

Nestlé in society

Creating Shared Value
and meeting
our commitments
2012



Good Food, Good Life



2012 performance summary

Nestlé has developed performance indicators to provide a focus for measuring and reporting Creating Shared Value, sustainability and compliance. The summary forms part of our communication of

progress on the United Nations Global Compact Principles. Unless stated otherwise, performance indicators are for the year ending 31 December 2012. The references in the GRI column

are to the applicable indicator from the Global Reporting Initiative G3.1 guidelines.

[Please see www.nestle.com/csv/2012/kpis](http://www.nestle.com/csv/2012/kpis)

Nestlé in society and Creating Shared Value Key Performance Indicator	GRI	2011	2012
Economic			
Total Group sales (CHF million)	EC1	83642	92186
Net profit (CHF million)	EC1	9487	10611
Nutrition			
Nestlé Nutrition sales (CHF million)	FP4	7233	7858
Products meeting or exceeding Nestlé Nutritional Foundation profiling criteria (as % of total sales) ^(a)	FP4	74.1	75.7
Renovated products for nutrition or health considerations ^(b)	FP7	5066	6692
Products with increase in nutritious ingredients or essential nutrients ^(b)	FP7	3851	4691
Products with reduction of sodium, sugars, trans-fatty acids, total fat, calories or artificial colourings ^(b)	FP6	1215	3317
Products analysed and improved or confirmed via 60/40+ programme (sales, CHF million) ^(c)	PR1	28715	31720
Products containing Branded Active Benefits (sales, CHF million)	FP7	5563	6455
Products featuring <i>Nestlé Nutritional Compass</i> labelling (% of sales worldwide) ^(d)	PR3	98	96.8
Products in EU with Guideline Daily Amounts (GDA) labelling on front of pack (% of sales) ^(e)	PR3	98.9	99.3
Products with specific portion guidance (sales, CHF million) ^(f)	PR3	21894	26190
Popularly Positioned Product SKUs	FP4	5556	6367
Popularly Positioned Products (sales, CHF million)	FP4	10610	11960
Rural development and responsible sourcing			
Farmers trained through capacity-building programmes		200751	273808
Markets covered by Sustainable Agriculture Initiative Nestlé (SAIN) programmes		46	46
Direct procurement markets covered by SAIN programmes (%)		100	100
Percentage of suppliers, key vendors and quality key suppliers compliant with company's sourcing policy	FP1	96	89.5
Percentage of purchased volume compliant with the Nestlé Supplier Code	FP1	75.2	80
Water			
Total water withdrawal (million m ³)	EN8	143	138
Total water withdrawal (m ³ per tonne of product)	EN8	3.17	2.89
Environmental sustainability			
Production volume			
Total production volume (million tonnes)		45.2	47.7
Materials			
Raw materials used (million tonnes)	EN1	22.9	22.5
Materials for packaging purposes (million tonnes)	EN1	4.58	4.77
Packaging source optimisation (kilotonnes saved)		39.3	47.1
Energy			
Total on-site energy consumption (petajoules)		90.1	90.7
Total on-site energy consumption (gigajoules per tonne of product)		1.99	1.90
Total on-site energy consumption from renewable sources (% total) ^(g)	EN3	11.6	12.2
Total direct energy consumption (petajoules)	EN3	64.3	63.7
Total direct energy consumption from renewable sources (% total direct) ^(h)	EN3		9.3
Total indirect energy consumption (petajoules)	EN4	70.1	73.5
Biodiversity			
Total size of manufacturing sites located in protected areas (hectares) ⁽ⁱ⁾	EN11	44.2	42.1

Nestlé in society and Creating Shared Value Key Performance Indicator	GRI	2011	2012
Emissions, effluents and waste			
Direct GHG emissions (million tonnes CO ₂ eq) ⁽ⁱ⁾	EN16	3.81	3.71
Direct GHG emissions (kg CO ₂ eq per tonne of product) ⁽ⁱ⁾	EN16	84.2	77.7
Indirect GHG emissions (million tonnes CO ₂) ⁽ⁱ⁾	EN16	3.23	3.39
Indirect GHG emissions (kg CO ₂ per tonne of product) ⁽ⁱ⁾	EN16	71.5	71.1
Total water discharge (million m ³)	EN21	94	84
Total water discharge (m ³ per tonne of product)	EN21	2.08	1.77
Quality of water discharged (average mg COD/l)	EN21	69	94
By-products (kg per tonne of product)	EN22	31.3	29.9
Waste for disposal (kg per tonne of product)	EN22	7.6	6.6
Environmental sustainability governance			
Manufacturing sites certified against ISO 14001 (% of total manufacturing sites)		90	89
Human rights and compliance			
Nestlé television advertising to children under 12 in compliance with policies on responsible marketing (%) ^(k)	PR7	99.1	98
Nestlé contraventions of infant formula marketing policy requiring remediation ^(l)	PR7	19	22
Infant formula marketing staff in higher-risk countries trained in the WHO Code (% of staff) ^(m)	PR6	100	100
Total number of significant product recalls or incidents of non-compliance	PR2	10	11
Our people			
Total workforce (number of employees) ⁽ⁿ⁾	LA1	327 537	339 397
Total rate of new employee hires (%) ^(o)	LA2	12.01	11.8
Total rate of employee turnover (%) ^(o)		10.8	10.3
CARE gaps identified related to Business Integrity and HR		57	45
Of which: Minor		49	40
Major		8	5
Critical		0	0
Lost-time injuries and illnesses among employees and on-site contractors (per million hours worked)	LA7	1.8	1.9
Total recordable injuries and illnesses among employees and on-site contractors (per million hours worked)	LA7	3.8	3.6
Fatalities of employees and on-site contractors	LA7	18	5
Average hours of training per year per employee per category ^(p)	LA10	2.02	10
Leadership positions held by women (%) ^(o)	LA13	28	29.2
Local Management Committee members native to country in developing countries (%) ⁽ⁿ⁾	EC7	53	49.5

(a) 2012 assessment scope: 73.5% total Nestlé sales volume.

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

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

(d) Excludes total petcare and, for USA only, Dreyer's and licensed brands Häagen-Dazs and California Pizza Kitchen.

(e) Across EU 27 plus Norway, Switzerland, the Adriatic Region, Ukraine and Moldova. Excludes plain coffee, tea and water, products for Nestlé Professional, gifting chocolate, seasonings, petcare, Nestlé Health Science and Nestlé Nutrition.

(f) Products sold as single servings and meeting/exceeding Nestlé Nutritional Foundation OR sold with/via a device or equipment delivering a serving meeting/exceeding Nestlé Nutritional Foundation OR sold to caregivers with detailed instructions on adjusting servings to evolving nutritional needs. This currently represents only a subset of the portfolio with portion guidance.

(g) Formerly called "On-site energy generated from renewable sources", this indicator has been renamed for more clarity.

(h) New KPI. % based on renewable component of direct energy use only (e.g. spent coffee grounds burnt from factory operations).

(i) Correction of factory coordinates resulted in one factory being deleted from the list of factories present within

protected areas. The area therefore reduced from 2011.

(j) The implementation of a new reporting system with updated emissions factors had minimal impact on direct emissions reporting, but absolute and relative indirect emissions increased by +1.2% and +1.4% (respectively) from 2011. The additional changes in performance are due to Nestlé's activities.

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

(l) Based on internal and external audits. Following a change in the criteria in July 2010 to differentiate higher- and lower-risk countries, more countries are now part of the "higher-risk" category where the Nestlé Policy and Instructions for Implementation

of the WHO Code apply as a minimum requirement.

(m) "Higher-risk" countries are those with mortality rates for under-fives of more than ten per 1000 under-five, or more than 2% acute malnutrition (moderate and severe wasting) among under-fives. All other countries are "lower-risk".

(n) Covers all Nestlé employees including Joint Ventures.

(o) Covers Nestlé employees registered in the HR system (approximately 80% of all employees).

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

Highlights 2012

75.7%

Nestlé products meeting Nestlé Nutritional Foundation criteria

5.4 million

Children reached by the Nestlé Healthy Kids Global Programme, in 64 countries

6692

Renovated products for nutrition or health considerations

11700

Equivalent tonnes of salt removed by *Maggi* from its portfolio over the last eight years

100 billion

Servings of iodine-enriched *Maggi* products sold worldwide

690054

Farmers working directly with Nestlé

44000

Farmers having access to financial assistance from Nestlé worth up to USD 37.8 million

489

Water-saving projects in our factories, saving 6.5 million m³

217

Clean drinking water projects in the South Asia region, helping to improve access and sanitation for more than 100 000 school children

39

Factories generating zero waste for disposal

-24%

Reduction in direct GHG (Greenhouse Gas) emissions since 2002

18103

Employees completing our online human rights training tool

Contents

A message from our Chairman and our CEO	2	Nestlé and the global nutrition challenges	10
Focus on nutrition	4	Summary: Creating Shared Value, sustainability and compliance in 2012	32
Expert opinion	6	Meeting our commitments	44

The *Nestlé in society: Creating Shared Value and meeting our commitments 2012* summary report focuses on our work on nutrition, one of the three focus areas of our “Creating Shared Value” approach. It also provides an update on our CSV activities in water and rural development, as well as related progress in the areas of environmental

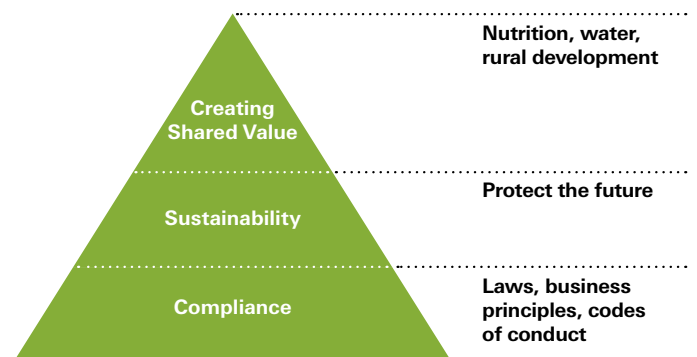
sustainability and compliance during 2012. Furthermore, it sets out specific commitments we are working towards in the areas of nutrition, water, rural development, sustainability and compliance. These are listed on pages 44–48.

Throughout the report, we have provided useful links to further online information.

