaborate with them to ensure traceability of our raw materials to its origins. We work closely with suppliers to create a full picture of their supply chains and sourcing locations. This information is then used to carry out farm assessments against our RSS. Through the Nestlé Cocoa Plan, we work with farmer cooperatives – these group farmers together provide traceability and records for all their purchases from each individual farmer. Our direct Tier 1 suppliers however manage the commercial relationship with these cooperatives and most of their sustainability activities, including Rainforest Alliance certification where relevant. In 2021, we launched the Income Accelerator Program in collaboration with direct suppliers.
Other - Coffee	Yes, working with direct suppliers	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tool Supplier audits Investing in pilot projects	100%	Addressing the social and environmental risks, including deforestation, in our agricultural supply chains, requires working closely with our 59 direct suppliers, with whom we have a contractual relationship and who are contractually obliged to ensure that their suppliers and contractors abide by our Responsible Sourcing Standard (RSS). We verify compliance with the Standard by all our direct suppliers through independent audits carried out by audit firms accredited by Nestlé. These audits follow the SMETA Best Practice Guidance. If gaps are found, a time-bound action plan is developed and implemented by the supplier. Implementation is verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship. We also collaborate with them to ensure traceability of our raw materials to its origins. We work closely with suppliers to create a full picture of their supply chains and sourcing locations. This information is then used to carry out farm assessments against our RSS. Nearly all the work with do on the ground with smallholder farmers is also in collaboration with our direct suppliers.

