

# CREATING SHARED VALUE

Nestlé Russia Social Report 2018-2019



Good Food,  
Good Life





## DEAR FRIENDS, COLLEAGUES, PARTNERS!

I welcome you to read the Nestlé Russia Creating Shared Value report on our performance in 2018-2019.

Creating Shared Value remains the fundamental guiding principle for how Nestlé does business and is how Nestlé brings its purpose to life – to enhance quality of life and contribute to a healthier future. This principle is more relevant than ever as consumers want to know more about the companies behind the brands, as well as the social and the environmental impact of the brands they buy.

At Nestlé, we believe in business as a force for good. In particular, we can have a strong positive impact in three key areas through our 36 public commitments to society, which all contribute to one or several of the 17 United Nations Sustainable Development goals.

First, for individuals and families – we set the 2030 ambition to help 50 million children lead healthier lives.

We are helping individuals and families throughout their lives, from conception to old age. Today, around 41 million children under 5 years of age are considered overweight or obese, and 155 million are stunted due to under-nutrition. Nestlé for Healthier Kids flagship initiative brings together our efforts to support parents, caregivers and teachers, ranging from product reformulation to education and lifestyle.

In Russia we run the Good Nutrition program since 1999. This is a unique national educational

program for children aimed at developing healthy eating habits at an early stage as a component of healthy life style. Today the program covers over 1.4 mio school children annually, and is run in more than 60 regions in Russia. Since its inception 20 years ago, over 8.5 mio kids have participated in the program and Nestlé investments have amounted to over 600 mio rubles.

Second, for communities – our 2030 ambition is to improve 30 million livelihoods in communities directly connected to our business activities.

As an example, in the cocoa area we have made very significant progress since 2009, when Nestlé launched the Nestlé Cocoa Plan – a global initiative, aiming at improving the lives of cocoa farmers and helping us source cocoa sustainably. In 2018, 198,155 tons of cocoa were sourced through the Nestlé Cocoa Plan – against the 175,000 initially planned.

In Russia we have a strong positive impact on the local communities through our sourcing of local raw materials, our Nestlé Needs Youth program for employment, and our presence in multiple locations, be it manufacturing sites or offices.

And third, for the planet – our 2030 ambition is to strive for zero environmental impact in our operations.

To grow sustainably, we must consume the planet's resources wisely, and use our global presence to help make a positive difference. In line with our ambition, we are working to im-

prove water stewardship throughout our value chain. In May 2018, we launched the Caring for Water flagship initiative. It will guide our local efforts, and help us demonstrate our support and contribution to UN SDG 6 on water resource management and sanitation.

Plastic waste, and in particular plastic-based marine pollution, is one of the biggest environmental issues the world is facing today. Packaging is a major contributor to such waste. Our vision is that none of our packaging, including plastics, ends up in landfill or as litter, on land or in our oceans. In 2018, we announced our commitment to make 100% of our packaging recyclable or reusable by 2025. We also committed to increase the recycled PET content in our Nestlé Waters bottles to 35% by 2025 at the global level. Since then we have created the Nestlé Institute for Packaging Sciences to develop sustainable packaging materials, and are collaborating with multiple industry and NGO partners to scale-up research and innovation – a contribution to the UN SDG 12 (Responsible consumption and production). Very importantly we have been actively working on changing behaviors towards waste, and it was very heartening to see the strong participation of many of our collaborators in a recent «Clean-up» volunteering activity in Russia.

Today our Nutrition, Health and Wellness strategy and Creating Shared Value approach are more valid than ever and we welcome your feedback on this report.

**Sincerely yours,  
Martial Rolland,  
CEO Nestlé Russia and Eurasia**





CREATING SHARED VALUE IS POSSIBLE ONLY WITH A SOLID FOUNDATION – COMPLIANCE WITH THE REGULATORY REQUIREMENTS, THE PRINCIPLE OF RESPECT AS A PART OF OUR CORPORATE CULTURE AND A STRONG COMMITMENT TO ENSURING ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Three priority areas: nutrition, water and rural development

## CREATING SHARED VALUE

**Creating Shared Value (CSV) is fundamental to how we do business at Nestlé. We believe that our company will be successful in the long term by creating value, both for our shareholders and for society. Our activities and products should make a positive difference to society while contributing to Nestlé's ongoing success.**

### Focus on Key Areas

Long term value creation requires focus. In consultation with experts, we chose to prioritize the three areas where our business intersects the most with society: nutrition, rural de-

velopment and water. Value creation is only possible with a solid foundation of compliance and a culture of respect, as well as a firm commitment to environmental and social sustainability. Our impact on these focus areas is mea-

sured by progress against publicly stated commitments, which are informed by our materiality assessment and regular feedback from external groups.

### The business case for Creating Shared Value

We cannot maximize long-term sustainable value creation for shareholders at the expense of other stakeholders. We believe that societies will

not support a business that harms our communities and overall sense of well-being. Creating Shared Value helps ensure that we remain relevant with consumers.

The commitment to the «Creating Shared Value» concept distinguishes Nestlé as a company that continuously strives to create values for the business, consumers, employees and suppliers, as well as for their families and the society as a whole.



Nestlé CEO Mark Schneider awards winners of Nestlé's 2018 Creating Shared Value Prize - Mumm from Egypt and 'Fishers and Changemakers' from the Philippines

## EVENTS

**Nestlé is making efforts for the promotion and popularization of the Creating shared value principle both in Russia and worldwide.**

### IN THE WORLD

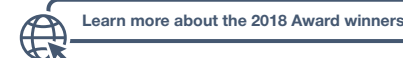
#### Creating Shared Value Award

The Creating Shared Value Award initiated by Nestlé 8 years ago, is a socially oriented business initiative aimed at contributing to the mo-

dern key problems solving in the field of nutrition, water resources conservation and agricultural regions development. The winners will receive the funding for expanding their initiatives and ensuring a long-term positive impact on the society.

In 2018, Nestlé, in cooperation with the global network of socially oriented businesses Ashoka, selected 56 most outstanding projects out of more than 1,000 works – semi-finalist projects for the «Creating Shared Value – 2018» award. The award winners were announced at the 8th Creating Shared Value Forum which was held on March 16 in Brazil. The six finalists received the award in the amount of CHF 500,000 for expanding for expanding or repro-

ducing their project. Each of these outstanding social innovations is aimed at meeting the growing people's need in good nutrition, safe water or accelerated rural development – being consistent with the Nestlé's goal on improving the quality of life and contributing to a healthier future.



### IN RUSSIA

#### 5th All-Russian Creating Shared Value Forum

In September 2018, the 5th All-Russian Creating Shared Value Forum was held in the Public Chamber of the Russian Federation with the support of Nestlé Russia: uniting our efforts in ensuring environmental sustainability.

institutions for ensuring the compliance with and raising the environmental standards in the industrial production, as well as the producers' and consumers' responsibility throughout the food products life cycle – from control over the ingredients origin to waste disposal.



The forum participants being the representatives of commercial companies and industry associations, legislative and executive authorities, socially oriented non-profit organizations, discussed the issues on interaction between the business, the state and the society in Russia in order to minimize the negative impact on the environment and ensure the responsible use of natural resources.

During the event, the experts exchanged their views on the mechanisms of the joint work between commercial companies and civil society







## FOCUS ON KEY AREAS

### Focus on Key Areas

Together with the experts, we identified three priority areas in which our business is most closely connected with the society: nutrition, water and rural development. Our impact in these key areas is measured by our success in meeting our publicly declared commitments, which are based on our relevance assessments and regular feedback from external groups.