“We believe we can make an important contribution to society, by going a step beyond corporate social responsibility to create value through our core business both for our shareholders and society. We prioritise the areas of nutrition, water and rural development to create shared value; this requires long-term thinking...”
Peter Brabeck-Letmathe, Chairman

“Creating Shared Value is built upon fundamental commitments to society, both to achieve the highest standards of compliance with laws, codes of conduct and our own Nestlé Corporate Business Principles as well as to protect the environment for future generations.”
Paul Bulcke, Chief Executive Officer

Nestlé in society pyramid



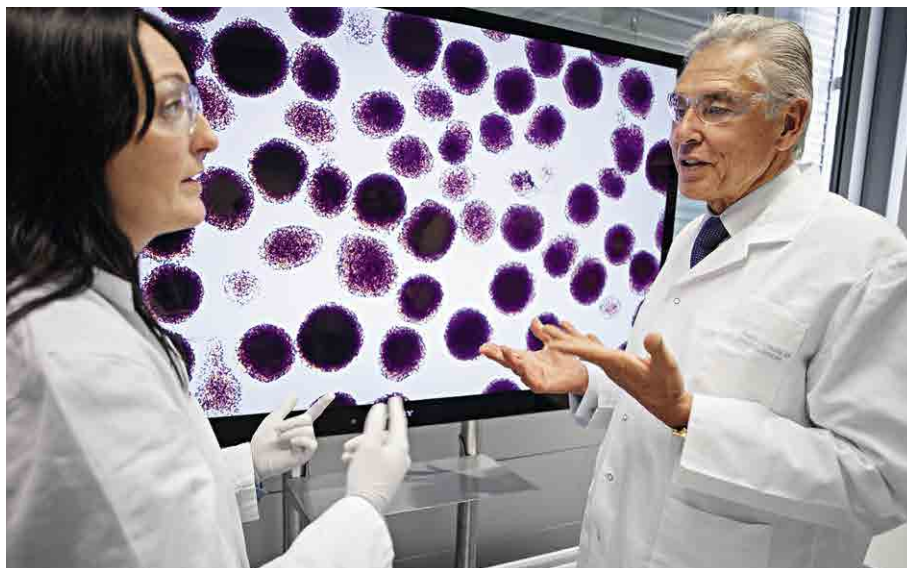
A message from our Chairman and our CEO

At Nestlé we have always believed that in order to prosper we need the communities we serve and in which we operate to prosper as well; and that over the long term, healthy populations, healthy economies and healthy business performance are mutually reinforcing. We recognise that our position in society brings both opportunities and responsibilities: to do business in compliance with national laws, international standards and our own Nestlé Corporate Business Principles; and in ways that help protect the environment for future generations. Thus, our commitments to sustainability and compliance are based on common-sense values; and form the foundations upon which we build our actions in Creating Shared Value. We also restate our support for the UN Global Compact as a founding member of UN Global Compact LEAD – a new platform for corporate sustainability leadership.

Creating Shared Value

We believe that we can create value for our shareholders and society by doing business in ways that specifically help address global and local issues in the areas of nutrition, water and rural development. This is what we mean when we speak about Creating Shared Value (CSV). We proactively identify opportunities to link our core business activities to action on related social issues.

That is why we have called this report *Nestlé in society: Creating Shared Value and meeting our commitments 2012*. This year, its particular focus is on nutrition, but it also covers our commitments to compliance, including human rights, progress in our other CSV priority areas (water and rural development), as well as in environmental sustainability.



Nestlé Chairman Peter Brabeck-Letmathe visits Nestlé Institute of Health Sciences (NIHS) laboratories in November 2012 as part of NIHS' inauguration.



Nestlé CEO Paul Bulcke visits the Nestlé-sponsored Nutrimovil programme in Guatemala City, offering free nutritional advice to lower income consumers.

The report's scope is ambitious, reflecting our determination to meet our responsibilities and play our part in addressing global challenges.

Focusing on nutrition

For Nestlé there is no higher priority than enhancing the quality of life of our

consumers by providing tastier and healthier food and beverage choices. Consequently, we are acutely aware of the escalating food and nutrition crisis, which is closely linked to the global water crisis, amongst other things.

In both water and nutrition, as in many pressing global issues, it is important to

How urgent is the food and water crisis?

The facts speak for themselves:

- There are 925 million under-nourished people in the world today (FAO).
- Two billion people – nearly one-third of the world population – suffer from deficiencies in iron, iodine, vitamin A, zinc, or a combination of these; e.g. the World Health Organization estimates that over 740 million people suffer from iodine deficiency disorders, and that 250 million preschool children are vitamin A deficient.
- Globally, an estimated 43 million preschool children were overweight or obese in 2010, a 60% increase since 1990, of which over 80% live in developing countries (American Journal of Clinical Nutrition, Nov 2010).
- Today, 31 countries face chronic freshwater stress and shortages. By 2025 this is estimated to rise to 48 countries as water withdrawal outpaces renewal (United Nations Environment Programme). These challenges will only get more pressing as the global population rises to 10 billion by 2100.

take collective action. If we do not, everyone in the world, whether in developed or developing countries, will soon become aware of the consequences as both food and fresh, clean water grow increasingly scarce and expensive.

As the world's leading Nutrition, Health and Wellness Company we have a unique opportunity to help address the food and water crises; in particular the specific nutrition challenges facing consumers at a local level: from over-nutrition to under-nutrition including micronutrient deficiencies. This "double burden" of malnutrition and the related stress on already overstretched healthcare systems is a pressing challenge for us all. This is why we have devoted the first part of this report to nutrition.

We have set our actions during 2012 in the context of five key nutrition challenges: advancing science to address global nutrition issues; helping mothers give children the best start in life; helping families to meet their nutritional needs; helping to meet the nutritional needs of people in emerging markets; and helping to meet the needs of older people and those with other specific nutritional requirements.

The *Focus on nutrition* section explains what we are doing to help address each one of these areas: for

example through micronutrient fortification and systematic reductions in public health-sensitive ingredients (e.g. salt, sugar, saturated fats and trans-fatty acids); and by providing better advice to consumers about ingredients, portion size and their nutritional needs. It also summarises our involvement in nutrition education campaigns worldwide, including our Nestlé Healthy Kids programmes, and the fundamental role that R&D plays in everything we do – from the genomic studies underway at the Nestlé Institute of Health Sciences to biofortification and the behavioural work we are doing across our global R&D network.

We must emphasise that the nutrition challenges the world faces require concerted collective action rather than sporadic, isolated projects. Nestlé can play a valuable leadership role in support of this concerted action. We have the

capacity and, even more importantly, the determination to do so.

Water, rural development and more

The second section of our report provides short summaries, covering water, rural development, environmental sustainability, compliance and human rights. These confirm that we have made progress on meeting our CSV, sustainability, human rights and compliance commitments during 2012.

Meeting our commitments

In a table at the end of this report we have set out our ambitions to make a difference on some of the key nutritional challenges identified in the *Focus on nutrition* section; and we also set out our key forward commitments on rural development, water, sustainability, human rights and compliance.

Sharing your views

Together with the more extensive and detailed online report available in the *Nestlé in society* and *Creating Shared Value* sections of our corporate website at www.nestle.com, this print report records our progress and challenges in 2012.

We hope you find our Nestlé in society communications informative and engaging. We welcome your input and views, which you can share with us by using the "Contact Us" area at www.nestle.com.

Peter Brabeck-Letmathe
Chairman

Paul Bulcke
Chief Executive Officer



Iron- and iodine-fortified Maggi cubes on sale in an open market in Nigeria, helping address micronutrient deficiency.

Focus on nutrition

Nutrition is fundamental to human life. All human achievement – social, economic and cultural – is directly influenced by our access to food and water.

Today, billions of people face serious malnutrition issues. Many do not have enough to eat or drink; others eat too much and move too little. In many countries, and communities, both issues are prevalent: some people are under-nourished while others are over-nourished and poor nutrition can coexist with excess caloric intake in the same individuals. This “double burden” of malnutrition is a very complex global issue.

As the world’s leading Nutrition, Health and Wellness Company, we have the capacity to help address over-nutrition (obesity and related non-communicable diseases) and under-nutrition, especially micronutrient deficiencies.

There is an emerging consensus that a life course journey approach is required to reduce our susceptibility to these conditions and diseases as adults (see page 10). Through Nestlé’s research activities, nutritional products,

programmes and services, we help improve nutrition habits beginning with the first 1000 days of life, to promote healthy diets and physical activity in youth, and continue to provide better nutrition throughout the life course and into healthy aging.

From nutrient-dense foods and beverages (such as medical nutrition products) to our confectionery and ice cream categories, we have a responsibility to provide tastier and healthier options to our consumers. Nestlé is in the forefront of this active and preventative – rather than reactive – approach to both chronic diseases and micronutrient deficiencies.

We believe we have a responsibility to do this, but acknowledge that the scale of these issues places them beyond the remit of any one company, government or NGO. Creating Shared Value offers an opportunity for Nestlé, together with other stakeholders, to effect positive nutritional and lifestyle change through the business we do and the consumers we serve throughout life – from mothers and infants to old age.

Expert opinion: understanding the “double burden” of malnutrition

Under-nutrition and obesity are issues around the world, but particularly in low- and middle-income countries (LMICs), where the simultaneous presence of both has been called the “double burden” of malnutrition by the World Health Organization.

By Robert E. Black and B. Sesikera

Malnutrition remains a neglected area globally. In low- and middle-income countries (LMICs) maternal and child under-nutrition is still the predominant concern for its detrimental effects on morbidity, mortality and human capital, as well as its link to chronic diseases in adulthood, even in countries going through the nutritional transition.

Conflict, drought and natural disasters have profound effects on human nutrition in the short term. Long-term trends, such as climate change, water scarcity and reduced agricultural land, may threaten our capacity to feed the anticipated 10 billion people in the year 2100. At the same time, overweight and obesity continue to increase in prevalence worldwide. Many factors contribute to this increase, including urbanisation and more sedentary lifestyles, as well as an increase in consumption of refined carbohydrates and animal products.

Under-nutrition

In 1990–1992 the estimated number of people worldwide suffering from hunger was 824 million. By 2007 this figure had risen to 923 million, indicating that no progress has been made in achieving the Millennium Development Goal target of halving the number of people suffering from hunger and of underweight children. In the Lancet series (2008) Black et al. estimated that there were 112.4 million underweight young children globally – 28% of them in

Africa and 70% in Asia, with more than 90% of those in South Asia.

It is recognised that under-nutrition is linked to poverty, but economic growth is no guarantee that under-nutrition levels will fall. In some countries experiencing rapid economic growth, under-nutrition persists or has worsened, reflecting social inequalities. Economic growth might be expected to improve nutrition outcomes, but the trickle-down effect can be slow. In Brazil, economic growth combined with a reduction in poverty through macro-economic policy reforms has been associated with rapid improvements in reducing childhood underweight and stunted growth. This is a stark contrast with India, where the benefits of economic growth have yet to impact on under-nutrition. India is home to 40% of the world’s malnourished children and 35% of its low birth-weight infants.