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping Capacity building	On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Investing in pilot projects	Addressing the social and environmental risks, including deforestation, in our agricultural supply chains, requires that we look beyond our direct suppliers and gain visibility of what is happening across all tiers of our supply chains. This starts with traceability. We work closely with our direct suppliers and partners to conduct a mapping of our upstream supply chains and carry out supplier assessments in our upstream supply chain with partner organizations to identify potential gaps with our Responsible Sourcing Standard. This leads to the development of action plans with milestones and deadlines to act upon risks and improvement opportunities identified during assessments. When an upstream supplier fails to effectively manage identified risks or meet agreed deadlines, we may remove it from our supply chain. Nestlé's Procurement staff and/or our partners often visit our indirect suppliers, usually together with our direct supplier, to assess their practices, understand where they are making progress against action plans and assess where more work needs to be done. One example of engagement beyond our first-tier suppliers is our support for Earthworm Foundation's project with smallholder acacia farmers supplying a chip mill in Nestlé's pulp and paper supply chain in Binh Thuận Province, Vietnam, to help them implement more sustainable practices and improve their livelihoods. In 2021, this project: - Trained 338 farmers on Best Management Practices and income diversification through the Training of Trainer (TOT) model - 110 farmers planted 264,000 high quality seedlings helping to re-establish 52 km2 of riparian zone in partnership with OTP - Carried out a study tour to visit seedling nurseries in Dong Nai province to understand more about how high-quality seedlings are produced, as well as income diversification tours for bamboo shoot and snail demonstration sites.
Palm oil	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Participating in workshops Investing in pilot projects	Addressing the social and environmental risks, including deforestation, in our agricultural supply chains, requires that we look beyond our direct suppliers and gain visibility of what is happening across all tiers of our supply chains. This starts working on traceability. We work closely with our direct suppliers and partners to conduct a mapping of our upstream supply chains and carry out supplier assessments in our upstream supply chain with partner organizations to identify potential gaps with our Responsible Sourcing Standard. This leads to the development of action plans with milestones and deadlines to act upon risks and improvement opportunities identified during assessments. When an upstream supplier fails to effectively manage identified risks or meet agreed deadlines, we may remove it from our supply chain. Nestlé's Procurement staff and/or our partners often visit our indirect suppliers, usually together with our direct supplier, to assess their practices, understand where they are making progress against action plans and assess where more work needs to be done. In addition, we are using alerts received through our Starling dashboard to prioritize where we should conduct on-the-ground verification. We then engage with both our direct suppliers and indirect suppliers linked to the alert. Where risks are identified as requiring long-term, tailored interventions to tackle their root causes, we engage directly with our suppliers and upstream suppliers on these. In 2021 for example, we engaged with suppliers beyond our first-tier by participating in the Mexico Palm Oil Holistic Program, a collaborative effort from Nestlé, PepsiCo, palm oil supplier Oleopalma, the RSPO, Proforest, and Femexpalma to support the sustainable development of the Mexican palm oil sector. In 2021, the project successfully completed the second phase for four smallholder groups (136 farmers in total), who are part of our direct supplier Oleopalma's supply chain, to achieve RSPO certification under the milestone A of the RSPO Independent Smallholder standard, meaning up to 70% of production can be sold as RSPO independent smallholder credits.
Cattle products	Yes, working beyond first tier	Supply chain mapping Capacity building	On-site meetings with indirect suppliers Supplier audits Investing in pilot projects	Addressing social and environmental risks, including deforestation, in our agricultural supply chains, requires that we look beyond our direct suppliers and gain visibility of what is happening across all tiers of our supply chains. This starts by working on traceability. We work closely with our direct suppliers and partners to conduct a mapping of our upstream supply chains and carry out supplier assessments in our upstream supply chain with partner organizations to identify potential gaps with our Responsible Sourcing Standard. This leads to the development of action plans with milestones and deadlines to act upon risks and improvement opportunities identified during assessments. When an upstream supplier fails to effectively manage identified risks or meet agreed deadlines, we may remove it from our supply chain. Nestlé Procurement staff seek opportunities to reach our indirect suppliers, usually together with our direct supplier, to assess their practices, understand where they are making progress against action plans and assess where more work needs to be done. As we verify compliance with our Responsible Sourcing Standard, we understand that some actions at farm level require time and often an industry transformation to be implemented. We partner with our suppliers and other industry stakeholders in value-adding projects. These projects aim to improve animal welfare and the environmental sustainability of livestock production. We have also been engaging the direct and indirect cattle supply chain through the beef working group of the Consumer Goods Forum's Forest Positive Coalition. Nestlé is a member of the beef working group that launched a formal working group in 2021 and published a roadmap to set higher expectations for suppliers and meatpackers to act on deforestation risks across the entire supply base and to find opportunities for collaboration.
Soy	Yes, working beyond first tier	Supply chain mapping Capacity building	On-site meetings with indirect suppliers Supplier audits Participating in workshops Investing in pilot projects	Addressing social and environmental risks, including deforestation, in our agricultural supply chains, requires that we look beyond our direct suppliers and gain visibility of what is happening across all tiers of our supply chains. It starts by working on traceability. We source soy products from numerous suppliers in many countries, including Argentina, Brazil, Serbia and the USA. Supply chains vary in length and complexity: they can be upstream, when soy is sourced directly from producers, or mid-stream, when producers source soy products and further process them. This is why we work closely with our direct suppliers and partners to conduct supply chain mapping all the way to crush sites. To better understand the risks in our supply chain, our partner Proforest undertakes site assessments based on the requirements laid out in our Responsible Sourcing Standard. Proforest also provides technical assistance and guidance to our suppliers (including beyond tier-1) to help them make improvements in their supply bases. When an upstream supplier fails to effectively manage identified risks or meet agreed deadlines, we may remove it from our supply chain. We engage with direct and indirect suppliers, aiming to raise awareness about our responsible sourcing requirements and partner to help improve practices on the ground. In 2021 we started an initiative by Conservation International Brazil: "Low-carbon regenerative commodity production in the Cerrado biome: fostering adoption of integrated agricultural production systems". The overall objective is a positive inclusion of farmers and communities into the supply chain by building capacity for low-carbon production (e.g through the adoption of the Integrated Crop-Livestock-Forest production model and by creating incentives through improved access to credit (e.g. by raising awareness among farmers of existing credit mechanisms and building capacity to access those credit lines, by promoting trainings to staff within local financial institutions and disseminating information on climate finance opportunities within the productive sector).
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Participating in workshops Investing in pilot projects	Our direct suppliers are traders like Cargill or Olam and our Tier-2 suppliers are cocoa cooperatives. We work closely with all the supply chains actors, traders and cooperatives, to implement the Nestlé Cocoa Plan, our cocoa sustainability plan that aims to help smallholder farmers and their cooperatives address the challenges they face, including deforestation, through three pillars – better farming, better lives and better cocoa. Activities included under each pillar are: 1) Better farming: We work with traders and cooperatives to help farmers improve how they farm, in order to increase yield and income, enabling farmers to "produce more on less land" 2) Better lives: we work with traders and cooperatives as well as cocoa growing communities to promote gender equality; tackle child labor; improve access to finance through village savings and loans association; and carry out income diversification activities 3) Better cocoa: fostering long term relationship with cooperatives; helping cooperatives and farmers get certified We pay farmers and cooperatives premiums for sustainable cocoa. Long term relationships with farmer co-operatives is key to the Nestlé Cocoa Plan. It is vital that these cooperatives function well, in trading cocoa as well as providing services to their members and the communities they work in. Together with our suppliers we help and train coops to help them manage their business better. The average time coops have been with Nestlé is six years. We have Nestlé agronomists on the ground working hand in hand with our direct suppliers and cooperatives to help implement the Nestlé Cocoa Plan activities, deliver on the trainings and other capacity building sessions as well as coaching farmers. In 2021, 152 236 farmers were part of the Nestlé Cocoa Plan, we distributed over one million forest and fruit trees to farmers in 2021, to drive agroforestry and regenerative agriculture, bringing the total distributed to more than 2.2 million trees, and cumulatively trained more than 90 000 farmers in good agricultural practices.

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Other - Coffee	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Investing in pilot projects	The Nescafé Plan and Nespresso AAA programs are our coffee sustainability programs. Both programs aim to address sustainability challenges in the coffee sector and work very closely with coffee smallholders and their cooperatives in countries around the world. Both programs implement activities like traceability, investments in community infrastructures, training and technical assistance in best agricultural practices and in entrepreneurship, income diversification, plant research and breeding, climate change adaptation, women empowerment, premiums for responsibly sourced coffee. - Farmers training: Nescafé provided 86,082 farmer trainings in 2021 as part of its extensive field programs with coffee farmers around the world. - Plant research and breeding: Nestlé Research has been running a breeding program for over a decade, creating and selecting new and improved Arabica and Robusta coffee varieties with higher yield, quality and greater resistance to leaf rust and other pests/diseases. Since 2010, at least 250 million high-yielding and disease-resistant coffee plantlets have been distributed to farmers. This contribution has aided the restoration of almost 125 000 hectares of coffee farms worldwide, supporting the increase in soil health and resilience. - Climate change adaptation: An agroforestry program, launched in 2013 in cooperation with Pur Projet and the Rainforest Alliance, is helping Nespresso work to mitigate the impacts of climate change and to reduce the carbon footprint of coffee farming. The program aims to protect, regenerate and improve coffee ecosystems to support climate change resilience. Furthermore, it aims to generate economic benefits for coffee farmers thanks to crop diversification and carbon certification. By the end of 2021, Nespresso had funded plantation of 5.94 million trees in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. - Premium and long-term relationships: both programs pay premiums for responsibly sourced coffee. Nespresso's AAA program pays premiums for top-quality coffee.