**Nutrition:** producing food products useful for the consumers' health, as well as taking measures for increasing our products' accessibility and reducing

their cost through the innovative technologies introduction and active partnership programs implementation.

**Water management:** supporting measures for protecting scarce water resources and more efficient water use in the production processes and while selling finished products, what, in its turn, is beneficial for our partners.

**Rural areas development:** stimulating the farms development in rural areas, where agricultural ingredients required for our products manufacturing are grown. This policy ensures uninterrupted access to the necessary high-quality resources, as well as expanding our customer base.

### Identifying Important Problems

The principle of revealing significant issues involves identifying the topics, which are most relevant to our business and its stakeholders. Every two years, we compare the economic, social and environmental issues being most relevant to the external stakeholders, with those posing risks or providing opportunities for Nestlé.

### Our Assessment of 2018 Processes and Projects Significance

In 2018, our significance identification process was developed, which combined both non-financial and financial risks and ensured a closer link to the business operations. Evaluating the 2018 projects and processes significance is integrated with the Enterprise Risk Management process; it takes into account the major investors' prospects, key markets and growth categories.

IMPORTANCE TO STAKEHOLDERS	Major ▶		<ul style="list-style-type: none"> <li>Natural resources and water stewardship</li> <li>Climate change</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain stewardship</li> <li>Over- and under- nutrition</li> </ul>
	Significant ▶	<ul style="list-style-type: none"> <li>Women's empower</li> <li>Community relations</li> </ul>	<ul style="list-style-type: none"> <li>Rural development and poverty elimination</li> <li>Human Rights</li> <li>Business ethics</li> <li>Responsible marketing and influence</li> <li>Quality of products</li> <li>Food and nutrition security</li> <li>Efficiency of resources use, waste and circular economy</li> <li>Land management in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Food and product safety</li> <li>Changes in consumer demographics and trends</li> <li>Product packaging and plastic</li> </ul>
	Moderate ▶	<ul style="list-style-type: none"> <li>Animal welfare</li> <li>Employee safety, health and wellness</li> <li>Decent employment and equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Product regulation and taxation</li> <li>Geopolitical uncertainty</li> <li>Responsible use of technology</li> <li>Data privacy and cyber security</li> </ul>	
	▲ Moderate		▲ Significant	▲ Major
IMPACT ON NESTLÉ'S SUCCESS				

● For individuals and families ● For our communities ● For the planet



## OUR COMMITMENTS IN RUSSIA AND IN THE WORLD FOR 2020

<div> <b>FOR INDIVIDUALS AND FAMILIES</b>                      Enabling healthier and happier lives                 </div> <div> <b>Our 2030 ambition</b>                      is to help 50 million children lead healthier lives                 </div>			<div> <b>FOR OUR COMMUNITIES</b>                      Helping develop thriving, resilient communities                 </div> <div> <b>Our 2030 ambition</b>                      is to improve 30 million livelihoods in communities directly connected to our business activities                 </div>			<div> <b>FOR THE PLANET</b>                      Stewarding resources for future generations                 </div> <div> <b>Our 2030 ambition</b>                      is to strive for zero environmental impact in our operations                 </div>		
Offering tastier and healthier choice			Enhancing rural development and livelihoods			Caring for water		
1  Launch more foods and beverages that are nutritious, especially for mothers-to-be, new mothers, and infants and children 2  Further decrease sugars, sodium and saturated fat 3  Increase vegetables, fiber-rich grains, pulses, nuts and seeds in our foods and beverages 4  Simplify our ingredient lists and remove artificial colors 5  Address under-nutrition through micronutrient fortification			1  Improve farm economics among the farmers who supply us 2  Improve food availability and dietary diversity among the farmers who supply us 3  Implement responsible sourcing in our supply chain and promote animal welfare 4  Continuously improve our green coffee supply chain 5  Roll out the Nestlé Cocoa Plan with cocoa farmers			1  Work to achieve water efficiency and sustainability across our operations 2  Advocate for effective water policies and stewardship 3  Engage with suppliers, especially those in agriculture 4  Raise awareness on water conservation and improve access to water and sanitation across our value chain		
Inspiring people to lead healthier lives			Respecting and promoting human rights			Acting on climate change		
6  Apply and explain nutrition information on packs, at point-of-sale and online 7  Offer guidance on portions for our products 8  Leverage our marketing efforts to promote healthy cooking, eating and lifestyles 9  Empower parents, caregivers and teachers to foster healthy behaviors in children 10  Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly 11  Inspire people to choose water to lead healthier lives 12  Partner for promoting healthy food environments			6  Assess and address human rights impacts across our business activities 7  Improve workers' livelihoods and protect children in our agricultural supply chain 8  Enhance a culture of integrity across the organization 9  Provide effective grievance mechanisms to employees and stakeholders			5  Provide climate change leadership 6  Promote transparency and proactive, long-term engagement in climate policy		
Building, sharing and applying nutritional knowledge			Promoting decent employment and diversity			Safeguarding the environment		
13  Build and share nutrition knowledge from the first 1000 days through to healthy aging 14  Build biomedical science leading to health-promoting products, personalized nutrition and digital solutions			10  Roll out our Nestlé needs YOUth initiative across all our operations 11  Enhance gender balance in our workforce and empower women across the entire value chain 12  Advocate for healthy workplaces and healthier employees			7  Improve the environmental performance of our packaging 8  Reduce food loss and waste 9  Provide meaningful and accurate environmental information and dialogue 10  Preserve natural capital		
UN SUSTAINABLE DEVELOPMENT GOALS								



Enabling healthier and happier lives

## FOR INDIVIDUALS AND FAMILIES

### Nestlé's Global Approach to Nutrition

Food is not only a source of nutrients, it is an integral part of the social life. In every country, in every culture, food unites people. However, according to the World Health Organization (WHO), our diet has recently become a cause of health problems. Malnutrition often results in obesity, diabetes and other diseases. In addition, consumer eating habits are changing. Nestlé is constantly working on its products improvement, making them healthier and more natural. This enhances quality of life and contributes to a healthier future. Our work is based on scientific research, the results of which we share with health and nutrition organizations around the world.

### WE OFFER TASTIER AND HEALTHIER PRODUCTS

**We believe that, by helping our consumers, especially the younger generation, to improve their nutrition and carry out more physical exercise, we improve their quality of life and contribute to a healthier future.**

#### Launch of Nutritious Products

In 2018, Nestlé launched more than 1,300 new nutritious products worldwide and improved the recipes of the existing ones.

New products for kids and families were launched in Russia:

- NAN SUPREME is the formula, the composition of which is as close as possible to that of the breast milk;







- NESTOGEN Acidified and NESTOGEN COMFORT PLUS are formulae for babies with special nutritional needs;
- Gerber organic vegetable and fruit puree;
- «MAGGI Na Vtoroye» with a large cooking bag for meals with a side dish of vegetables and cereals.

#### Reducing Sugar, Sodium and Fat

- In 2017-2018, we reduced the sugar content in our products by 0.8% worldwide.
- Activities in Russia:**
- the sugar level was reduced by 10% in the NESQUIK breakfast cereals;
- the NESQUIK cocoa drink, containing 30% less sugar, was launched;
- in 2014-2106, the sodium (salt) level in meals prepared with MAGGI was reduced by 23%, and we continue to work in this direction.



#### Adding Vegetables and Fiber-rich Whole Grains

A balanced diet should include sufficient amount of vegetables, cereals, legumes, nuts and seeds, which are essential sources of fiber, vitamins, minerals and other vital micronutrients.