Many countries are on track to improve income poverty, but few have much chance of meeting the Millennium Development Goal indicator of halving the number of underweight children. Progress in addressing both under-nutrition and global micronutrient deficiencies has been compromised by global trends such as rising food and oil prices, reduced water availability and changing weather patterns, possibly due to climate change.

Rising food prices significantly erode households’ purchasing power. The poorest and those who mostly depend on the market to access food are particularly affected. The loss of purchasing power also affects households’ ability to buy heating, lighting, water, sanitation, education, and health care, all of which are inputs into nutrition.

Rising oil prices lead to increased nitrogen-based fertiliser and transport costs, which in turn lead to increases in food prices. The production of crops for

biofuel may also limit the output of food for human or animal consumption and thus raise food prices. The negative impact of high food prices is likely to be deepened by the economic downturn. Reduced remittances into developing countries, loss of job opportunities and lower wage rates are likely to reduce income and purchasing power. The severity and incidence of poverty are likely to increase, leading to a rise in under-nutrition.

Most scientists concur that climate change is the single largest challenge facing mankind. The Intergovernmental Panel on Climate Change estimated that climate change alone could potentially increase the number of people directly at risk of hunger by a figure between 40–170 million, with many more at risk from other related socio-economic impacts. Climate change can be linked to health and nutrition through several pathways including changing patterns of disease and mortality, an increase in extreme weather events and threats to agriculture and water availability.

It is estimated that a 2°C rise in temperature would put 220 million people at risk of under-nutrition due to reduced agricultural output. A 3°C rise would place 440 million more at risk of under-nutrition.

Discussions about how to make better conceptual and operational bridges between the promotion of agriculture to enhance food security and economic development, and the promotion of ways to improve human nutrition, are ongoing. A particular emphasis in this rethinking of linkages is the challenge of meeting maternal and child nutritional needs in low- and middle-income countries. Major initiatives by the G8 on food security are promoting agricultural productivity, while health agencies and partners, such as in the Scaling Up Nutrition movement are focused on nutrition in the first 1000 days of life, from conception through

“In some countries experiencing rapid economic growth, under-nutrition persists or has worsened.”



Left, Robert E. Black, MD, MPH, Edgar Berman Professor and Chair of the Department of International Health, Johns Hopkins Bloomberg School of Public Health, Baltimore, MD, USA. Right, B. Sesikeran, MD, Former Director, National Institute of Nutrition (ICMR), Hyderabad, India.

pregnancy and the first two years of life. The goals of enhancing food security need to be brought conceptually together with the need to ensure nutrition security, especially for the poor.

Overweight and obesity

Evidence shows that overweight and obesity are issues in countries where maternal and child under-nutrition are also prevalent, including those with low per capita Gross National Product. The World Bank’s strategy (Repositioning

Nutrition as Central to Development) identifies overweight among children under five as a cause for concern in many developing countries, especially those in Africa where rates seem to be increasing more than three times faster than in the developed world. It has been estimated that in 2010, some 43 million children were overweight or obese, with 80% of them living in LMICs. Global prevalence of these conditions is expected to reach 9.1% by 2020, compared to 4.2% in 1990.



Teaching food preparation and hygiene at scale in Côte d'Ivoire with the Maggi "Caravane des étoiles" cooking event.

In many countries, inequities mean that some people become overweight while others experience food insecurity and under-nutrition. In some settings, there is a high prevalence of overweight or obesity in women and a high prevalence of under-nutrition in their children.

Malnutrition in South Asia

Malnutrition issues are particularly pressing in South Asia, where increasing population and urban migration have had a profound impact and economic growth has done little to reduce under-nutrition. Here, overwhelming numbers of children are caught in a vicious cycle of poverty, directly related to poor education levels, inadequate diets, poor health and low cognitive capability. Poor urban migrants also face food insecurity, adding to the increasing numbers of people experiencing severe under-nutrition in urban areas.

Middle- and high-income groups have experienced a steady rise in overweight

and obesity – particularly those living in urban areas, where dietary changes often mean increased energy intake. The health impacts of these dietary changes are further exacerbated among urban migrants due to their transition from a physically active rural lifestyle to a largely sedentary one.

Diseases related to diet and lifestyle, such as obesity, type 2 diabetes, metabolic syndrome, cancer and cardiovascular disease are reaching epidemic proportions across South Asia, with obesity, diabetes and hypertension a growing problem among children and adolescents.

Current understanding suggests that the first 1000 days after conception are critical and that under-nutrition of the mother or child during this phase has long-term adverse consequences on physiological and neurological development. A 2008 Lancet study (Victora, C. G et al.) concluded that: "Intervening within this period will have life-long and life-changing impacts on educational achievement, labour

capacity, reproductive health and adult earnings. If we wait until a child is two years old, the effects of under-nutrition are already irreversible".

In South Asia there is an urgent need to strengthen the implementation of all the existing nutrition intervention programmes and improve infant and young child feeding practices. The assessment and use of food security data to target interventions based on the availability of calorie and protein, as well as micronutrient rich foods at community level, is needed urgently.

Further work is needed to test additional strategies for improving dietary diversity through behavioural change. Micronutrient fortification and supplementation might offer effective and scalable options. At the same time, it will be equally important to strengthen sanitation, provide safe drinking water, initiate income-generating schemes and address the risk of emergencies such as droughts, earthquakes and floods if long-term improvements in nutrition are to be achieved in this region.



Reformulating Cereal Partners Worldwide recipes in Orbe, Switzerland, as part of a global commitment to improve nutritional profiles by 2015.

“Breastfeeding and the use of high quality complementary foods after six months of age are essential to promote growth and development.”

Conclusions and recommendations

Low- and middle-income countries must confront the “double burden” of malnutrition, including stunting, and deficiencies of essential vitamins and minerals. This “double burden” has serious adverse consequences in death, illness and delayed development during childhood and into adulthood. It also has important consequences for adult obesity and non-communicable diseases.

Urgent attention should be given to adolescent and maternal nutrition to ensure proper foetal growth and to improve infant and young child feeding. Breastfeeding and the use of high quality complementary foods after six months of age are essential to promote growth and development. These practices, together with continued adequate micronutrient intakes, dietary diversity and avoidance of excessive weight gain during childhood, can also be expected to reduce the risk of stunting, adult obesity and related diseases.

Enhancing and supporting these practices are a priority and must be accomplished in the face of continuing, but hopefully decreasing, poverty. Society must also address increasing concerns about food prices and agricultural productivity for foods as a consequence of competition with crops used for biofuels, water scarcity, and weather instability. These global challenges require concerted and coordinated actions by governments and civil society to ensure population health, better educational attainment and economic productivity.

Food manufacturers can contribute in several ways: through targeted micronutrient fortification, in line with WHO and other science-based recommendations; by reducing the volumes of public health sensitive ingredients and increasing those such as fruits, whole grains and fibres in their products; and by educating consumers around issues such as balanced nutrition and the benefits of exercise.

Read the full article at www.nestle.com/csv/2012/expert. The views expressed in this article are the authors’ alone and are not necessarily shared by Nestlé.

Nestlé and the global nutrition challenges

A number of global trends – including growing world population, urbanisation, rising incomes, and an increase in the number of people living beyond 60 years – have an impact on nutritional habits and health.

These trends can improve dietary choice for some people, but are also marked by increases in the number of people adopting less nutritionally-balanced diets and more sedentary lifestyles. These choices lead to over-nutrition and related non-communicable diseases at one extreme. At the other, under-nutrition, including micronutrient deficiencies and associated disorders, persist.

Under-nutrition and over-nutrition currently affect the health, wellness and livelihoods of nearly half the world's population – irreversibly impairing the physical and mental development of

infants and children, increasing illness and premature death among all age groups and decreasing personal and national productivity.

Many forms of malnutrition

In many developing countries, people effectively bear a “double burden” of malnutrition, with under-nutrition (comprising protein-energy malnutrition and micronutrient malnutrition) and over-nutrition (overweight and obesity) occurring simultaneously. In general, people in lower income groups around the world are at higher risk of suffering malnutrition in any form.

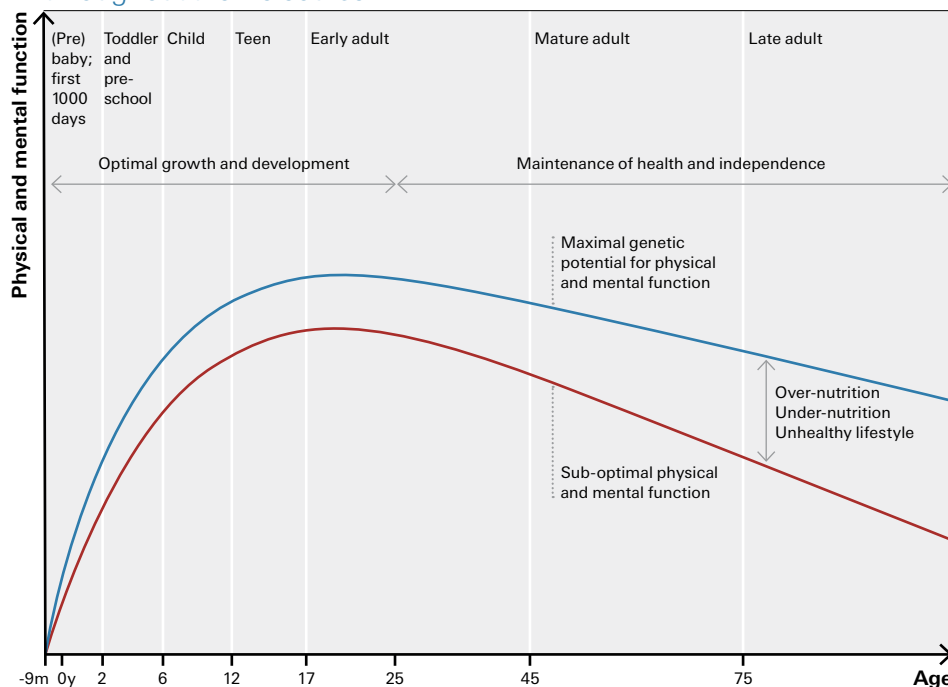
In line with our *Good Food, Good Life* promise, Nestlé aims to lead industry efforts to help ensure consumers everywhere have the right choice and availability in order to be optimally nourished and consequently enjoy good health and personal wellness.