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Please explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	Yes, we engage in landscape/jurisdictional approaches	<Not Applicable>	<Not Applicable>

F6.10a

(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

	Criteria for prioritizing landscapes/jurisdictions for engagement	Please explain
Row 1	Company actions align with already established jurisdictional and/or landscape initiative priorities in area High commodity sourcing footprint from area High levels of production by independent smallholders Opportunity for smallholder inclusion Opportunity to implement Nature-based Solutions Opportunity to protect natural ecosystems Opportunity to restore natural ecosystems Risk of deforestation/conversion Risk of fires Risk of forest/land degradation Risk of land conflict Risk of supplier non-compliance in area Supply of commodities strategically important	As part of our Forest Positive strategy, we support the transformation of the wider landscapes we source our forest-risk commodities from, in addition to working to help prevent deforestation and restore forests within our supply chains. The farms in our supply chains are not isolated – they are part of broader local economies with multiple industries and land uses. This is why it is important to take action and apply integrated strategies that help address the many deforestation drivers in the key regions we source our raw materials from. By joining together with the private sector, governments, smallholder farmers and Indigenous Peoples and Local Communities, we can help achieve the vision of a regenerative and equitable agricultural system. We use different criteria to prioritize our landscape initiative investments. The primary one is to confirm we are sourcing from these landscapes and that these landscapes are at risk of deforestation, conversion or degradation. We also aim to prioritize landscape initiatives in regions with high number of smallholders (e.g. Aceh Landscape Initiative with Earthworm Foundation). In some cases, we have also prioritized landscapes with high risk of land conflict (e.g. landscape initiative in British Columbia, Canada with Earthworm Foundation and Tsay Dehne Nation).

F6.10b

(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.

Country/Area

Malaysia

Name of jurisdiction or landscape area

Southern Central Forest Spine Landscape Initiative

Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?

The landscape is not defined by administrative boundaries, but the approach has active government involvement

Brief description of landscape/ jurisdictional approach

This is a key palm oil landscape, producing nearly 30% of Malaysia's palm oil. It is also a biodiversity hotspot where the government has committed to restore and preserve connectivity. The region is home to >90,000 smallholder farmers, including >10,000 in the focal area. Palm oil mills and plantations in the region employ many migrant workers. Working with other brands, producers and traders, Nestlé served as lead sponsor for this initiative, which in 2021 focused on co-designing a multi-year work plan, establishing partnerships and initiating activities. Desktop and field diagnostics were conducted, with 100% of deforestation hotspots and drivers mapped. The initiative built collaborations at national and district level with companies, government and civil society organizations. A three-year partnership between Earthworm and the Malaysia Palm Oil Board (MPOB), which identified smallholder farmers for scaling sustainable farming practices and income diversification. In the field, Earthworm teams forged a relationship with a group of smallholder farmers to explore priority interventions. While WhatsApp was the only way to communicate due to Covid restrictions, farmers were keen to collaborate. Since Q1 2022, we have resumed fieldwork and engaged with 170 smallholders through three MPOB-EF seminars. A pilot of the Earthworm Foundation Ethical Recruitment Human Rights-Based Due Diligence Tool was launched, and training held with a Nestlé supplier and 25 upstream suppliers.

Forest risk commodities relevant to this landscape/jurisdictional approach

Palm oil

Type of engagement

Partner: Shared responsibility in the implementation of multiple goals

Funder: Provides full or partial financial support

Description of engagement

Working with other brands, producers and traders in the region, Nestlé served as the lead sponsor for this landscape initiative. In 2021, we focused on co-designing the multi-year work plan, establishing key stakeholder partnerships, and initiating the first year of project activities.

Goals supported by engagement

Reduced emissions from land use change and/or agricultural production

Decreased ecosystem degradation rate

Avoided deforestation/conversion of other natural ecosystems

Local government policy development aligned with landscape goals

Smallholders mapped in landscape/jurisdiction

Land tenure rights for indigenous peoples and local communities secured

Habitat connectivity restored/improved

Systems in place to protect workers' rights

Increased rate of employment in rural economy

Implementation of livelihood activities/practices that reduce pressure on forests

Company actions supporting approach

Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative

Collaborate on land use change monitoring in the landscape/jurisdiction

Help establish an entity responsible for managing the initiative and its activities with clear and transparent governance roles, responsibilities and decision-making for different stakeholders in that initiative

Help establish effective mechanisms for undertaking human rights due diligence, risk management, monitoring, verification, and grievance resolution

Identify opportunities for pre-competitive collaboration with your sector

Share spatial data and land management plans with other stakeholders in the landscape/jurisdiction

Financially support multi-stakeholder entity leading the initiative

Collaborate on commodity traceability

Implementation partner(s)

Earthworm Foundation

Engagement start year

2021

Engagement end year

Not defined

Total investment over the project period (currency)

450000

Details of your investment

Our investment contributes to supporting the overall implementation of the project, including supporting the entity leading the initiative, traceability and land use change monitoring. We also contribute in-kind to the project by having our staff spend time to help co-design the initiative.