- Whole grains are the number one ingredient in Nestlé breakfast cereals and BYSTROV cereals.
- In its communication, the MAGGI brand actively contributes to the increase in vegetable dishes consumption, as well as the promotion of cooking at home.
- Recommendations about a healthy diet based on scientific data are indicated on the packaging of MAGGI products, NESQUIK cocoa drinks, Nestlé breakfast cereals, as well as in other communication channels.



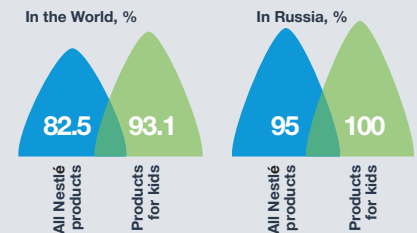
#### Simplifying Ingredients List

The company applies the «Clean Label» approach, which means removing artificial additives, coloring and flavoring agents from the products, as well as providing consumers with transparent and accessible information about all the ingredients.

- All the company's products in Russia contain only natural flavors and are completely free from artificial coloring agents and preservatives.
- Products under the BYSTROV brand contain 100% natural ingredients.
- Since 2019, all the products under the MAGGI brand will contain only familiar ingredients.
- A number of produced products, such as Nestlé baby cereals, infant formulae NAN and NESTOGEN, Gerber baby cereal bars, Nestlé breakfast cereals and MAGGI products are free from palm oil.

## Facts and Figures

Meeting the strict requirements developed within the company in terms of the nutritional value



**126,000,000**

liters of milk with the healthy and delicious NESQUIK cocoa drink were consumed in Russia within the year



**79,000,000**

servings of BYSTROV whole grain cereals were produced in Russia during the year



**90,000**

tons of fresh natural vegetables are used by Nestlé during year for producing its MAGGI products in Russia



**2,919**

tons of fruit and vegetable purée Gerber were consumed during the year in Russia





## Micronutrient Fortification

Today, in Russia, the following products are fortified various vitamins and/or minerals:

- all the Nestlé breakfast cereals under the brands of NESQUIK, KOSMOSTARS, FITNESS, CINI MINIS, GOLD and HRUTKA;
- products of infant nutrition (Nestlé baby cereals, NAN infant formula, NESTOGEN);
- Nesquik cocoa beverage is fortified with a complex of vitamins and minerals OPTI-START, complementing the benefits of milk;
- all the MAGGI brand's products are produced using iodized salt;
- clinical nutrition Nestlé Health Science: specialized products are designed for people of any ages with special digestion needs and various diseases, as well as for supporting a healthy body, under the brands of AL-FARE, CLINUTREN, RESOURCE, PEPTAMEN, MODULEN, IMPACT, ISOSOURCE and NOVASOURCE.

## Facts and Figures

In 2018,

**184,700,000,000**

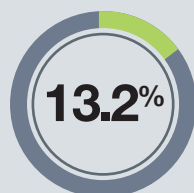
servings of fortified products were produced in 64 countries

During 2017-2018, about

**3,000,000,000**

servings of fortified products were produced

The use of artificial coloring agents worldwide was reduced by



At the same time, in Russia, all the products are manufactured without the use of any artificial coloring agents

## INSPIRING PEOPLE TO LIVE HEALTHIER LIVES

**Together with our partners around the world, we are working to help people in observing a balanced diet, ensuring healthy hydration and having a healthier lifestyle.**

### Providing Information about Products

Nestlé provides consumers with complete and comprehensive information about its products placing it on packaging, directly at the points of sale and on the Internet, indicating not only standard product data, but also useful information about the product's role in a balanced diet or health benefits.

### Recommendations on Portion Size

Nestlé's assumed a voluntary social commitment – to post information regarding the recommended serving size in a clear and understandable way. We believe that in this way we contribute to building a culture of healthy nutrition.

### Marketing of Healthy Choices

We use our knowledge and expertise to inspire our consumers to cook at home and have a balanced diet. These topics wide coverage is an integral part of the brand's communication (cooking delicious and healthy dishes at home) for MAGGI, Nestlé breakfast cereals (the importance

of having a balanced breakfast), the initiative «Nestlé for healthier kids» (families' healthy lifestyle).

We adhere to the rules on ethical marketing and follow strict standards prohibiting any marketing activities aimed at children under 6 years. As for kids from 6 to 12 years old, only the most balanced products meeting the special requirements set out in our Policy on Marketing to Children can be advertised.

### Promoting Healthy Lifestyles Among Children

The Global initiative «Nestlé for healthier kids» unites all our actions aimed at helping parents in their challenge – raising a healthy generation. All our programs and activities under this initiative are based on scientific data, as well as on large-scale research projects conducted by Nestlé for examining the actual kids' nutrition. The research results are used for products development, consumer communication programs and educational programs, as well as for dialogue with the scientific and medical communities. Thus, as part of the XVII All-Russian Congress of Dietitians and Nutritionists held in Moscow on 29–31 October 2018, Nestlé held a Symposium «Environment for Building Nutritional Habits with School-Age Children.»

The program «Start Healthy, Stay Healthy» is an exciting online course



developed by the Nestlé's leading experts in the field of kids nutrition on the basis of advanced scientific achievements. It aims at teaching parents on the basics of a balanced kid's diet during the first thousand days of life. In addition, as part of the program, classes in support of breastfeeding are held for mothers-to-be, mothers of kids over 6 months' age and over 1 year. Every month, more than 130 courses are held in 10 cities of Russia for mothers, who want to receive important and valuable information about the nutrition as the basis for the future kid's health.

## Facts and Figures

The registered participants of the program "Grow Healthy from the First Days" are



The Program's important learning resource is the website – [www.prav-pit.ru](http://www.prav-pit.ru)

## NESTLÉ'S SCHOOL EDUCATIONAL PROGRAM «GOOD NUTRITION PROGRAM»

is a part of the global initiative «Nestlé for healthier kids».

**The main goal** is building the nutrition culture in kids and adolescents of 6 - 13 years. It is developed upon the Nestlé's initiative at the Institute of Age Physiology of the Russian Education Academy and has been being implemented since 1999 supported by regional departments and ministries of education.

**The program duration is 3 years.** The program implementation includes modern educational technologies that actively involve children in studying the healthy lifestyle basics and allow them to build healthy habits. The program annually holds competitions for teachers and families participating in the program. The Program's important learning resource is the website – [www.prav-pit.ru](http://www.prav-pit.ru).

Special studies show, that children studying the program are more likely to follow proper dietary regimes, eat healthy foods and dishes, go in for sports.

The implementation results convincingly confirm the program's significant contribution to the younger generation's health.



## Facts and Figures

In 2018, the program «Nestlé for healthier kids» covered



In total, since 1999,



Since its launch in 1999, Nestlé Russia's investments in the program amounted to about



According to the researches, the participants of the program «Good Nutrition Program» demonstrate the frequency of fruits and vegetables consumption increased by 2.3 times, the frequency of dairy products consumption – by 1.5 times.

More than 90% of parents noted that the program helped to implement a healthy diet in their families.

Given the high results, the Ministry of Education of the Russian Federation regularly informs all the country's educational institutions about the program's experience.





NESTLÉ HAS  
ALREADY ORGANIZED

5,437

BREASTFEEDING ROOMS  
FOR PUBLIC USE IN VARI-  
OUS COUNTRIES



Support for Breastfeeding

### Support for Breastfeeding

Nestlé implements special campaigns for World Breastfeeding Week, creates jobs enabling breastfeeding as part of the Maternity Protection Policy, and supports the movement «Every Woman Every Child» to promote breastfeeding.