Every individual has what nutrition scientists call a “maximal physical and mental potential trajectory” for life, which is genetically predetermined (shown as a blue line in the graphic below); however, “sub-optimal nutrition and lifestyle” during our time in the womb or during infancy, childhood, adolescence and adulthood gradually erodes our physical and mental functioning (red line in our graphic) resulting in impaired health, independence, quality of life and ultimately premature death.

Our “Optimal Nutrition, Health and Wellness” goal

Nestlé's goal is to help consumers attain and maintain optimal nutrition, health and wellness, which is why we're working continuously to improve our understanding of nutritional and health needs during the most critical early life stages – the first 1000 days, growth and development stages during infancy, childhood and adolescence – and to use this understanding to develop appropriate products and services, beginning by supporting the WHO recommendation of six months exclusive breastfeeding as the best nutritional start in life.

Promoting optimal Nutrition, Health and Wellness throughout the life course



Helping consumers avoid under-nutrition

Our efforts to help consumers avoid under-nutrition focus mainly on preventing micronutrient malnutrition through vitamin and mineral fortification of Nestlé foods, especially our Popularly Positioned Products – high-quality food products that provide nutritional value at an affordable cost and appropriate format. We prioritise the needs of young children and women of child-bearing age in countries where micronutrient deficiencies are most prevalent and fortify the products preferred by these vulnerable groups to address specific local needs.

Helping consumers avoid over-nutrition

We work at helping consumers to avoid becoming overweight or obese and developing related non-communicable diseases (such as cardiovascular disease) in several ways. We aim to help educate them about their nutritional needs by improving the information about ingredients and portion size we provide on our products. We also support other initiatives and promote better hydration along with the benefits of physical activity.

Using rigorous nutritional criteria as part of our 60/40+ approach, – ensuring our products are preferred against competitor products in blind taste tests *and* bringing relevant nutrition advantage – we are working continuously to improve the levels of essential nutrients in our products, while also lowering their saturated fat, sugar and salt content, to offer our consumers the tastiest and healthiest choices.

Our *Focus on nutrition* section highlights five key nutrition challenges for the future:

1. How can Nestlé help advance the science to address global nutrition issues?

2. How can Nestlé help mothers give their children the best start in life?

3. How is Nestlé helping families to meet their nutritional needs?

4. How can Nestlé help to meet the nutritional needs of people in emerging markets?

5. How does Nestlé meet the needs of older people and those with other specific nutritional requirements?



The Nestlé Research Center Metabolic Unit runs clinical studies in areas including metabolism and energy regulation, to support Nestlé's Nutrition, Health and Wellness initiatives.



1

How can Nestlé help advance the science to address global nutrition issues?

As the world's leading Nutrition, Health and Wellness Company we are committing the resources to help address malnutrition, micronutrient deficiencies, obesity, and other global nutrition issues. But our actions to do so must be based on real evidence and understanding.

Malnutrition for example, has multiple causes: the foods we eat and in what quantities; the conditions we live in; our genes; our lifestyle today and during the early years of our lives. If we understand these causes and how they influence each other, we can help develop solutions that make a positive difference.

Research and development (R&D) provides this understanding and produces innovation in products and technologies: continuous improvements in our product portfolio and far-reaching solutions that will have an impact in the longer term. For example, these might include personalised nutrition solutions for patients during treatment for acute diseases and for consumers with a predisposition to chronic conditions.

Focusing our research

Nestlé has its own internal R&D functions and also external partnerships with academia, governments, research institutes, corporate ventures, startups, suppliers and NGOs. It focuses on two key objectives: keeping people healthy through the food they eat and finding solutions to help them manage chronic diseases.

Learning more about nutrition

At the heart of R&D in Nestlé is the Nestlé Research Center (NRC) – with its HQ in Lausanne, Switzerland – which is the centre of scientific knowledge and research linking into the global network of 32 R&D and Product Technology Centres worldwide.

NRC supports Nestlé product development and innovation by focusing on four key aspects: Nutrition and Health; Food Science and Technology; Food Quality and Safety; and Sensory and Consumer Science, which explores how human behaviour towards food influences dietary choices. Part of this research, focused on the role that parents play in promoting healthy eating habits in children, has produced several useful insights:

75.7%

Nestlé products meeting Nutritional Foundation criteria

1.54 billion

Global investment in Research and Development, in CHF

- If mothers and caregivers persist in offering healthy foods that infants initially reject, the infants will eventually learn to eat the food and ultimately prefer it to less healthy choices;
- Infant food choices are influenced by the mother or caregiver's facial expressions during feeding;
- Mothers and caregivers can be taught to detect satiety signals and avoid overfeeding.

NRC has published a joint study with the University of Wageningen that suggests the time people spend chewing their food may be an important factor in determining energy intake.

NRC's work has real impact across all our product categories and feeds straight into locally relevant



The Nestlé Research Center studies behaviour to understand drivers of pleasure and healthy food choices.

product innovations through our network of 300 Application Groups.

Putting innovation into action

The Nestlé Nutritional Profiling System (NNPS) is a rigorous system used to benchmark our products against set criteria – based on recommended values from the World Health Organization and other independent authorities. It assesses a product's nutritional contribution, considering its role in a balanced diet, its ingredients (including fat, added sugar, calcium and whole grain) and the serving size usually consumed, either by adults or children. In the eight years since we adopted the NNPS, we have progressed to 75.7% of the entire Nestlé portfolio achieving the Nutritional Foundation in 2012.

The NNPS framework helps us assess whether a Nestlé product achieves the Nestlé Nutritional Foundation (NF) criteria. This means it fulfils the nutritional criteria to be appropriate as a frequent choice in a balanced diet.

Understanding chronic diseases

In 2011, we created a new research organisation, the Nestlé Institute of Health Sciences (NIHS), and



John Corthésy prepares samples for mass spectrometry analysis at the Proteomic and Metabonomic Core, a laboratory within the Nestlé Institute of Health Sciences.



Bio-fortification: developing crops that help bridge the nutrient gap

With the growing realisation that micronutrient fortification is a critical component of bridging the micronutrient gap for both adults and children, especially in rural areas of developing countries, Nestlé has launched a new research programme that seeks to grow conventionally bred crops that are naturally rich in micronutrients. This is done by

cross-breeding plant varieties rich in micronutrients with varieties that have a high yield. For instance, cassava that is rich in vitamin A is being bred in Nigeria and Côte d'Ivoire, while rice that is rich in iron and zinc is developed for Madagascar. These will be integrated within future product lines as a complementary approach to direct fortification.

Bio-fortification of cassava at Nestlé's Experimental Farm in Yamoussoukro, Côte d'Ivoire. Scientist Mélanie Polman (top) assesses the crop, while agronomist Frédéric Oura examines plantlets with farmer Kan Firmin Kouakou (below).



launched a new business, Nestlé Health Science.

The Nestlé Institute of Health Sciences, based in Lausanne, Switzerland, focuses on biomedical research to help us learn more about chronic diseases related to cardiovascular, gastro-intestinal, metabolic and brain functions, and their relationship to nutritional health.

Nestlé Health Science works at developing personalised nutrition solutions to help consumers manage chronic conditions, but also targeted solutions for use by medical professionals working in gerontology, critical care, surgical and paediatrics.

Nestlé has run clinical trials for many years, with around 100 underway in 2012 and more in the pipeline. To simplify our processes, improve efficiency and expand capacity, we brought all our clinical trials together at a new Clinical Development Unit, opened in 2012. This new facility, which includes a specialist Metabolic Unit, operates as an independent research unit but will also support Nestlé in evaluating the impact our foods and ingredients have on human biology, health, taste and pleasure.

Sharing our nutrition knowledge with the world

In order to combat the causes of malnutrition, healthcare professionals around the world need relevant and up to date information. To help provide this, in 2005 we created the Nestlé Nutrition Institute. In just seven years, this independent, not-for-profit organisation has become the largest private publisher of nutritional information in the world. Its website currently attracts more than 170 000 registered users in nearly every country in the world.

The Nestlé Nutrition Institute also carries out nutrition research into public health and health economics. Read more at www.nestlenutrition-institute.org.

Challenge: risk of malnutrition. See our commitment on page 46.



In India, a young mother-to-be and her mother-in-law receive information from a doctor as part of the *Start Healthy Stay Healthy* programme.

How can Nestlé help mothers give their children the best start in life?

Children who start life with an unbalanced diet face an increased risk of chronic diseases and stunted growth and development.

We believe good nutrition for children starts before and during pregnancy, then continues after birth with a well-nourished mother, breastfeeding exclusively for six months and beyond, in line with World Health Organization recommendations, before making feeding choices appropriate to her weaned child's developmental stage.

We support parents in making the right food choices for their children by providing research-based nutrition products, including maternal and infant health supplements, and by offering appropriate, consistent advice to help them understand that even small changes to a child's diet can have a big impact on its health today and throughout its life.

Ensuring the right approach to promoting infant nutrition

In line with World Health Organization (WHO) recommendations, Nestlé supports exclusive breastfeeding during the first six months of a child's life and for as long after this period as possible in combination with nourishing complementary foods. When breastfeeding is not possible, infant formula is a healthier alternative to choices such as cows' milk or rice water.

We're strongly committed to marketing our infant food products in accordance with the WHO Code as implemented by national governments everywhere in the world. In 152 countries with conditions of higher risk for infants, we apply the Nestlé Policy and Instructions on Implementing the WHO Code or the government regulations, whichever is stricter.

We have implemented extensive management systems across all our operations to assure compliance with the WHO Code. These systems give detailed operational guidelines to all Nestlé employees involved in the sale and marketing of breast-milk substitutes with the objective of ensuring compliance with our policies and local regulations at all levels.

To monitor our compliance, we carry out numerous internal audits and three annual external audits. These are backed by our "whistleblowing" system and

35

NGOs and interest groups in constructive dialogue with Nestlé about breastfeeding and other infant nutrition issues

5.4 million

Children reached by the Nestlé Healthy Kids Global Programme, in 64 countries

250

Academics, NGOs, Government Ministries help implement Nestlé Healthy Kids



Nestlé Healthy Kids in Ecuador: one of 68 programmes in 64 countries.

our externally administered Integrity Reporting System. We also have a commitment to investigate and respond to all serious questions about baby-milk marketing practices. The information from all these sources is reported to the Nestlé Board of Directors annually, and is incorporated into our continuous improvement practices.

In 2011, Nestlé became the first infant formula manufacturer to be included in the FTSE4Good responsible investment index, the only index in the world that includes strict criteria on the marketing of breast-milk substitutes.