Type of assessment framework

Specific initiative defined framework

Is progress monitored and publicly reported on?

Yes, progress is monitored and publicly reported on

State the achievements of your engagement so far, and how progress is monitored

In 2021, we focused on co-designing the multi-year work plan, establishing key stakeholder partnerships, and initiating the first year of project activities. Desktop and field diagnostics were conducted, with 100% of deforestation hotspots and drivers mapped. The initiative built collaborations at the national and district level with companies, government and civil society organizations. A three-year partnership between Earthworm and the Malaysia Palm Oil Board (MPOB) was established, as was a multi-stakeholder partnership to cooperate on managing human and elephant conflict in Johor. Earthworm and MPOB district officers identified smallholder farmers for scaling sustainable farming practices and income diversification via Malaysia Sustainable Palm Oil certification engagement.

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**Forest risk commodity**

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

UN Global Compact

Tropical Forest Alliance 2020 (TFA)

Roundtable on Sustainable Biomaterials (RSB)

Palm Oil Transparency Coalition (POTC)

Other, please specify (Different national sustainable palm oil roundtables (e.g. Swiss roundtable for sustainable palm oil); Palm Oil Collaboration Group; Palm Oil Transparency Coalition)

Please explain

To address the key challenges in our palm oil supply chains and to contribute to our no deforestation and Net Zero ambitions, we are transitioning to a Forest Positive strategy that includes the following pillars: 1) deforestation-free supply chains. 2) Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. 3) Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help that land use demands are managed in the best way for both the environment and for human wellbeing. The strategy also comprises actions to advocate for the enabling environment needed for longer term, systemic change that should allow positive outcomes. Our key advocacy topics are related to: supply chain, transparency, human rights and environmental due diligence regulation, engagement with producer countries, smallholder inclusion and collective action. We aim to leverage our participation in multi-stakeholder platforms such as TFA, to contribute to shape an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground as well as advocate for an enabling environment in importing and producing countries. We have been involved in a TFA-convened working group to shape a multi-stakeholder position calling on the EU to adopt a smart mix of measures to address imported deforestation. This was signed by 50+ organizations including Nestlé (private sector, civil society, etc.). In 2021, we continued to actively participate in the Working Group, including on commenting the draft regulation that was released by the European Commission and co-signing letters prepared by TFA. The work of this working group is continuing in 2022. Participating in such multi-stakeholder groups to help shape policy is an important part of the work we need to do to support our Forest Positive strategy as we know that its success depends on an enabling environment. This example is relevant to palm oil as palm oil is currently foreseen to be in the scope of the EU legislation.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

<Not Applicable>

Please explain

To address the key challenges in our palm oil supply chains and work towards our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with industry to drive lasting change. We are active members of the CGF Forest Positive Palm Oil WG, the Palm Oil Collaboration Group and the Palm Oil Transparency Coalition (POTC). Nestlé became a member of the POTC, a coalition aiming at removing deforestation and exploitation from the palm oil industry in 2020. As part of POTC, we work collaboratively with the other member companies to assess the first importers of palm oil on their approach to address deforestation and exploitation, in order to promote transparency and encourage progress beyond certification.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Roundtable on Sustainable Soy (RTRS)

Sustainable Agricultural Initiative (SAI)

Please explain

To address the key challenges in our soy supply chains and to contribute to our no deforestation and Net Zero ambitions, we are transitioning to a Forest Positive strategy that includes the following pillars: 1) Deforestation-free supply chains. 2) Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. 3) Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help that land use demands are managed in the best way for both the environment and for human wellbeing. The strategy also comprises actions to advocate for the enabling environment needed for longer term, systemic change that should allow positive outcomes. Our key advocacy topics are related to: supply chain, transparency, human rights and environmental due diligence regulation, engagement with producer countries, smallholder inclusion and collective action. We aim to leverage our participation in multi-stakeholder platforms such as TFA, to contribute to shape an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground as well as advocate for an enabling environment in importing and producing countries. We have been involved in a TFA-convened working group to shape a multi-stakeholder position calling on the EU to adopt a smart mix of measures to address imported deforestation. This was signed by 50+ organizations including Nestlé (private sector, civil society, etc.). In 2021, we continued to actively participate in the Working Group, including on commenting the draft regulation that was released by the European Commission and co-signing letters prepared by TFA. The work of this working group is continuing in 2022. Participating in such multi-stakeholder groups to help shape policy is an important part of the work we need to do to support our Forest Positive strategy as we know that its success depends on an enabling environment. This example is relevant to soy as soy is currently foreseen to be in the scope of the EU legislation.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Other, please specify (CGF)

Please explain

To address the key challenges in the soy supply chain and work towards our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with industry to drive lasting change. We are co-leading the CGF Forest Positive Soy WG for example. The WG published its first Soy Roadmap in 2020 and updated several of its elements over the course of 2021, including adding specific KPIs on the landscape element of the working group. These actions, taken at industry level, will help us in implementing our Forest Positive strategy.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