Nestlé has been consistently included in the responsible investment index FTSE4Good since 2011. In May 2018, the company was at the top of the Access to Nutrition Index™ (ATNI) under the sub-index for breast milk substitutes (BMS). 5,883 Nestlé Nutrition's employees dealing

with breast milk substitutes were trained according to the WHO Code in 2018.

As part of its commitment on providing a breastfeeding favorable environment, Nestlé has already organized 5,437 breastfeeding rooms for public use in various countries and continues to work in this direction.

### Promoting Water Consumption for Healthy Diet

Nestlé, in collaboration with research organizations and other partners, conducted an analysis of actual water consumption in adults and children from several countries in 2018. The aim is to obtain comprehensive information and to draw public attention to the issue of adequate consumption of clean water.

In 2018, in 72 countries, as part of local programs «Nestlé for healthier kids», the «Choose water» module was introduced with the participation of local partners.

### Cooperation for Promoting Healthy Nutrition

In 2018, Nestlé expanded its participation in the flagship global program «Collaboration for Healthier Lives» (CHL) from Consumer Goods Forum (CGF). The program's goal is to change consumer behavior by promoting healthier solutions. As part of the commitment, the company cooperates with 70 thousand people involved in the food industry to promote healthy diet.



In July 2018, the company opened a new free online Academy to help aspiring chefs in taking the first step in their culinary career –

**WORLDCHefs ACADEMY**



NESTLÉ, IN COLLABORATION WITH RESEARCH ORGANIZATIONS AND OTHER PARTNERS, CONDUCTED AN ANALYSIS OF ACTUAL FLUID CONSUMPTION IN ADULTS AND CHILDREN FROM SEVERAL COUNTRIES IN 2018.



AS PART OF THE COMMITMENT, THE COMPANY COOPERATES WITH

**70,000**

PEOPLE INVOLVED IN THE FOOD INDUSTRY TO PROMOTE PROPER NUTRITION

## BUILDING, SHARING AND APPLYING NUTRITION KNOWLEDGE

### Sharing Nutrition Knowledge Throughout Life

To improve our products and services, we use the results of our long-term research, such as the study on the actual infants' and toddlers' nutrition, as well as working with leading universities, research organizations and start-ups. We also share our findings to help in addressing some key nutrition challenges.

In 2018, Nestlé started to share the research results on food substitutes launched in 2016 with Optifast scientific community and experts in the field of healthcare. The program results are impressive: compared with those who adhered to traditional diets, the Optifast program participants lost two times more weight and improved their blood sugar level.





The Nestlé Nutrition Institute, a non-profit organization, continued to share evidence-based training information with health professionals, scientists and nutrition professionals around the world in 2018.

Nestlé has partnered with several international universities in the field of infant nutrition, including the Program for postgraduate studies in the field of infants nutrition (PGPN) of the Boston University's Medical faculty (USA), international program on premature infants' nutrition (IPPN) the University of Western Australia, a program for nutrition specialists in early age (ENS) of the University of Ludwig Maximilian (Germany).

In 2018, in Russia, as part of the project on collaboration with specialized baby homes and boarding schools for supporting and correcting their nutritional status, more than 200 institutions were impacted by Nestlé, the cooperation with charitable foundations and the therapeutic pedagogy center by Bitova A.L. was established, an author's training cycle was organized on the basis of the St. Petersburg Pediatric University. Employees of child care centres note the beneficial effect for their wards due to the nutritional sup-

port: the kids managed to eliminate their body underweight, and some of them already managed to get verticalized and connected to rehabilitation measures.

### Biomedical Science Development

Nestlé educates the public about the nutrition's therapeutic role and studies the role of genetics, family history, environment and lifestyle. Therefore, combining its experience in nutrition science with the convenience and coverage of the Xiaomi MIUI operating system, Nestlé helps Chinese residents over the age of 50 to improve their diet. Also, in cooperation with leading scientists, in the «Nature Medicine» magazine, our experts published the study results regarding the key effect of the most commonly used drug for reducing blood sugar level.

Nestlé Research signed a five-year contract with the University of Lausanne in Switzerland in order to enable their students to apply for doctoral studies at Nestlé. This will allow them to implement research projects for obtaining a University degree of Candidate or Doctor of Science.

## Facts and Digits

In 2018, Nestlé invested in research activities

**1,700,000,000**

Swiss francs



In 2018, Nestlé Nutrition Institute shared its knowledge with medical professionals, scientists and nutrition specialists in



**54** articles

**10** publications

**86** presentations at conferences

In 2018, the number of users registered at the Nestlé Nutrition Institute's global website and 16 local websites reached



**338,435** in **196** countries


Joint programs with the world's universities helped



**7,700** medical specialists

In Russia, in 2018, the company together with the leading specialists of the Federal research center for nutrition, biotechnology and food safety conducted research on the actual nutrition status of more than 30 thousand children





WORKING CLOSELY WITH FARMERS, THEIR COMMUNITIES AND EXPERT ORGANIZATIONS, WE AIM AT IDENTIFYING THE ROOT CAUSES FOR THE PROBLEMS FACED BY FARMERS AND DEVELOP SOLUTIONS THAT WILL HELP THEM TO IMPROVE THEIR PRACTICES, INCREASE PRODUCTIVITY AND INCOME LEVELS, AS WELL AS MAKE AGRICULTURE A MORE ATTRACTIVE SECTOR.

Helping develop thriving, resilient communities

## FOR COMMUNITIES

We work with suppliers, partners and farmers around the world. We strive to support rural development, promote and respect human rights, and guarantee decent employment and respect for diversity. Our programs, initiatives and commitments to achieve these goals are designed to build stronger communities and a secure long-term supply chain.

### ENHANCING RURAL DEVELOPMENT AND LIVELIHOODS

Being a global food manufacturer, the Nestlé's experience and scale allow us to support the rural regions development and economic growth across our supply chain. Working closely with farmers, their communities and expert organizations, we aim at identifying the root causes for the problems faced by farmers and develop solutions that will help them to im-

prove their practices, increase productivity and income levels, as well as make agriculture a more attractive sector.

#### The program for Farmers Assistance «Farmer Connect»

To maximize the food products quality and safety, Nestlé has developed a system for quality control in relation to raw materials obtained from suppliers. NESTLÉ requires everyone's involvement in the production chain, starting with the very first link – the farmers.





## Why is it required

Special attention is paid to the food production for the youngest consumers. It happens that farmers grow grain without knowing what special requirements are imposed for the baby food production. For example, for the Nestlé baby cereals production one may not use the grain grown on the fields where the «no-till» technology was applied, with insufficient soil processing before the sowing. Sowing on an old stubble field without prior plowing is not recommended, because the stubble is a «bank» with plant diseases and the field may subsequently require additional treatment with chemicals. Through individual trainings, farmers learn about the food safety requirements regarding grains for baby food. The company tries to ensure a deeper understanding of the relationship between agricultural activities and the crop quantity and quality. Thus, it appears that Nestlé, rather than purchasing raw materials, creates them together with the farmers. They are the ones who the whole project's success depends on – the company brings this concept to the farmers interested in growing ingredients for our products.

In the course of work on improving the farms economy, we implement the Farmer Connect supplies program for direct interaction with 716,000 farmers around the world. It is based on category-dependent Theory of Change (ToC). This provides a structured, focused approach to local realities.

## Improving Farmers Diets

The good health of the farmers and their families and communities is essential for our company's future: this will ensure the long-term sustainability of our supply chains. In Mexico, for example, as part of the Nescafé Plan Nestlé Mexico, the company joined Bancos de Alimentos de Mexico, an initiative of the National Food Bank on improving the coffee growing farmers' diet, and in the Philippines we are exploring various coffee growing models in search of the most effective option for the local conditions.