Our Start Healthy Stay Healthy system

Our Start Healthy Stay Healthy stage-based nutrition system begins with clear support for six months exclusive breastfeeding, whenever possible, and then offers solutions designed to foster healthy growth and development along with good eating habits in children aged six months or older.

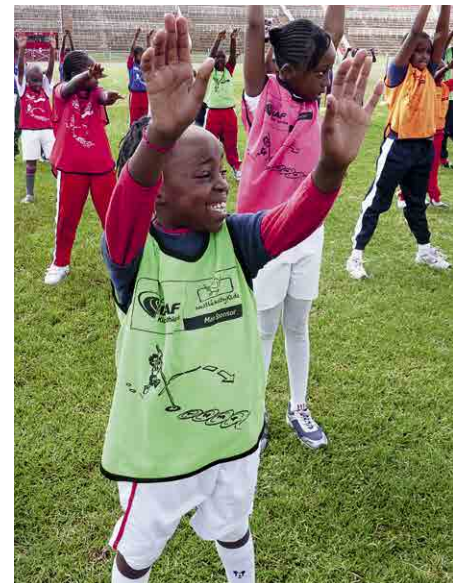
Giving mothers the nutrition they need

We developed our nutritional milk drink, *Mom & me*, with the needs of pregnant

and lactating women in mind. It provides a combination of beneficial minerals, vitamins, DHA and Bifidus BL active cultures. *Mom & me* is already available in several Asian markets at an affordable price.

Building dialogue with stakeholders

Over the past few years, Nestlé has had constructive dialogue about



Promoting physical activity in schools through the Nestlé-partnered IAAF Kids' Athletics programme.

Leadership through education: *Start Healthy Stay Healthy* in India



In India, home to 40% of the world's malnourished children, many women lack information about nutrition. Reaching an estimated four million women in less than a year, Nestlé bridges this knowledge gap with our *Start Healthy Stay Healthy*

programme. *Start Healthy Stay Healthy* works through print, television, the web and by providing doctors with needed tools to educate women about the importance of breastfeeding and the best nutrition for the child's first 1000 days of life.

NRC and the EpiGen Consortium – optimising nutrition during pregnancy

NRC and the EpiGen Consortium (a body comprising many of the world-leading public and private sector epigenetic specialists) are running a research programme together, to identify and substantiate the optimal nutritional choices for women during pregnancy and their children in order to promote good metabolic health in later

life. The study will examine how gene function, in both mother and unborn child, is regulated by environmental factors – for example, maternal nutrition during the early stages of pregnancy. EpiGen is contributing emerging scientific knowledge, with NRC sharing its expertise in maternal and infant nutrition.

breastfeeding and other infant nutrition issues with around 35 different NGOs and interest groups through annual stakeholder convenings.

The Nestlé Nutrition Institute (NNI) has a vital role to play in promoting breastfeeding, because its independence from Nestlé is assured. Workshops run by the NNI in India and Bangladesh were well attended and NNI representatives subsequently contributed to national breastfeeding weeks in both countries.

Sourcing the best raw materials

The best raw materials generally produce the best products. We work closely with our farmers to ensure we can trace our products' origins and assure their quality. We also help them introduce more efficient cultivation methods; in the Talamanca District in Costa Rica we assist indigenous farmers to improve quality and quantity of organic bananas, which form the base raw material for many baby foods in jars.

Helping kids to get active and healthy

Getting active and eating well can help children achieve and keep a healthy body weight. We are working hard to do all we can to promote healthier lifestyles and diets for kids.

We launched our Nestlé Healthy Kids Global Programme in 2009, working with more than 250 partners worldwide, including national and local governments, NGOs, health institutes and sport federations. By the end of 2012, there were 68 programmes running in 64 countries with more in the pipeline for 2013–2015. Together, these programmes reached an estimated 5.4 million kids in 2012.

The key to the programme's success is the quality of the expert teams, who tailor the format to meet the specific needs of local communities. We also ensure that "Healthy Kids" is not associated with our product brands. Over the past 18 months, we developed stricter participation criteria for the programmes because we know they work best when children take part regularly. We have also improved the way we evaluate their impact on health awareness.

In January 2012, Nestlé became the main partner of the International Association of Athletics Federations (IAAF) Kids' Athletics programme, one of the biggest grassroots sports development programmes in the world. Nestlé is also a founding member of the EPODE (*Ensemble, Prévenons l'Obésité Des Enfants* – Together, Let's Prevent Childhood Obesity) International Network, the world's largest obesity prevention network. In addition, the International Diabetes Federation and Nestlé will work together to define joint programmes to promote diabetes education and prevention.

Challenge: providing nutritionally sound products designed for children. See our commitment on page 46.



With a special focus on encouraging children and teenagers to cook, *Maggi* helps families in Germany cook together with a book of easy-to-prepare recipes.



How is Nestlé helping families to meet their nutritional needs?

The majority of Nestlé products are focused on families and their changing nutritional needs over time. Our product range includes many foods and beverages that cut across generations as well as those developed for children, healthy adults and elderly people.

As we learn even more about nutrition issues, understanding the needs of different family members is likely to become increasingly important. We already know that eating habits acquired during infancy are likely to last a lifetime. We understand that child and adult obesity is now an issue worldwide and that elderly people are prone to malnutrition.

We already have products and services that address these issues and we are working hard to improve them, while developing new solutions. We also offer nutrition advice and work in partnership on education initiatives worldwide – focusing on family members from early childhood through to their older years.

Using 60/40+ to improve the nutritional value of Nestlé products consumers prefer

Nestlé strongly believes that healthy diets must be enjoyable to be sustained. Our unique 60/40+ programme constantly re-challenges our products to ensure that they are preferred by at least 60% of consumers of a large panel. Nutritional assessments are conducted locally which guarantees that wherever Nestlé operates, it is the nutritional needs of the local consumer that dictate the formulation of our products.

Thanks to the 60/40+ programme, we've assessed and renovated products in 19 different categories (all but newborn and clinical/technical products for which "classic" taste assessments cannot be conducted) in 89 countries already. Examples include our ice cream brands such as *Skinny Cow*, *Edy's Slow Churned* and peelable banana ice creams which are lower in fat and calories than competing products. Elsewhere we have reduced sodium in our *Herta* cooked meats in France.

Cereal Partners Worldwide (CPW), Nestlé's joint venture with General Mills, has committed to reduce the sugar content in 20 breakfast cereal brands to 9 grams or less per serving by 2015.

CPW currently sells around 3.5 billion portions of cereals each year.

The business case for healthier products

We believe there's a powerful business case for focusing on tastier and healthier products. Since 2009, when we put in place our unique tracking system, our 60/40+ winning products have outperformed the rest of the portfolio, achieving better organic growth, real internal growth and margin returns every year. This is proof that relentless work on our recipes is helping meet consumers' expectations.

The Nestlé Nutritional Compass

96.8% of our products display the *Nestlé Nutritional Compass* (NNC) – an on-pack labelling framework launched in 2005 to help consumers make more informed decisions about our foods and beverages. The Compass provides relevant information to guide consumers in an innovative way through understanding the nutrition table, ingredients used in the product, tips for responsible enjoyment and healthy usage of our products; and contact details to get more useful information.



Sensory Expert Regina Arslanian performs a tasting session as part of Cereal Partners Worldwide's recipe reformulation in Orbe, Switzerland.



The Nestlé Nutritional Compass; displayed here on Svelty fortified milk in Argentina.

Our research tells us that around 60% of consumers find the Compass useful and we are using their feedback to continuously improve it, for example, by evolving the contents and ensuring they remain pertinent.

Guideline Daily Amount on packaging

To help consumers make more informed food choices, in 2006 as part of an industry pledge, we added Guideline Daily Amounts (GDAs) for adults on our packs in the EU region. GDAs are a factual and objective guide to the daily intake for energy and key nutrients, and empower consumers to evaluate a product's role in their daily diet. In the EU region, GDAs now appear on 99.3% of our products. Beyond the EU region, our voluntary implementation of GDA has been progressing rapidly and now, in line with our global commitments, we will add GDAs to the front of Nestlé packs worldwide.

Talking to consumers about nutrition

The *Nestlé Nutritional Compass* is a great way to talk to consumers about nutrition, but not the only way. More and more of our products invite consumers

Educating families to cook balanced meals with Maggi

In addition to improving the nutritional value of its products by reducing salt content and adding relevant micronutrients, our *Maggi* brand has developed an ambitious cooking education programme in markets such as Germany. Through messages on-pack, online and in specially commissioned cook books, *Maggi* is helping families to

improve their cooking skills and encouraging them to cook more balanced meals using fresh ingredients and less fat or salt. *Maggi* has removed the equivalent of around 11 700 tonnes of salt from its portfolio of products over the last eight years and is committed to bring salt levels down even further.

Helping consumers to manage their weight with Jenny Craig

Since it was founded in Australia back in 1983, the *Jenny Craig* programme has helped millions of consumers around the world to manage their weight through a balanced approach to nutrition and physical activity. The three cornerstones of the programme are Food, Body and Mind – with a range of *Jenny Cuisine* entrees and snacks available to complement

advice on physical activities and a more “mindful” and balanced approach to living. *Jenny Craig* stresses the importance of one-on-one support, with consultants available to help consumers at *Jenny Craig* centres or by phone or online through *Jenny Direct*.

[Read the full story at www.jennycraig.com](http://www.jennycraig.com)

Helping parents and kids get portion sizes right

Research shows that what consumers see as a “normal” portion size has increased in many countries over time – and that an increasing number are leading more sedentary lives and are consequently consuming excess calories, which can lead to them becoming overweight or obese. In addition, many consumers have deficient intakes of essential nutrients. This could be because they live on low incomes, live in areas with little access to nutritious food, or have limited cooking skills. They could equally have adopted particularly constraining diets, have increased needs during certain life-stages (such as growth or pregnancy) or may be in poor health, and taking medication that interferes with nutrition.

As a complement to our *Nestlé Nutritional Compass* and GDA labelling, we adopted a Portion Guidance Framework in 2011 to help consumers make better portion decisions, with on-pack guidance. This is aligned with initiatives from governments, regulators and health authorities that have also been calling for clear portion information for consumers. In 2012, we studied the latest “food guides” and dietary recommendations from authorities around the world. Then, for each of our product categories, we identified appropriate portion sizes tailored to different ages and life stages, with a little variability to better reflect the fact that exact sizes may not meet individual requirements at each moment of consumption.

Our product teams and consumer information specialists are now systematically reviewing – and where necessary challenging – our different ranges with the aim of making Portion Guidance easy to understand.