<Not Applicable>

Please explain

To address the key challenges in pulp and paper supply chain and work towards our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with industry to drive lasting change. We are active members of the CGF Forest Positive Pulp & Paper WG for example. In March 2021, the WG published its first Pulp and Paper roadmap that aims to achieve the following: • Have a forest positive PPP sourcing policy and a timebound action plan for implementation in place in line with the updated CGF PPP Sourcing Guidelines • Engaging with certification schemes on (a) increased transparency and traceability to country of harvest and to finer spatial units when appropriate for certified material; (b) working towards resolving any specific issues (e.g. policy and implementation; country-specific issues); (c) collaborating to increase the area of production forest that is certified (d) smallholder inclusion • Build a shared understanding among Coalition members of countries which are high priority for engagement, including priority issues in the different countries/regions, building on the existing CGF Sourcing Guidelines further informed by discussion with relevant external stakeholders (e.g. FSC, PEFC, CDP, AFI, local stakeholders) and experience of member companies • Build and actively support collective initiatives to share good practice on sustainable forest management among Coalition members and across the wider sector, including a toolbox with methods/tools that could be used in different landscapes/regions • Report publicly at least annually, and more frequently where agreed, on all the KPIs agreed by the Coalition. These actions, taken at industry level, will help us in implementing our Forest Positive strategy.

Forest risk commodity

Cattle products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

UN Global Compact
Tropical Forest Alliance 2020 (TFA)
Other, please specify (US Roundtable for Sustainable Beef (USRSB))

Please explain

To address the key challenges in our beef supply chain and to contribute to our no deforestation and Net Zero ambitions, we are transitioning to a Forest Positive strategy that includes the following pillars: 1) Deforestation-free supply chains. 2) Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. 3) Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help that land use demands are managed in the best way for both the environment and for human wellbeing. The strategy also comprises actions to advocate for the enabling environment needed for longer term, systemic change that should allow positive outcomes. Our key advocacy topics are related to: supply chain, transparency, human rights and environmental due diligence regulation, engagement with producer countries, smallholder inclusion and collective action. We aim to leverage our participation in multi-stakeholder platforms such as TFA, to contribute to shape an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground as well as advocate for an enabling environment in importing and producing countries. We have been involved in a TFA-convened working group to shape a multi-stakeholder position calling on the EU to adopt a smart mix of measures to address imported deforestation. This was signed by 50+ organizations including Nestlé (private sector, civil society, etc.). In 2021, we continued to actively participate in the Working Group, including on commenting the draft regulation that was released by the European Commission and co-signing letters prepared by TFA. The work of this working group is continuing in 2022. Participating in such multi-stakeholder groups to help shape policy is an important part of the work we need to do to support our Forest Positive strategy as we know that its success depends on an enabling environment. This example is relevant to beef as it is currently foreseen to be in the scope of the EU legislation.

Forest risk commodity

Cattle products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

<Not Applicable>

Please explain

To address the key challenges in our beef supply chain and work towards our no deforestation commitment, we cannot work alone, and therefore we continue to increase our collaboration with industry to promote lasting change. We are active members of the CGF Forest Positive Beef WG for example. The working group was launched in 2021 and spent most of that year in developing its roadmap which was published in early 2022. One of the key goals is to create value chains with upstream suppliers (meatpackers) who are also committed to forest positive implementation across all their businesses. These actions, taken at industry level, will help us in implementing our Forest Positive strategy for beef.

Forest risk commodity

Other - Cocoa

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Please explain

To address the key challenges in our cocoa supply chain and to contribute to our no deforestation and Net Zero ambitions, we are transitioning to a Forest Positive strategy that is composed of three pillars: 1) Deforestation-free supply chains 2) Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. 3) Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help sustainable land use planning. The strategy also comprises actions to advocate for the enabling environment needed for longer term, systemic change that should allow positive outcomes. Our key advocacy topics are related to: supply chain, transparency, human rights and environmental due diligence regulation, engagement with producer countries, smallholder inclusion and collective action. We aim to leverage our participation in multi-stakeholder platforms such as TFA, to contribute to shape an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground as well as advocate for an enabling environment in importing and producing countries. We have been involved in a TFA-convened working group to shape a multi-stakeholder position calling on the EU to adopt a smart mix of measures to address imported deforestation. This was signed by 50+ organizations including Nestlé (private sector, civil society, etc.). In 2021, we continued to actively participate in the Working Group, including on commenting the draft regulation that was released by the European Commission and co-signing letters prepared by TFA. The work of this working group is continuing in 2022. Participating in such multi-stakeholder groups to help shape policy is an important part of the work we need to do to support our Forest Positive strategy as we know that its success depends on an enabling environment. This example is relevant to cocoa as it is currently foreseen to be in the scope of the EU legislation.

Forest risk commodity

Other - Coffee

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Please explain

To address the key challenges in our coffee supply chain and to contribute to our no deforestation and Net Zero ambitions, we are transitioning to a Forest Positive strategy that is composed of three pillars: 1) Deforestation-free supply chains. 2) Long-term forest conservation and restoration in our supply chains using a Forest Footprint methodology. 3) Investments in sustainable production landscapes: We will invest in key production landscapes in important forest-frontiers to help sustainable land use planning. The strategy also comprises actions to advocate for the enabling environment needed for longer term, systemic change that should allow positive outcomes. Our key advocacy topics are related to: supply chain, transparency, human rights and environmental due diligence regulation, engagement with producer countries, smallholder inclusion and collective action. We aim to leverage our participation in multi-stakeholder platforms such as TFA, to contribute to shape an ambitious industry agenda on forest conservation and participate in collaborative actions on the ground as well as advocate for an enabling environment in importing and producing countries. We have been involved in a TFA-convened working group to shape a multi-stakeholder position calling on the EU to adopt a smart mix of measures to address imported deforestation. This was signed by 50+ organizations including Nestlé (private sector, civil society, etc.). In 2021, we continued to actively participate in the Working Group, including on commenting the draft regulation that was released by the European Commission and co-signing letters prepared by TFA. The work of this working group is continuing in 2022. Participating in such multi-stakeholder groups to help shape policy is an important part of the work we need to do to support our Forest Positive strategy as we know that its success depends on an enabling environment. This example is relevant to coffee as it is currently foreseen to be in the scope of the EU legislation.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Agroforestry