In 2018, Nestlé played a key role in the development of the intersectoral FReSH project (Food System Reform for Sustainability and Health) led by the World Business Council for Sustainable Development.

## Implement Responsible Sourcing

Transparency in our supply chains and responsible sourcing of our raw materials are essential for ensuring a sustainable future.

Nestlé added processed vegetables and spices to the key products list, which the company focuses on in the course of its responsible



**THE COMPANY WAS AWARDED THE GOOD EGG AWARD FROM COMPASSION IN WORLD FARMING (CIWF) IN RECOGNITION OF ITS COMMITMENT TO ENSURE WORLDWIDE SUPPLY OF CAGE-FREE EGGS BY 2025.**

ble sourcing principle implementation. Together with six other food companies, Nestlé, founded the Global Coalition for Animal Welfare (GCAW).



### Nescafé Plan

Coffee production poses serious challenges related to the arable lands availability, competition with other food crops and climate change. Through the Nescafé Plan and Nespresso AAA programmes, farmers in different countries managed to significantly increase their productivity and optimize production costs, thereby improving their economic performance and life quality.

Investments in the program amounted to CHF 68.12 million per year.

### Nestlé Cocoa Plan

The Nestlé Cocoa Plan helps farmers to solve actual problems due to three main factors – improving farms efficiency, the living standards

and cocoa quality. This is achieved through measures such as better agricultural practices, high-yielding plants distribution, contributing to ensuring gender equality and combating the child labour exploitation.

Besides, following the Cocoa and Forest Initiative signing in 2017, we have developed an action plan to combat deforestation in 2018.

### RESPECTING AND PROMOTING HUMAN RIGHTS

**Human rights violations in our supply chains are unacceptable. Our values are based on respect, including respect for everyone's rights, both within and outside the company.**



Responsible sourcing

## Facts and Figures

In 2018, Nestlé, through Farmer Connect, trained



**440,000**

farmers on the effective farming techniques for solving local problems.

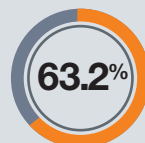
In 2018, according to Nestlé Cocoa Plan,



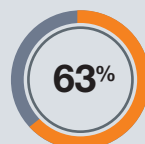
**198,155**

tons of cocoa was sourced.

In 2018, more than

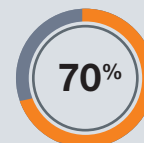


of the eggs sold in Europe were cage-free eggs

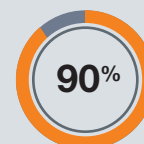


of the 14 priority ingredients come under the responsible sourcing program

In Russia, Nestlé purchases from local suppliers about

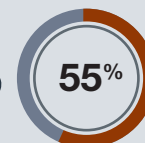


of raw materials

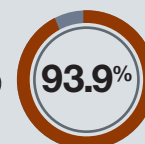


of packaging materials

Under the responsible sourcing program, based on the total Nescafé coffee volumes,



is sourced by Nestlé Nescafé



is sourced by Nespresso





## Protection of Children's and Employees' Rights

Nestlé opposes all the forms of human rights violations, including labour rights violations. Therefore, we address the issues on child labour exploitation throughout the supply chain, especially in terms of supplying cocoa, hazelnuts and sugar. Working with NGOs and governments, we identify risks and expand our capacity to address such problems.

In 2018, we started reporting on the employees number involved in agricultural supply chains, who benefited from our measures addressing some serious problems in the field of labor rights.

## Assessment of Human Rights Observing

While the company's size and scale can have a significant impact, we understand the need for collaboration with other organizations to ensure sustainable improvement across the sector. We cooperate with expert organizations such as the Danish Institute for Human Rights (DIHR), Fair Labor Association, International Cocoa Initiative, Verite, Issara Institute, Forest Trust and ProForest.

In 2018, we also implemented a Toolkit for Market Compliance Officers. This way, we facilitated the governance structure establishment for managing risks and opportunities related to human rights at the market level.

## Decent Compensation and Social Guarantees

The company's salary system is based on the «Total Compensation» policy that helps Nestlé to attract, retain and motivate the employees. The wages are based on fixed payments (salary, allowances, payments in case an employee and his family move to a new work location, etc.), as well as variable payments (annual bonuses and other bonuses types).

Nestlé has a grading system that allows to ensure a comparable salary level for employees holding similar positions within the company and to maintain the salaries competitiveness relative to the market.

The social package also includes payment of voluntary health insurance, sick leaves, additional leaves, financial assistance to employees and their families, as well as a number of other benefits.

Maternity Protection Policy has been implemented in all the company's markets. It sets minimum standards for all the regions of Nestlé's presence and is considered to be among the most progressive ones in the industry. It includes maternity protection (minimum 14 weeks leave), employment protection and non-discrimination, a healthy work environment, flexible work arrangements and a supportive work environment for breastfeeding.





## Facts and Figures

In 2018, trainings according to a new human rights course developed jointly with the Danish Institute for Human Rights were passed by



5,014

Nestlé employees worldwide

826

employees in Russia

A new Nestlé's Inclusive Labor Monitoring System will cover more than



35,000

employees in our supply chain

In 2018, for the fourth year in a row, Nestlé was awarded the Randstad Award as the best employer among consumer goods companies producing food in Russia.

Being an expert in the field of healthy lifestyles, Nestlé supports its employees' passion for sports. For many years, Nestlé representatives in Russia together with teams from other major companies have been involved in the international program Global Corporate Challenge (GCC) dedicated to improving the office employees' physical and emotional health. The company also actively supports events dedicated to the International Women's day, in summer all the enterprises celebrate the Family Day.

### Our Culture of Integrity

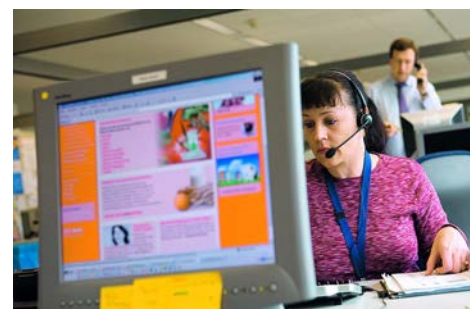
We strive to promote the highest standards in our business. It requires a culture of integrity and respect not only in our company, but throughout the supply chain. In 2018, 100% of our markets implemented communication plans and practices related to the need for the culture's compliance with our internal requirements.

Working with the Danish Institute for human rights, in 2018, we revised the CARE program, which measures the compliance with the basic culture principles through independent assessments. The programme included relevant best practices in the field of human rights, as well as training.

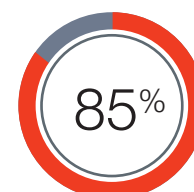
### Complaints and Error Correction Mechanism

Nestlé will not tolerate any violations of its Code of Business Conduct or corporate poli-

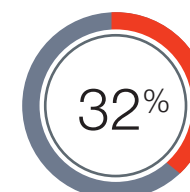
cies. In 2018, the company globally received 1,837 reports through the Nestlé Integrity Reporting System, which allows employees to anonymously report illegal or inappropriate behavior. The received communications addressed such issues as leadership style, labour relations, discrimination and harassment. We also received 486 questions from employees in need of advice on regulatory compliance. Thanks to our reliable reporting system, 85% of the cases were closed, 32% – confirmed, and measures were taken to improve and optimize the internal process.