Our consolidated estimates at end 2012 indicated that products amounting to sales of CHF 26.2 billion already offered specific Portion Guidance.

Challenge: reducing public health sensitive ingredients in our products
[See our commitment on page 46.](#)

to “find out more about...” on our websites, and around the world we’re involved in local and national nutrition education programmes.

Our efforts to promote better daily hydration are a good example of this. We know that drinking enough water every day is a healthy habit, best acquired during early childhood. We have made observational studies to know if children are properly hydrated

when they arrive at schools in four markets (Italy, USA, UK, France): two-thirds of children are under-hydrated. We’re running information campaigns in those markets. We’ve also produced “hydration toolkits” for use in schools through our Project WET (Water Education for Teachers) initiative and this material will also increasingly be included in our Nestlé Healthy Kids Programme.



Nestlé Pure Life: encouraging healthy hydration with members of the Texas Youth Football and Cheer League.



A Nigerian family enjoys *Golden Morn* affordable breakfast cereal, fortified with vitamin A and iron.



How can Nestlé help to meet the nutritional needs of people in emerging markets?

The Food and Agriculture Organization of the United Nations has stated that: “a growing number of developing countries must shoulder a ‘double burden’ of malnutrition: the persistence of under-nutrition, especially among children, along with a rise in overweight, obesity and diet related chronic diseases.”

Nestlé is determined to play a part in addressing this “double burden” and the problems related to it – from endemic anaemia amongst under-nourished preschool children and pregnant women at one extreme, to chronic disease related to obesity, including heart disease and diabetes at the other.

We can help address the “double burden” of malnutrition through the products we provide, the advice we offer and our involvement in nutrition-related initiatives with other organisations. We can help encourage people to eat more mindfully and promote the preparation and consumption of fresh, healthy foods.

Boosting the nutritional content of our affordable food ranges

We've been enhancing the nutritional value of our products for 140 years, so we understand the processes and issues involved very well. We're using our expertise to fortify our products with different combinations of micronutrients to address local and regional deficiencies. We're also reducing the levels of public health-sensitive nutrients in our products.

It's important that our fortified products reach the people who need them most – so they must be accessible, enjoyable, nutritious and affordable.

We sell a growing number of Popularly Positioned Products (PPPs), high quality food products that provide nutritional value for people on modest incomes. They include everything from culinary products to beverages and dairy products. More than 4000 PPPs are currently available around the world.

Fortifying our Maggi brand to meet local needs

We've made some big strides in micronutrient fortification for people in developing countries through our Maggi brand. Iodine fortification is included in more than 860 000 tonnes of Maggi products – including bouillons, seasonings, noodles, soups and recipe mixes – in many countries around the world. Based on respective serving size, we estimate the total number of individual servings fortified with iodine to be approximately 100 billion in 2012. In addition to iodine, we have initiated an iron fortification programme in India, Pakistan, Sri Lanka, the Caribbean, Central America, Central West African countries and the Pacific Islands. We estimate that from approximately 100 000 tonnes of bouillons, seasonings and noodles sold in those countries in 2012, around 32 billion individual

100 billion

Servings of iodine-enriched Maggi products sold worldwide



Bear Brand milk – fortified with vitamin A, iron, zinc and vitamin C – on sale in a supermarket in the Philippines.

servings of Nestlé products included iron fortification.

These fortifications, which we highlight on packaging and through marketing campaigns, along with the benefits of eating fresh, local ingredients and home cooking, have helped us to achieve a 30%–40% improvement in Maggi's market penetration among lower-income consumers in two years. In a number of developing countries, including India, we've even successfully reduced salt in Maggi products, without losing market share.

Fortifying our milk powder products

Dehydrated milk powders make very good carriers of micronutrients and provide a way to get them to people on a lower income without changing their existing eating habits. By the end of 2011, our affordable milk ranges – including Nido, Klim, Bear Brand, Nespray, Essentia and Ideal – were available in more than 60 developing countries and had achieved growth in sales of almost 14% in just one year.

Fortified cereals to bridge the nutrition gap

At a certain point in their development, infants require some solid food to

supplement the nutritional content of breast milk. In some parts of the world, locally available complementary foods are often deficient in key nutrients. We've developed a range of affordable fortified infant cereals to help bridge this nutrition gap.

Highlighting local gaps in micronutrient supply

Our efforts to target micronutrient fortification where it's most needed have been underscored by the Nestlé Nutrition Institute's work on public



Milo malted chocolate drink – containing Actigen E – being packed in Lipa, Philippines.

Addressing micronutrient deficiencies in Nigeria through *Golden Morn*

In Nigeria, around one third of pre-school children are deficient in vitamin A, while more than three-quarters of young children and many pregnant women suffer from iron deficiency. To address this issue, Nestlé has fortified its popularly priced *Golden Morn* family cereals with both iron and vitamin A. More than 210 million servings of *Golden Morn* are consumed in Nigeria every year, so fortification gives families across the country the opportunity to increase their nutritional intake at breakfast every day. We're also helping farmers in Nigeria and

Ghana, who grow the maize used to make *Golden Morn*, through our Grains Quality Improvement Project. Working with the International Institute of Tropical Agriculture, we're training farmers to follow simple practices that reduce the risk of damage from naturally occurring mycotoxins, and increase yields, quality and consequently price. To date, 30 000 farmers have benefited from the project since its launch in 2009.

[Read the full story at \[www.nestle.com/csv/2012/goldenmorn\]\(http://www.nestle.com/csv/2012/goldenmorn\)](http://www.nestle.com/csv/2012/goldenmorn)

health and the issues it has highlighted: for example, while milk is a good carrier for micronutrients in many countries, given that 80% of people in China are lactose intolerant to various degrees, alternative carriers such as culinary sauces and cereals are more appropriate in that country. The Institute has also worked hard to highlight the problems of malnutrition affecting mothers and their unborn children in developing countries and acted as a catalyst for action on other nutritional issues.

To help us develop products that meet consumers' nutrition, health and wellness needs, we developed a "Nutritional Landscaping" protocol in 2010. This included data on micronutrient deficiencies, obtained through collaboration with local health experts and authorities, as well as detailed consumer research. The protocol helps us target our products and communications to meet the needs of different consumer segments.

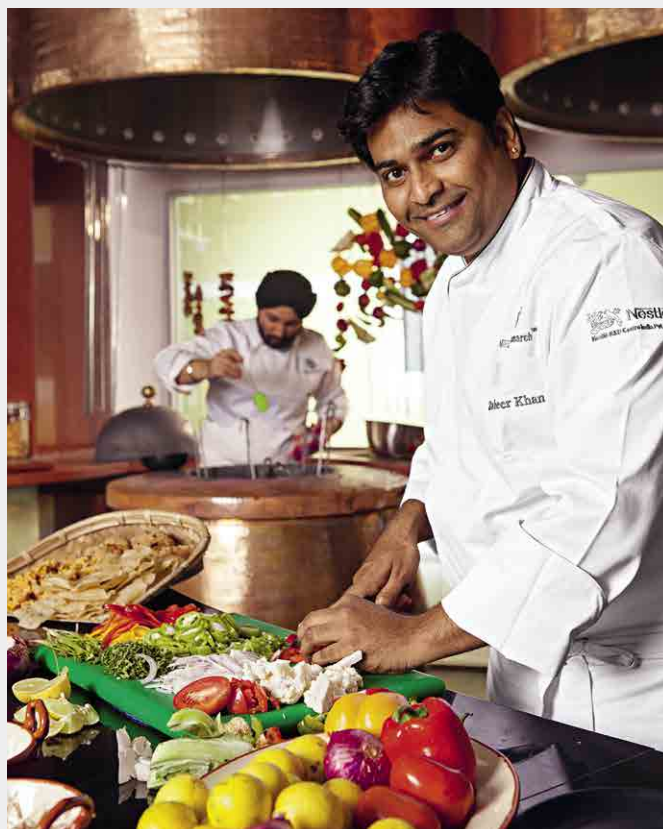
Focusing on health economics

Responding to feedback on our 2008 Nutrition report, we created an independent research grant to support our understanding of both the personal and macroeconomic impact of our fortified foods.

A joint project with the Zurich University of Applied Sciences has already established that fortified milks and infant cereals can reduce anaemia by as much as 50% and has produced "anaemia maps" to highlight where it is most prevalent. The project is now focused on assessing the macroeconomic impacts of under-nutrition. A separate study by the World Bank Group suggests that action to reduce under-nutrition can add 2%–3% to national GDP. If this project reaches similar conclusions it may encourage local governments to partially fund the provision of fortified foods.

Challenge: addressing micronutrient deficiency. See our commitment on page 46.

Maggi takes fortified "magic" to malnourished consumers in India



Chefs in the new R&D Centre at Manesar, India. The centre focuses on nutritious, affordable products for lower income consumers.

Two billion people worldwide currently suffer from micronutrient deficiencies. A third of them live in India, which, despite rapid economic progress, has high rates of malnutrition linked to poverty. More than 70% of the population consumes less than 50% of the RDA for several important micronutrients, with women and children particularly affected.

To make key nutrients affordable and attractive to consumers, in 2010 we launched *Maggi Masala ae Magic* spice sachets, which provide at least 15% of the RDA for iron, vitamin A, zinc and iodine

per person, in a single low priced serving.

To reach consumers in the poorest areas, we ran street dramas, TV ads, educational campaigns targeted at families, and even sent nutritionists into Dharavi, the world's largest slum. To date, we've sold 380 million sachets of *Maggi Masala ae Magic*, which has won several innovation awards, and rolled the concept out in Bangladesh and Sri Lanka.

[Read the full story at \[www.nestle.com/csv/2012/maggiindia\]\(http://www.nestle.com/csv/2012/maggiindia\)](http://www.nestle.com/csv/2012/maggiindia)



A dietitian discusses the benefits of *Resource PemPal Active* with a patient in the Kansai Rehabilitation Hospital in Osaka, Japan. The product is rich in protein, vitamin D and calcium to support muscle strength and optimise bone health.

How does Nestlé meet the needs of older people and those with other specific nutritional requirements?

Increases in the number of people suffering from non-communicable diseases and chronic health conditions – many of which are linked to nutrition – are placing a huge resource strain on health systems worldwide.

While our focus is largely on developing nutritional solutions for people preparing and eating food at home, we're also working at addressing the needs of hospitals, schools, restaurants and other places where food is cooked and consumed.

Specifically concerning patients already being treated for acute or chronic diseases and for consumers with a genetic predisposition to certain conditions, we also believe we can use the R&D expertise we've developed over 140 years, our resources, and our influence, to pioneer science-based personalised nutrition solutions. In simple, bold terms, we aim to create a new industry; a unique nutrition offer "between food and pharma".