Primary motivation

Other, please specify (1. Supporting smallholder farmers in transitioning to resilient and regenerative agriculture, and 2. Agroforestry-based carbon insetting program allows for long-term carbon removals contributing to our Net Zero ambition.)

Description of project

Since 2014, Nespresso has been transitioning AAA coffee farming into agroforestry models. Begun in Colombia and Guatemala, this approach is being expanded to nine of its sourcing regions. As part of this program, Nespresso committed to plant five million trees in the AAA coffee farms and landscapes. Around 65% of the coffee in scope is from carbon-verified operations (either Ecocert Reforestation Solidaire or Verified Carbon Standard). Going forward we will also be piloting Value chain Certification in some of the origins, starting with a first case study in 2021. These operations act as verification for Nespresso's carbon mitigation roadmap. By the end of 2021, Nespresso had reached the commitment and had funded plantation of 5.94 million trees in Colombia, Costa Rica, Guatemala, Ethiopia, Brazil, Kenya, Uganda, Indonesia & Nicaragua. For the purpose of this question, we will focus on our Colombian project. Also note that while our initial commitment was to 2020 and was achieved. We funded planting of 825 000 trees in 6 origins (Colombia, Guatemala, Ethiopia, Uganda, Costa Rica, Indonesia) in 2021. We will fund the planting of an additional 7.8 million trees by 2025.

Start year

2014

Target year

2025

Project area to date (Hectares)

3846

Project area in the target year (Hectares)

4477

Country/Area

Colombia

Latitude

2

Longitude

76

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity

Soil

Water

Other, please specify (Social)

Please explain

Monitoring takes place: o (tree survival) 6 months after planting o (tree survival) 1 year after planting o Long Term (visit and advice to farmers on tree/shade management) after 5 years of operation (on all parcels of project, at least once) o Biomass inventories (tree growth calculation) every 5 years, random sampling of parcels (1-2% of the parcels registered in VCS) Outcomes Biodiversity: 2.15 million trees planted with 45+ different species managed. Trees create favorable conditions for biodiversity in terms of nutrition, habitat and protection from predators. They attract beneficial organisms such as birds and insects that participate in pollination and natural pest management and form natural corridors that maintain ecological continuity in the landscape. An impact study to assess avian biodiversity in Consaca, Nariño compared the biodiversity of birds between coffee plots with agroforestry and without. Compared to full sun coffee systems, shaded coffee systems showed a higher bird species diversity and abundance. Sun systems are expected to have an annual pest management cost of about 800,000 COP (220 USD) compared to shade systems with only 250,000 COP (70 USD). Soil: in Cauca and Nariño regions having highly degraded land, integrating trees into the agricultural landscape guards against soil depletion and supports continued fertility. The decomposition of tree leaves and roots (humus) enriches the soil with organic matter and increases soil biodiversity, whilst the canopy protects the soil against wind and rainfall. Water: The trees planted regulate hydrologic cycles that were disrupted by mass deforestation, led to much drier soils and threatened crop sustainability. The tree's roots loosen the soil and increase soil permeability. This in turn reduces the impacts of floods and increases the soil's water capacity. The tree's deep root system has the capability to recover soil nutrients and water from deeper soil horizons, while preventing nitrates from being runoff and contaminating groundwater reserves. Through limited evapotranspiration, planted trees also contribute to preserve soil moisture. Beyond this, within the coffee parcel, trees provide shade and maintain a cool microclimate. Social: 6,666 smallholder farmers positively impacted by the agroforestry projects. Long term benefits related to Climate resilience & income diversification.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F6. Implementation

Data points verified

F6.1a - Percentage of cattle products, palm oil, pulp and paper, and soy assessed as deforestation-free.

Verification standard

ISAE3000

Please explain

In 2021, we engaged EY to provide independent assurance on the selected key performance indicators (KPIs) of high strategic importance including the percentage of key raw materials assessed as deforestation-free. This assurance engagement was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 to provide limited assurance.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Value chain complexity

Comment

Supply chain complexity is a key challenge in addressing deforestation and forest degradation risks in the pulp & paper sector. It leads to challenges in tracing the raw material all the way to origin as sources of virgin fiber are diverse and may be shipped from all around the world, from tropical forests like Indonesia to temperate ones like those in Russia or Canada, before arriving to the mill supplying the converter, which is our direct supplier. This diversity also means that the challenges that we are facing in our supply chain are different and required different approaches. Sometimes, it can be easy to identify deforestation risks. For example, converting rainforests to tree plantations clearly violates our specific requirement to protect high conservation value (HCV) forests and peatlands. However, other forests from which we source carry inherently low risks of deforestation or significant degradation. These include long-established plantations and other areas where there is a high level of governance from national, environmental and social organizations. Between these extremes, there is a wide and varied range of potential forest degradation. We are working with our suppliers to understand and explore these situations and define actions plans to avoid forest degradation from happening.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Land tenure and insecure property rights issues in sourcing regions