Thanks to our reliable reporting system:



of the cases were closed



of the cases were confirmed







Our values are based on respect

## PROMOTION OF DECENT EMPLOYMENT AND EQUITY

Decent employment conditions and respect for the diversity are fundamental requirements for our culture. Being a major global employer, we have an important role to play in providing opportunities for people. We strive to provide jobs where

everyone is treated with dignity and respect and where equal opportunities are offered to all.

### Global Youth Initiative: Nestlé needs YOUth

As part of the Nestlé needs YOUth global youth initiative, Nestlé aims at supporting thousands of young people by ensuring access to

employment, courses and training opportunities, and it also helps to combat global poverty. In 2018, the company assisted more than 400,000 young people worldwide by offering them vacancies, practice and internship opportunities, as well as by supporting professional programs and events.

In Russia and Eurasia, there is a four-year program for 2017-2020 aimed at supporting young people, through which Nestlé plans to recruit 1,400 young professionals and provide internship or practice opportunities for 1,600 students and graduates.

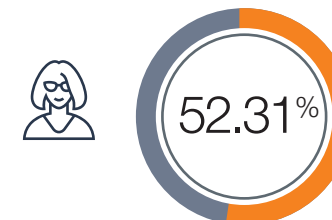
### Employment for People with Disabilities

Since 2015, Nestlé Russia, together with the non-profit organization «Perspektiva» and other partners, has been implementing a employment project for people with disabilities. At the time of the report compiling (June 2019), the company employs 51 people. In 2018, 9 employees with disabilities worked and were trained at the company's Central office and its factories.

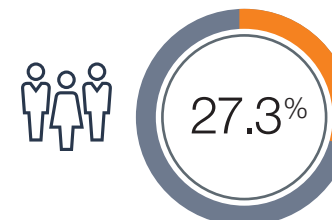
### Equal Rights for Women

The company made a public commitment to promote the principle of gender equality among our staff and the women empowerment throughout the value chain. Since 2011, each year, the company has been increasing the women's share in the management positions. In 2018, the share of the Nestlé management positions held by women in Russia was 52.31%. And the women's share in the

**IN 2018,**  
the share of the Nestlé management positions held by women in Russia was



And the women's share in the Nestlé's Board of Directors in the region of Russia and Eurasia was



Nestlé's Board of Directors in the region of Russia and Eurasia was 27.3%.

### Safety and Health in Workplaces

In 2018, we continued to implement our «Know Your Numbers» program. Its goal is to help us better understand the health profile of our employees and the health's impact on productivity. It will enable us to develop evidence-based measures. 28 markets (40 countries) have launched a global or localized version of



## Facts and Figures

**As part of the programme** on youth support, in 2018, in Russia and Eurasia,



**617**

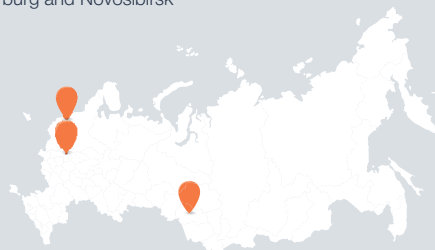
young specialists were employed by Nestlé



**459**

students and graduates received the opportunity to pass their practice or internship

**The geography of the project** on employment for people with disabilities in Russia covers Moscow, St. Petersburg and Novosibirsk



**The program «Know Your Numbers»** in terms of health analysis covered more than



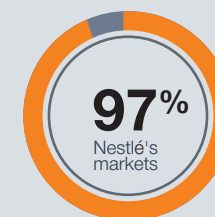
**36,000**

Nestlé employees, including more than

**600**

employees in the region of Russia and Eurasia

**The program** on ensuring the employees' health and well-being is implemented by



the Know Your Numbers program, inviting more than 87,000 employees to take the survey. As a result, more than 36,000 employees took part in the program, including more than 600 in the region of Russia and Eurasia. The program's results show that the health indicators monitoring is one of the priorities for our future activities. Furthermore, annually providing and confirming the international certification for the management system in terms of safety, occupational health and the environment, covering all the Nestlé's sites, we can confidently speak of a single safety and health protection level at all the enterprises in the market.

All the employees and stakeholders can easily report any violations of the Nestlé's safety requirements and standards, and we believe that any accidents are preventable. We work to foster our company's safety culture through the safety leadership development at all the organization's levels and a robust risk assessment approach.

Our goal on ensuring zero work-related injuries and diseases is very ambitious, but thanks to our road map in terms of safety and occupational health and our continued focus on preventing unsafe conditions and activities, we are moving purposefully towards that goal.

We also help our employees to make better informed decisions about maintaining their health in the workplace by conducting special working conditions assessments and through regular risk assessment processes, in which any employee can participate, thereby contributing to building a safety culture and providing open feedback.

In 2018, according to the work results in the safety field, seven sites in the Nestlé Russia and Eurasia market confirmed their «zero incidents» level for a period exceeding one year, and two distribution centers in the cities of Kinel and Perm confirmed this level within the past five years.





[www.pet-school.ru](http://www.pet-school.ru)

### «We are your friends»

In 2017, the brand in partnership with scientific and educational institutions and charitable foundations launched the school educational program "We are your friends" in order to form a responsible attitude to pets in the younger generation (website of the program is [www.pet-school.ru](http://www.pet-school.ru))

## DEVELOPING CULTURE OF RESPONSIBLE PETS OWNERSHIP

### Social Initiative «Purina in society»

As part of the social initiative launched in 2016, the brand made 10 commitments that are aimed at making the world a better place for pets and those who love them. These commitments include assistance in finding owners for homeless animals, conducting educational programs for children about their responsible pet ownership, providing consumers with information about products and advice on pet care in an open and accessible way.

On a regular basis, the brand helps the shelters by supplying food across the country and organizes exhibitions and festivals, where, together with its partners, it looks for a home for cats and dogs living in shelters.

As part of the Purina Partners educational program, which is designed to provide veterinarians with access to modern knowledge and advanced developments, the second international veterinary therapeutic conference PURINA Partners was held on September 7-8 at Crocus Expo IEC in Moscow. The event brought together more than 3,000 veterinary specialists from Russia, CIS countries and former Soviet republics.

Every two years PURINA conducts a Forum «Better with Pets», which brings together organizations working in the field of animal welfare, charitable foundations, socially responsible business, media representatives and authorities. In November 2018, the forum was held under the motto «Together for Changes».

## Facts and Figures

Thanks to the PURINA's activities, since 2014, more than



**2,600**  
animals have found their homes

In 2018, PURINA in partnership with the Ashoka world's leading network of social entrepreneurs launched the applying procedure for participation in the award

### Purina Better with Pets

Its goal is to develop and implement innovative and socially significant projects, which will help to improve the living conditions for pets and people, as well as strengthen the links between them.

Since 2017, the educational program «We are your friends» covered



**157,000**  
school pupils from 23 regions of Russia

In 2018, PURINA launched an online platform «For Each Other»

[www.friendforpet.ru](http://www.friendforpet.ru)

This is the first social service in Russia, which offers a comprehensive approach to finding owners for animals from shelters.

Since 2015, under the auspices of the Purina Partners program,



**65**

free educational conferences and seminars were held, which were attended by more than



**20,000**

veterinarians from 30 cities of Russia



## Facts and Figures

**2018 was a special year for Nestlé** due to the recognition received in the contest «Champions of Good Deeds» at the VII International Forum on Corporate Volunteering and the contest «Best social project of Russia». The victory of the program «Cooking Together» showed the project's importance and relevance for the younger generation, especially for children with problems in their development. The annual Program «Best Social Projects of Russia» was created in support of the Russian Government's goal of strengthening social policy based on the partnership between the state, society and private business.

.....