A laboratory specialist receives patient serum to be analysed for a gastrointestinal disease at Prometheus Laboratories in San Diego, USA.

Providing the right nutrition solutions for elderly people

Malnutrition affects people of all ages, with an estimated 20 million people at risk in the European Union alone. The cost of treating malnutrition drains European health systems of EUR 170 billion every year. The problem is significantly more common in older people. One in three of all elderly people living in care homes and approximately the same proportion of those living independently are already malnourished or at risk of malnutrition. As national populations age, this problem is likely to get worse unless action is taken.

The Nestlé Mini-Nutritional Assessment tool, which is provided by the Nestlé Nutrition Institute, is a validated nutrition screening and assessment tool that can help healthcare professionals to identify people aged 65 or above who are malnourished or at risk of becoming

so. The tool was developed jointly by the Nestlé Research Center and Toulouse University in 1991, but has been updated recently to improve its effectiveness. It comprises a questionnaire and a tape device to measure calf circumference if weight-based BMI calculations are not possible. The Mini-Nutritional Assessment tool and tape received a Good Design Award in 2011 from the Japan Institute of Design Promotion after its widespread use in the aftermath of the Japan earthquake that year. Currently translated into several different languages with more to follow, it is interactive and there are digital versions suitable for iPhones and other mobile digital devices.

Nestlé Health Science has developed an eating assessment tool, EAT-10, that can help healthcare professionals and carers identify dysphagia problems early in vulnerable patients. Dysphagia, a condition that makes it difficult for

170 billion

Annual cost of malnutrition to European healthcare systems, in EUR

1900

Davigel customers able to meet the GEMRCN requirements, a French law aimed at tackling the rise in obesity

sufferers to swallow food, is prevalent in frail, elderly people and those with certain neurological conditions. The condition can have a profound impact on patients' nutritional health, but 75% of those affected are never diagnosed.

EAT-10 is just one example of a number of disease-specific and personalised nutrition solutions currently being developed or researched, in Nestlé and by Nestlé Health Science.

The DioGenes consortium – understanding weight issues

In 2012 NIHS joined the EU-funded DioGenes consortium – the largest multi-centre dietary intervention study on weight management currently underway in Europe. An NIHS team is analysing clinical samples and will integrate genomic data into

the study to help us understand better the mechanism involved in weight loss and weight maintenance. Ultimately, the study will provide the basis for giving people in communities across Europe better advice about weight issues.

CréaMenu – meeting nutritional needs for caterers

Nestlé subsidiary Davigel, which specialises in providing nutritional solutions to the catering industry, has launched a dedicated online tool that enables customers to pick menus from an online database of over 3000 products and recipes. These menus are personalised to ensure they meet the nutritional

needs of the caterer's customers, whether hospital patients, school children or guests in a restaurant. As a result, over 1900 of Davigel's customers in France can now easily meet the GEMRCN requirements, a new French law aimed at tackling the rise in obesity.

Focusing on biomedical research at the Nestlé Institute of Health Sciences

At the heart of our search for truly personalised nutrition solutions is the Nestlé Institute of Health Sciences (NIHS), launched in 2011 and based on the campus of the Ecole Polytechnique Fédérale de Lausanne, Switzerland.

Building on Nestlé's history and expertise in nutrition, NIHS uses state of the art biomedical knowledge and technologies – genomics, proteomics,

metabolomics, systems biology and others – to understand the interaction between food and beverages we eat, lifestyle, inherited factors and individual metabolism.

It focuses on three categories of chronic conditions: gastrointestinal health (including irritable bowel syndrome, inflammatory bowel disease and Crohns), metabolic health (notably diabetes and obesity) and brain health (particularly cognitive decline and Alzheimer's disease).

NIHS has set scientific projects underway, all broadly focused on how nutrition and genetics influence health and disease. These include: a Genome Interaction Study to examine how genetic factors affect people when they make the transition from a poor to a healthy diet; a major study of weight management in Europe through the DioGenes Consortium; and workshops on essential nutrients with the Bill and Melinda Gates Foundation.

Transforming knowledge into new products at Nestlé Health Science

Nestlé Health Science aims to develop science-based personalised nutrition solutions, with a strong focus on nutrition for patients already under treatment. A number of acquisitions completed since Nestlé Health Science was founded in 2011 have equipped it to focus on three acute areas: ageing medical care, critical care and surgery, and paediatric medical care. These acquisitions include Vitaflo, a UK company that has already developed nutrition products for people with genetic conditions that produce intolerances to specific amino acids. The company will also address chronic gastrointestinal, metabolic and brain health conditions.

In the longer term, Nestlé Health Science aspires to produce personalised nutrition products that target more complex conditions such as diabetes and heart disease. The acquisition of CM&D Pharma, which produces products for irritable bowel disease, colon cancer and other gastrointestinal conditions; and Prometheus Laboratories, which develops diagnostic and therapeutic gastroenterology and oncology products, reflects its long-term focus. Nestlé Health Science also holds a stake in Vital Foods, a New Zealand business that produces foods for people with a range of gastrointestinal conditions.

Challenge: malnutrition at all life stages. See our commitment on page 46.



Vitaflo UK regional territory manager Emma Plant (left), explaining to the mother of a child with an inborn error of metabolism how to use a protein-free milk substitute – *Prozero*.



A farmer delivers milk to a Nestlé collection centre close to the Shuangcheng factory in China.

Summary: Creating Shared Value, sustainability and compliance in 2012

Our work on nutrition has been highlighted in this report, but this is only one aspect of Nestlé's engagement in society.

In this section we will share some of our accomplishments in compliance, human rights, environmental sustainability, water, and rural development.

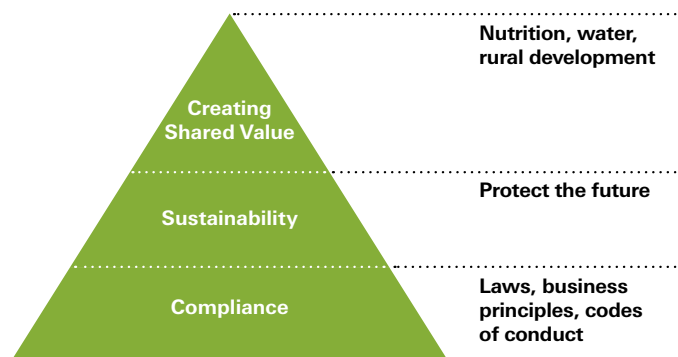
Throughout 2012 we've made concerted efforts to meet our CSV, environmental sustainability and compliance goals. We've progressed with more than 100 projects related to nutrition, water or rural development; harnessed the energy and imagination of thousands of employees; and when necessary, updated our principles and policies to keep Nestlé at the forefront of best practice.

This summary, together with our online report, published in April 2013, reports on our CSV performance. It covers Nestlé's global operations for the year ending 31 December 2012, unless otherwise stated.

The data covers Nestlé's wholly owned companies and subsidiaries, excluding joint ventures and suppliers, unless specifically stated. The environmental data refers to factories only (excluding some recent acquisitions), and safety and health figures cover approximately 339 397 Nestlé employees (permanent and temporary), as well as approximately 112 775 contractors working on Nestlé sites.

The CSV online report (at www.nestle.com/csv) has been independently assured by Bureau Veritas.

Nestlé in society pyramid



Rural development

Nestlé works directly with some 690 000 farmers who produce the raw materials that go into our products and 73% of our factories are located in rural areas – so rural development is at the very heart of our Company and one of our three CSV focus areas.

Managing rural development

Following input from our CSV Advisory Board, we have developed a Rural Development Framework, to assist us to deliver a consistent approach on rural development. The Rural Development Framework also focuses on supporting rural communities around our operations. It aims to deliver business and societal value by focusing on key gaps and alignment of objectives along the supply chain and with stakeholders, including farmers, farm workers and the communities within which they are located. The framework recognises the role of trade partners through whom



Nestlé's Cocoa Plan launches in Cárdenas, Tabasco State, Mexico, with cocoa farmer Eugenio Bautista Velázquez (left) consulting Nestlé advisor Rubén Jiménez.

Nestlé buys the majority of its agricultural raw materials, and the role of governments in providing services to communities.

Successful farmers

To secure a reliable supply of raw materials for the future, we need to build “farmer loyalty” just as we build consumer loyalty to our brands. Our aim is to ensure that farmers are “farmers by choice” – fairly rewarded and farming in line with environmental and sustainability best practice. In 2012, we helped more than 44 000 farmers access support and assistance worth up to USD 37.8 million, of which Nestlé provided USD 23 million as direct financial assistance. More than 1100 specialists, including agronomists, and over 12 000 support staff contributed to these projects in 2012.

Productive and respected workers

Many farm workers experience very poor working conditions, so we're taking concerted action to address risks and human rights in our supply chains.

In January 2012, we issued a Commitment on Child Labour in Agricultural Supply Chains (available in full at www.nestle.com/csv/ruraldevelopment/sourcing/tacklingchildlabour), highlighting cocoa, hazelnuts and vanilla as priority concerns. In February, we became the first food manufacturer to partner with the Fair Labor Association (FLA). Our work with them is focused on protecting workers conditions and rights in our hazelnut supply chain in Turkey and our cocoa supply chain in Côte d'Ivoire.

Prospering communities

The Rural Development Framework also focuses on supporting rural communities around our operations. During 2012, we decided to focus our investment on 21 countries, prioritised

73%

Nestlé factories located in rural areas

44 000

Farmers having access to financial assistance from Nestlé worth up to USD 37.8 million

by social and business needs. Early in 2013, we will carry out assessments to define the priority areas of involvement based on the level of influence and ability to make an impact, as well as the relevance to Nestlé's operations.

At Nestlé Waters, the local communities around our plants have always been important partners and our relationship with them is key. Based on previous experience in countries like France and the United States, Nestlé Waters launched a community engagement guidebook in 2012 for our water plants. Pilot projects have since been launched in Algeria, Argentina, Brazil, Egypt and Turkey, with plans for a global rollout in 2013–2014.

Alignment, collaboration and advocacy

To achieve our rural development goals, we need to make sure our trade partners and suppliers work with us to pursue a common agenda. We also need to recruit technical partners and pursue a targeted advocacy strategy to ensure supportive policies are in place in our priority countries.

Responsible sourcing

To ensure that vendors share and work in accordance with our principles for our key commodities, we've created Responsible Sourcing Guidelines (RSGs) for palm oil, soya, paper and board, milk,



Nespresso
Ecolaboration –
coffee and
sustainability
go hand
in hand

A Colombian farmer with freshly picked coffee cherries, meeting Nespresso's AAA Sustainable Quality coffee programme standards.