Comment

Indigenous Peoples and Local Communities play a crucial role in protecting standing forests. However, the relationship between deforestation and human rights risks is sometimes not well-understood across the consumer goods industry and beyond. Indeed, environmental and social sustainability challenges are often viewed as part of separate fields. This is especially relevant in the palm oil sector as conflicts related to land have frequently been linked to oil palm plantations. While identifying customary lands is crucial to address deforestation challenges, the lack of information is slowing progress. In 2021, we worked with one of our partners to develop land and natural resources risk profiles to assess sub-national land rights risks and dynamics in a sample of sourcing regions to inform company engagement efforts in high-risk geographies and will help leverage their resources to support improvements – such as targeted advocacy, supplier trainings, and investments in landscape programs alongside other public and private sector partners.

Forest risk commodity

Cattle products

Coverage

Supply chain

Primary barrier/challenge type

Value chain complexity

Comment

The cattle production supply chain is complex with cattle moving through different owners in the course of their lifetime as producers specialize themselves. This leads to a complex supply chain with many tiers and with low traceability. The largest producers, in Brazil notably, have implemented satellite monitoring systems for their direct suppliers. However, the real challenge remains on how to monitor the upstream supply chain beyond our Tier 2 suppliers. Our volume of meat coming from Brazil is relatively low and so is our leverage to transform practices. This is why we have joined the Consumer Goods Forum Forest Positive Coalition's Meat Working Group to help join forces with other buyers. In 2021, the working group worked on developing its roadmap, which was published in January 2022.

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Lack of adequate traceability systems

Comment

We source soya products from numerous suppliers in many different countries, including Argentina, Brazil, Serbia and the USA. In addition, supply chains vary in length and complexity: they can be upstream, when the soya is sourced directly from producers, or mid-stream, when producers source soya products and further process them. As a result, knowing where soya was produced is not straightforward. Both for soy products and for embedded soy, which in our supply chain we call direct and indirect soy, respectively, the lack of adequate traceability systems is one of the main barriers to know whether soy was produced in high risk origins or not. To address this challenge, we have been engaging our suppliers to map the direct soy supply chain using a risk-based approach, going more granular in traceability when the origin is high risk and, therefore, proof of no deforestation origin is deemed necessary. Even though this will help Nestlé in delivering volumes assessed as deforestation-free, it will not solve the traceability for soy. In this sense, knowing that few global traders concentrate most of the market share, engaging traders with clear asks, incentives and consequences to improve transparency of the volumes they source is necessary. This is being part of scope of collaborative initiatives in which we are engaged, including the Consumer Goods Forum's Forest Positive Coalition. In 2021, we have been co-leading the Soy Working Group.

Forest risk commodity

Other - Cocoa

Coverage

Supply chain

Primary barrier/challenge type

Lack of regulatory control and enforcement from local governments

Comment

Through our participation in the Cocoa & Forests Initiative, we are addressing deforestation risks in our Nestlé Cocoa Plan supply chain efficiently thanks to our good traceability to farm, complemented by the mapping of the farm boundaries that can then be overlaid with the maps of protected forests. However, this hasn't stopped forests outside of our Nestlé Cocoa Plan supply chain to be cut or degraded. We believe that one key piece of the puzzle to address deforestation and forest degradation in the entire cocoa sector is for forest governance and law enforcement to be strengthened. This is why we have been advocating for the European Union, as the biggest cocoa importing region, to adopt not only mandatory due diligence regulation but also to negotiate partnership agreements with cocoa origin governments to create the enabling environment for sustainable cocoa production. In particular, the following actions need to take place: • Land and forest governance: including defining and clarifying the land and tree tenure rights of cocoa farmers, consistent with international good practice, and increasing participation in, and the transparency of, decisions over land use, cocoa production and forest protection. • Law enforcement: improving the capacity of enforcement agencies and the judicial system to enforce existing laws. • Land use planning: encouraging the development of national land-use planning systems to clarify which areas are for cocoa production and which for forest protection, and improving coordination between the agriculture and forest ministries to ensure a set of coherent aims. • Traceability: introducing a mandatory national traceability system for cocoa beans from all origins. In 2021, we signed, along other business leaders across the food industry, a statement supporting ambitious action by the European Union (EU) to increase supply chain transparency and traceability for commodities that may be linked to deforestation.

Forest risk commodity

Other - Coffee

Coverage

Supply chain

Primary barrier/challenge type

Other, please specify (Inefficiency of smallholding farms)

Comment

Around the world, 25 million smallholders produce 70-80 percent of the world's coffee. Most of these smallholders do not have adequate farming techniques, have old plantations, lack access to agricultural inputs and to finance. These factors lead to farming being inefficient and to low incomes. As a result these smallholders may use up more land to produce enough crops and feed their family, sometimes expanding their plantations on protected forests or high conservation value ecosystems. The growing demand for coffee could potentially increase pressure on forests across many regions, including Africa, South East Asia and part of Latin America. Deforestation is very much linked to poverty and part of the solution to deforestation will have to be based on addressing living income. All relevant stakeholders, including the coffee industry, the origin governments and civil society, need to work together with smallholders and their communities to promote sustainable livelihoods while ensuring forest protection. As a company, we've been supporting farmer trainings on good agricultural practices for the farmers we work with. With the knowledge gained, they can improve efficiency and quality on their farms and diversify their crops. This helps reduce economic risk, improve biodiversity and reduce environmental footprints, for example through more efficient irrigation methods. We also help rejuvenate coffee crops by distributing superior coffee plantlets to farmers.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Other, please specify (Implementation of a smart mix of measures by regulators)