The annual ceremony of awarding the most active participants based on the previous year's results was held at Nestlé for the fifth time.

## NESTLÉ'S VOLUNTEER MOVEMENT IN RUSSIA

**2018 was declared as the Year of Volunteer in Russia. During the year, thousands of Nestlé employees in Russia took part in charity and volunteer activities. They were accompanied by their family members, – and the residents of cities and towns where the company operates. Nestlé supports the employees' voluntary desire to make their positive contribution to the communities development and helps them in every way – provides transport and food, buys materials.**

### Connection of Generations

One of the company's volunteer activities directions is the «Positive Gift» Program. Assistance to the elderly in nursing homes rendered by the Rostov-on-Don company's trade representation employees together with the «The joy of old age» Fund, has grown into an independent program «Positive Gift», which» has spread to other company's offices and factories. This is help to the elderly, the veterans of the Great Patriotic War and veterans of labor. On the Victory Day's eve, the Nestlé employees in Vyazniki presented gift sets to 71 disabled people and war veterans, and on May 9, they joined the memorable celebrations and walked through the city streets together with the participants of the «Immortal Regiment». More than a thousand veterans and single pensioners receive gifts from the company

on the International day of the elderly on October 1, and the New Year holiday.

### Care for Children

Cooking sessions «Cooking Together» have been successfully held in the Moscow office for 10 years. The office has everything ones needs for that – a well-equipped studio, and the volunteers who cook with children, turn their visit to the company into the holiday. Culinary workshops are held in sponsored boarding schools in Vyazniki, Samara.

For the third year in a row, a volunteers team led by the company's management has been holding a «Garden's Day» campaign at the Redkino Boarding school in the Kaluga region, improving the garden together with the pupils; it also participates in the area improvement of the «Sheredar» Fund's rehabilitation camp for children with cancer.

«Nestlé Kuban» factory's employees together with their family members made a gift to the Timashevsk children's clinic and painted the hospital's walls with the prepared drawings. In addition, the Nestlé Kuban staff held creative workshops in the «Topolek» center in Timashevsky district.

In Vologda, our company congratulated the pupils from the social rehabilitation center for minors with the Day of Knowledge – September 1 – the students were presented backpacks equipped with everything necessary for studying.

## Responsible for the Planet

In addition to such annual activities as «Clean Bank Operation», «Green Environment», the company's employees often united on weekends for the public areas improvement. The Samara factory employees cleaned the territory around the company, the Vologda factory employees improved the territory of the «Ryabinushka» kindergarten nearest to the factory. In addition, the Vologda team took part in the improvement of the Lukyanovo micro-district.

The oak trees planting in the «Ugra» National Park in Kaluga region is being continued. Since 2010, when the forest was affected by fires, the volunteers from the Nestlé Moscow office have planted six oak groves.

Together with the volunteers, the members of the National Council for Corporate Volunteering, the best company's volunteers take part in the annual campaign on cleaning the shores of the Baikal lake – «360 minutes».







WE WORK WITH OUR SUPPLIERS IN ALL OF OUR AGRICULTURAL SUPPLY CHAINS TO ENSURE THE EFFICIENT WATER USE

Stewarding resources for future generations

## FOR THE PLANET

Nestlé aims at ensuring a zero environmental footprint in its operations and makes clear commitments on using sustainably managed and renewable resources, raising work efficiency, achieving zero wastes for disposal as well as improving water management.

### CARING FOR WATER

#### Improving Water Use Efficiency

In 2018, Nestlé launched its global initiative «Caring for Water». It ensures a unified and clear approach to water resources management at the local level, consistent with the principles of the Alliance for Water Stewardship (AWS), which allows for passing the AWS certification. The initiative's goal is to preserve

water resources for future generations in the course of joint efforts.

In 2018, the initiative was evaluated in terms of: the water use efficiency at factories, the global WASH project's results, the water use efficiency in agriculture, as well as the investments assessment in catchment areas. These are the areas, in which the greatest potential for the effective investments is available.



Nestlé factory in Perm achieved zero waste for disposal





## Cooperation in Water Resources Management

In 2018, 14 Nestlé factories worldwide (in Pakistan, Canada, USA, China, Thailand, Ethiopia and France) passed the certification according to the International standard for the water resources management of the Alliance for Water Stewardship (AWS). Nestlé Waters is committed to pass the certification for all its factories in accordance with the AWS standard by 2025.

## Work with Suppliers

We work with our suppliers in all of our agricultural supply chains to ensure the efficient water use. Particular attention is paid by our company in relation to dairy products and coffee, as these are the areas, which we can have the greatest impact on.

We are also working on several initiatives for improving the water use efficiency in our dairy supply chain: 10 projects in the areas with water scarcity in 10 countries.

## Access to Water, Sanitation and Hygiene

In 2018, we continued to implement Nestlé Guidelines on respecting the human rights to clean water and adequate sanitation (Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation). This ensures that our activities and the upstream supply chain have no negative impact on human rights in this regard. The guidelines first introduced in the high-risk markets in 2017 were extended to our medium-risk markets in 2018.

The WASH project (Water, Sanitation and Hygiene) ensures the availability of safe water, good sanitary conditions and hygiene. The WASH project contributes to the employees' health, as well as achieving the broader social goals, such as reducing mortality and morbidity, increasing the community's sustainability and the personal dignity preservation.



## INVESTMENTS IN TREATMENT FACILITIES (COMPLETION IN 2019)

### Nestlé Factory in Perm

The treatment facilities will serve for the two production areas – the confectionery factory and the factory for the breakfast cereals and cereal bars production.

### Nestlé Factory in Samara

To meet the growing needs and changes, it was decided to modernize the treatment facilities at the factory in Samara: replace the pumps, control systems, and piping system.

### Nestlé Kuban factory in Timashevsk

New treatment facilities at the factory in Timashevsk will include filters with biologically active sand and UV-disinfectant; moreover, a new filtration system will help to implement the projects on the purified water reuse in the factory's processes, making the water use circuit closed.





Nestlé's Chairman Paul Bulcke on working together to ensure access to water now and in the future

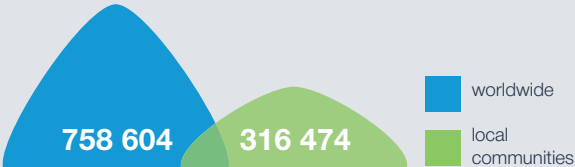


We aims at water use efficiency and enviromental sustainability in all our operations

Facts and Figures

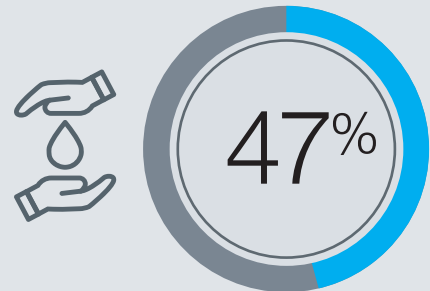
Nestlé saved 3.7 million m3 of water by implementing water protection projects at its factories around the world in 2018.

At the end of 2018, 758,604 people worldwide benefited from our WASH programs, and 316,474 people in local communities gained access to clean water and sanitation through our partnership with the International Federation of the Red Cross and Red Crescent.



THE NESTLÉ'S RESULTS IN RUSSIA AND EURASIA

Based on the 2018 results, the fresh water consumption at Nestlé' enterprises in Russia and Eurasia amounted to 47% compared to the baseline level of measurements in 2010.



According to the 2018 results, the energy consumption at 8 factories and water consumption at 4 factories in Russia and Eurasia was reduced per a ton of manufactured products

Projects on saving water consumption have shown their effectiveness: it was possible to save 31.5 thousand m3 of water

Water consumption per ton of products remained at the same level, which was due to the treatment facilities modernization at three factories (in Perm, Samara and Timashevsk)



IN APRIL 2018, NESTLÉ JOINED TOGETHER WITH PARTNERS ACROSS THE FOOD INDUSTRY TO SUBMIT A PUBLIC COMMENT TO THE US ENVIRONMENTAL PROTECTION AGENCY SUPPORTING THE CLEAN POWER PLAN, WHICH REGULATES GHG EMISSIONS.

## COOPERATION ON CLIMATE PROTECTION

### Leadership in Climate Change Addressing

The company applies a holistic, evidence-based, targeted approach to addressing the problem of climate changes, reducing its greenhouse gas emissions, expanding renewable energy consumption and switching to the use of cleaner fuels.

### Active Cooperation on Climate Change

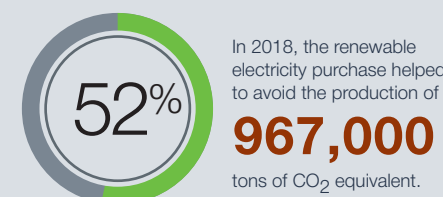
In 2018, we continued to implement the Guide for Responsible Corporate Engagement in Climate Policy. This includes, in particular, the disclosure of our measures to combat climate change through public awareness and stakeholders engagement.

In 2018, the company became a founding member of the FReSH project of the World Business Council for Sustainable Development.

The project's goal is to promote healthy and tasty nutrition using products produced with a responsible approach as part of the planet's resources. The project involves collaboration with KU Leuven University in Belgium for the purpose of modelling sustainable nutrition systems. In April 2018, Nestlé joined its efforts with its food industry partners for providing a public comment to the US Environmental Protection Agency in support of the Clean Power Plan (Pure Energy), which regulates greenhouse gas emissions.

## Facts and Figures

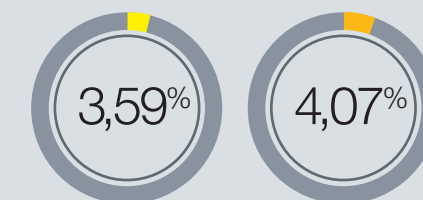
**In 2018, the company reduced its total greenhouse gas emissions** per product tonne, under Scope 1, 2, by 52% compared to 2010.



**Due to the Nestlé's efforts connected with climate change, the company gained a 100% score** for the Climate Strategy section in the Dow Jones Sustainability Index 2018. The company ranked first in terms of the overall environmental impact.

**Nestlé also became one of only 59 companies** included on the Supplier Engagement leaderboard and held its positions in the CDP Climate A list.

According to the Nestlé's work results in Russia and Eurasia in 2018, the energy consumption per products' ton was reduced by 3.59% compared to 2017, and the greenhouse gas emissions – by 4.07%.







## ENVIRONMENTAL PROTECTION

### Solving Problem of Plastic Waste

On April 10, 2018, in Vevey (Switzerland), Nestlé announced its commitment to make 100% of its packaging recyclable or reusable by 2025.



Nestlé joins efforts with other companies and authorities in combating the environmental pollution. The company signed The New Plastics Economy Global Commitment (hereinafter referred to as the «Global Commitment») at the Ocean Conference in Bali, Indonesia. Its goal is to revise the future of plastic based on the circular economy principles, in which plastic never becomes a waste. The global commitment provides the basis for joint solutions on reducing plastic waste and environmental pollution.



To achieve this goal, Nestlé conducts a number of important research and development activities. Among them is the NaturAll Bottle Alliance initiative, which aims at developing PET bottles from 100% biological raw materials for use in the fresh water production business, as well as cooperation with PureCycle Technologies in terms of food-grade recyclable polypropylene production.

### Packaging Improvement

In December 2018, Nestlé announced the establishment of the Institute of Packaging Sciences in Lausanne (Switzerland). Its mission is to open and develop packaging solutions that are functional, safe and sustainable. It will focus its research on key areas such as recyclable, biodegradable or compostable polymers, functional paper, as well as new concepts and technologies needed to enhance plastic packaging recycling capabilities.

### Reducing Food and Other Waste

Wastes and their generation can be connected with finished products production, handling and storage, as well as processing and packaging, distribution and consumption. Since 2016, we have been reporting losses and waste at our factories in accordance with the World Resources Institute's Food Loss and Waste Protocol.

In Russia, the NESPRESSO's initiative on aluminum coffee capsules recycling «The Posi-



tive Cup» is being developed: each NESPRESSO coffee consumer can send aluminum capsules for recycling by returning them to the courier who delivers the order, or by putting the wasted capsules in a special container in the NESPRESSO boutique. Coffee capsules of the professional line and the wasted coffee pulp, in their turn, become the raw material for the technological process at the LafargeHolcim enterprise and are a source for eco-energy. Capsules recycling allows, firstly, to save up to 95% of the energy required for the aluminum production, and secondly, to avoid emissions of harmful substances into the atmosphere during the ore extraction, processing and melting. Third, new products can be obtained from waste.

### Promotion of Sustainable Consumption

Product awareness can contribute to more environmentally responsible consumer behaviour. Thanks to our international presence and reach, we have direct access to millions of people – this allows us to share information that can have a positive impact on a global scale.

The actual environmental information availability for consumers on our digital and other channels has increased by 15% since 2017. Now, more than 85% of corporate web pages contain information on environmental protection available to consumers.

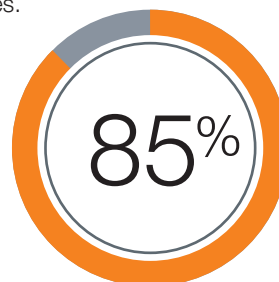
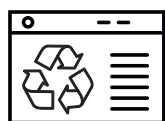
### Protection of Natural Capital

Our business's success largely depends on the sources of our raw materials: land, soil, trees and water. Together with our partners, we are working to ensure the protection of such sites, focusing on shared water resources, preventing deforestation in our supply chain, improving soil management, protecting oceans and preserving biodiversity.

In 2010, we assumed a «no deforestation» commitment, having announced, that none of our products or packages will require deforestation by 2020.



In 2018, thanks to Nestlé Purina's funding, a manufacturers group was attracted for implementing soil conservation practices at minimum 30 million acres.



## Facts and Figures



**Starting from February 2019**, Nestlé excludes all plastic straws from its products.



**All 4,200 Nestlé facilities** around the world seek to eliminate the use of non-recyclable disposable plastic products.



**77% of the global supply chain does not involve deforestation** – for the five main products associated with deforestation risks.



**In Russia, Nestlé has reached remarkable results in reducing waste destined for ground disposal:** the waste volume, which was sent to the landfill in 2018, was decreased by 44.55% compared to 2017.



**In Russia, 2 out of 8 factories** have reached the goal of zero waste for ground disposal, which means that not a single kilogram of waste is sent from these factories to the landfill.



**For the first time in 2018, in Russia and Eurasia**, Nestlé became the leader among all the markets in reducing the packaging weight due to re-launching the Nescafé Gold product and other measures on optimizing the materials use.

In 2018, due to reducing the package weight by 8%, it was possible to reduce the product weight by 1,751 tons, or 88 trucks.

**In 2018, the NESPRESSO's initiative on aluminum coffee capsules recycling «The Positive Cup» became the Eco Best Award winner in the category «Best Eco-project in Russia».**

In 2017, NESPRESSO managed to collect and send for recycling about 72.5 tons of coffee capsules from all over Russia.