Comment

Based on our more than 10 years' experience in addressing deforestation in our supply chains, we know that there is no 'silver bullet' solution and that no single policy instrument can address all deforestation drivers. Rather, a "smart mix" of measures is necessary to address deforestation, by incentivizing and rewarding the right behaviors by commodity buyers and producers, leveling the playing field and increasing collaboration on the ground. We believe this smart mix of measures include the following: • Legislation to introduce an obligation of due diligence on companies involved in commodity supply chains, and to put in place other demand-side measures to support markets for sustainably produced commodities. • Encouragement for robust, consistent and practical systems and approaches to enable companies to assess, verify and report on risk and risk mitigation within their supply chains. • Partnerships between the importing and producer countries to put in place the enabling conditions necessary to protect forests and improve the standards of production of agricultural commodities. • Dialogue with other consumer countries, to ensure that stricter standards in some importing markets do not simply divert unsustainably produced products away to other markets. • Measures to steer flows of finance and investment away from

unsustainable and towards sustainable activities and supply chains. This is why Nestlé is active in shaping the policy debates around measures to combat deforestation. As such, in 2021 we have been: • Actively participating in a multi-stakeholder working group led by the Tropical Forest Alliance and in industry associations (e.g. FoodDrink Europe, CAOBISCO, European Coffee Association) advocating for a smart mix of legislation at EU level • Co-leading the Consumer Goods Forum's Forest Positive Coalition Communications and Engagement Working Group.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Other, please specify (Implementation of a smart mix of measures by regulators)

Comment

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Forest risk commodity

Cattle products

Coverage

Supply chain

Main measure

Other, please specify (Implementation of a smart mix of measures by regulators)

Comment

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Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Other, please specify (Implementation of a smart mix of measures by regulators)

Comment

Based on our more than 10 years' experience in addressing deforestation in our supply chains, we know that there is no 'silver bullet' solution and that no single policy instrument can address all deforestation drivers. Rather, a "smart mix" of measures is necessary to address deforestation, by incentivizing and rewarding the right behaviors by commodity buyers and producers, leveling the playing field and increasing collaboration on the ground. We believe this smart mix of measures include the following: • Legislation to introduce an obligation of due diligence on companies involved in commodity supply chains, and to put in place other demand-side measures to support markets for sustainably produced commodities. • Encouragement for robust, consistent and practical systems and approaches to enable companies to assess, verify and report on risk and risk mitigation within their supply chains. • Partnerships between the importing and producer countries to put in place the enabling conditions necessary to protect forests and improve the standards of production of agricultural commodities. • Dialogue with other consumer countries, to ensure that stricter standards in some importing markets do not simply divert unsustainably produced products away to other markets. • Measures to steer flows of finance and investment away from unsustainable and towards sustainable activities and supply chains. This is why Nestlé is active in shaping the policy debates around measures to combat deforestation. As such, in 2021 we have been: • Actively participating in a multi-stakeholder working group led by the Tropical Forest Alliance and in industry associations (e.g. FoodDrink Europe, CAOBISCO, European Coffee Association) advocating for a smart mix of legislation at EU level • Co-leading the Consumer Goods Forum's Forest Positive Coalition Communications and Engagement Working Group.

Forest risk commodity

Other - Cocoa

Coverage

Supply chain

Main measure

Other, please specify (Implementation of a smart mix of measures by regulators)

Comment

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Forest risk commodity

Other - Coffee

Coverage

Supply chain

Main measure

Other, please specify (Implementation of a smart mix of measures by regulators)

Comment

Based on our more than 10 years' experience in addressing deforestation in our supply chains, we know that there is no 'silver bullet' solution and that no single policy instrument can address all deforestation drivers. Rather, a "smart mix" of measures is necessary to address deforestation, by incentivizing and rewarding the right behaviors by commodity buyers and producers, leveling the playing field and increasing collaboration on the ground. We believe this smart mix of measures include the following: • Legislation to introduce an obligation of due diligence on companies involved in commodity supply chains, and to put in place other demand-side measures to support markets for sustainably produced commodities. • Encouragement for robust, consistent and practical systems and approaches to enable companies to assess, verify and report on risk and risk mitigation within their supply chains. • Partnerships between the importing and producer countries to put in place the enabling conditions necessary to protect forests and improve the standards of production of agricultural commodities. • Dialogue with other consumer countries, to ensure that stricter standards in some importing markets do not simply divert unsustainably produced products away to other markets. • Measures to steer flows of finance and investment away from unsustainable and towards sustainable activities and supply chains. This is why Nestlé is active in shaping the policy debates around measures to combat deforestation. As such, in 2021 we have been: • Actively participating in a multi-stakeholder working group led by the Tropical Forest Alliance and in industry associations (e.g. FoodDrink Europe, CAOBISCO, European Coffee Association) advocating for a smart mix of legislation at EU level • Co-leading the Consumer Goods Forum's Forest Positive Coalition Communications and Engagement Working Group.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Executive Vice President Global Head of Operations	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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