Through its Ecolaboration programme, launched in 2009, Nespresso is proving that quality and sustainability can go hand in hand.

Ecolaboration aims to improve the quality and security of supply of our coffee beans, manage the environmental and social impacts of our business, and improve the lives of our coffee farmers, their families and communities. During 2012, Nespresso brought all its sustainability efforts together through Ecolaboration and made bold commitments on sustainable sourcing, improved recycling and carbon reduction.

Nespresso is working with local agronomists and other partners

to give farmers the advice and assistance they need to meet our AAA Sustainable Quality coffee programme standards – paying a higher premium to those who do. The brand had installed about 20000 dedicated capsule collection points in 21 markets, reaching its 75% recycling commitment a year early. It's also cutting emissions at the growing stage and point of purchase, introducing more energy-efficient coffee machines for Nespresso connoisseurs.

You can read more about Nespresso Ecolaboration at www.nespresso.com/ecolaboration

coffee, cocoa, sugar, hazelnuts, vanilla, seafood, and in the near future, animal welfare. These seek to ensure that our suppliers' operations are aligned with our business principles and social and environmental commitments. We've made rapid progress on palm oil since our traceability work began in 2010. By the end of 2012, we purchased 80%

certified sustainable palm oil, of which 13% is traceable RSPO certified oil and 67% is GreenPalm certificates. We aim to increase the amount of palm oil we can trace back to plantations that are independently assessed and verified against our Responsible Sourcing Guidelines, exceeding the RSPO commitments.

Responsible sourcing initiatives

In 2010, we made a commitment that no Nestlé products – including critical raw and packaging materials – should be linked to deforestation. We're currently working towards this commitment, through the RSGs for commodities linked to this issue – palm oil, soya, beef and paper – while also taking into account the impacts of dairy, cocoa, coffee and sugar.

The Nestlé Cocoa Plan

The Nestlé Cocoa Plan is working to improve the lives of cocoa farmers and the quality of their crops, through focussing on the three pillars of enabling farmers to run profitable farms, improving social conditions and sourcing sustainable, good quality cocoa. In 2012 we trained over 27000 farmers and distributed 1.1 million plants globally, built or refurbished 12 schools in Côte d'Ivoire, as well as kicking off a partnership with the Fair Labor Association to further assist our work on eliminating child labour.

How responsible sourcing works at Nestlé

Our responsible sourcing activities are organised into three separate programmes:

- Audit programme – tier one suppliers: audited against Nestlé Supplier Code requirements addressing labour standards, covering health and safety, environment and business practices;
- Traceability programme – high-risk categories: traces the origins of all relevant goods not purchased directly from the farmer, including palm oil, soya, paper and sugar;
- Farmer Connect Programme – direct from farmer: covers all direct purchases from farmers.

Challenge: sustainable rural communities. See our commitment on page 47.

The world is facing a fresh water crisis – linked to a growing global population, increasing prosperity and demographic shifts from rural areas to “megacities”, to name a few. Nestlé Chairman Peter Brabeck-Letmathe has stated: “If we go on like this, water will run out long before oil.”

Our approach

The ongoing quality and availability of water is critical to life, the production of food and our operations, so it's essential that we play a full and active part in helping to address the global water crisis. Water is covered by our Business Principles and the Nestlé Policy on Environmental Sustainability. Our W.A.T.E.R. commitments are focused on using less water, improving water efficiency, controlling the quality of discharged water, actively promoting better water practices in Nestlé and our supply chains and raising awareness on water conservation.

We're currently developing additional key performance indicators to help us measure our performance towards

these commitments. They will be published during 2013 and will help us shape Nestlé's water strategy for the next five to ten years.

The Nestlé Environmental Management System defines approaches in which all Nestlé sites and businesses can act to improve their water efficiency and comply with relevant environmental legislation.

Public policy engagement

Our Chairman, Peter Brabeck-Letmathe, regularly contributes to the public debate on water, through speaking engagements and in public fora. He also launched a water blog in August 2012, which we hope will stimulate further discussion on solutions to the water challenge and its relationship to food supply and energy security. Furthermore, Mr Brabeck serves as Chairman of the 2030 Water Resources Group – an innovative and neutral public-private platform for collaboration on water, which engages in fact-based analytical approaches to help countries achieve sustainable and comprehensive water sector transformation.

217

Clean drinking water projects in the South Asia region, helping to improve access and sanitation for more than 100 000 school children

Collective action

Nestlé is a founding member of the UN Global Compact CEO Water Mandate and supports the use of internationally consistent water measurement tools, management processes and practices. We're currently helping to develop a new standard, ISO 14046: Water Footprint – Principles, Requirements and Guidelines, which should be completed by 2014.

As a participant in the Alliance for Water Stewardship, we're helping to establish a voluntary certification programme, which, when completed in two years, will allow water managers and water users to demonstrate compliance with a new International Water Stewardship Standard.

Nestlé has contributed to the Carbon Disclosure Project's Water Disclosure report every year since its launch in 2010. We received the highest score of any food producer in the Dow Jones Sustainability Index water-related risk section this year.

Water use in our operations

Water reduction and efficiency strategies are an essential part of our drive to improve environmental performance. We are also implementing programmes to reduce water withdrawal and discharges, reuse water and invest in water-saving technologies.

In 2012, we withdrew 138 million m³ of water, or 2.9 m³ per tonne of product, a 9% reduction compared to 2011. We've invested in a range of water-saving initiatives throughout 2012, including projects in Mexico, Spain, the United States and Uzbekistan.



Lemuel Lisondra, waste water treatment plant operator, takes samples in the waste water treatment plant at Nestlé's Lipa factory in the Philippines.



**Agrivair:
addressing
water issues at
a local level**

In France, Nestlé Waters is celebrating the 20th anniversary of a successful environmental initiative that protects the natural sources of three of its most popular mineral water brands.

Nestlé helped to launch the “Agrivair” project back in 1992, to preserve the quality of the *Vittel*, *Contrex* and *Hépar* springs in the Vosges water basin. Working diligently and in collaboration with the French National Institute for Agricultural Research and many other specialists – including historians, sociologists, economists, agronomists, animal technicians and hydrogeologists – our

colleagues in France have helped to make Agrivair one of the world’s largest private protected areas.

Across 10000 hectares of protected land, farmers have stopped using all artificial fertilisation and pesticides, abandoned crops that create nitrogen pollution and introduced crop rotation systems to improve soil conditions.

With plans for future action to support biodiversity, including systematic tree planting and the reshaping of a river, Agrivair has provided Nestlé and others with a valuable model for watershed conservation.

Agrivair employee Olivier Petitjean and Nestlé Waters specialist Christophe Boursier taking a water sample near Vittel, France (top). Agrivair employee Olivier Petitjean visiting farmers near Vittel, France, to discuss farming methods that avoid polluting ground water (bottom).



We have run 489 water-saving projects in our factories saving 6.5 million m³.

Water in our supply chain

The biggest water use is not in our production operations but in the agricultural supply chain, so suppliers have a key role to play. We’re working with farmers and other suppliers to prioritise water efficiency through the Sustainable Agriculture Initiative at Nestlé (SAIN) and ran projects focused on water in several countries, including Australia, China, India, Nicaragua, Venezuela and Vietnam, in 2012. We’re identifying which of our supply chain partners operate in water-stressed areas so we can focus our efforts better.

We’ve also incorporated water guidelines into our Responsible Sourcing Guidelines work, notably on sugar, but also on pulp and paper.

Community engagement

We share water supplies with neighbouring communities and rely on them for our raw materials and in our operations. Engaging with them to address water issues also supports our CSV objectives by mutually benefiting Nestlé and the communities in which our farmers, suppliers and consumers live. Since 2007, we’ve worked with the International Federation of Red Cross and Red Crescent Societies and the Red Cross Society of Côte d’Ivoire, to provide water and sanitation facilities and hygiene training in Côte d’Ivoire to 100000 people.

We’ve also launched 217 clean drinking water projects in the South Asia region, helping to improving access and sanitation for more than 100000 school children in village schools across several countries.

Challenge: water stewardship outside our factories. See our commitment on page 48.

Environmental sustainability

Nestlé depends on increasingly constrained natural resources, so we're helping to protect the environment now and for future generations – improving environmental efficiency in our own operations and involving our partners to continuously optimise the environmental performance of our products along the value chain.

Our approach

The Nestlé Policy on Environmental Sustainability covers our whole value chain. For our food and beverage business we've identified four priority areas: water; agricultural raw materials; manufacturing and distribution; and packaging. Every Nestlé factory uses the Nestlé Environmental Management System, which is fully aligned with ISO 14001:2004 – the International Standard specifying requirements for environmental management systems – to improve environmental performance, ensure compliance with all relevant requirements and enable our factories to achieve ISO 14001:2004 certification. By the end of 2012, 418 factories were certified to ISO 14001:2004.



Nestlé UK's FareShare partnership simultaneously addresses food poverty and food waste.

Environmental product life cycle

We work with our stakeholders to use natural resources efficiently, favouring the use of sustainably-managed renewable resources and targeting zero waste. We use the Packaging Impact Quick Evaluation Tool for the eco-design of our packaging and the GEF (Global Environmental Footprint) tool for bottled water, which is ISO 14064-1 and ISO 14040/44 certified. We have conducted Life Cycle Assessments (LCAs) for all our product categories and in 2012 we completed the development and started the roll-out of an Ecodesign tool called EcodEX, which we will use to assess and optimise environmental sustainability holistically across the entire value chain. This will enable sustainability to be integrated at the earliest stage of the product development cycle and enable fact-based decisions.

Raw materials

Nestlé transforms agricultural raw materials into tasty, nutritious and healthy food and beverage products. We're working with farmers and others in our supply chain to grow, harvest and process these raw materials in more environmentally efficient ways, through, for example, our responsible sourcing programmes including Farmer Connect (our programme to purchase direct from farmers) and the Nestlé Supplier Code (the non-negotiable minimum standards on use of natural resources); and also indirectly through activities such as the Sustainable Agriculture Initiative at Nestlé (SAIN). During 2012, we ran SAIN projects in 46 markets, including Brazil and Kenya; and facilitated workshops on related topics for suppliers.

Manufacturing

For many decades we've focused on making our own manufacturing sites more environmentally efficient. Since 2002, we have reduced water

withdrawal by 29% and direct greenhouse gases by 24%, while increasing production volume by 53%.

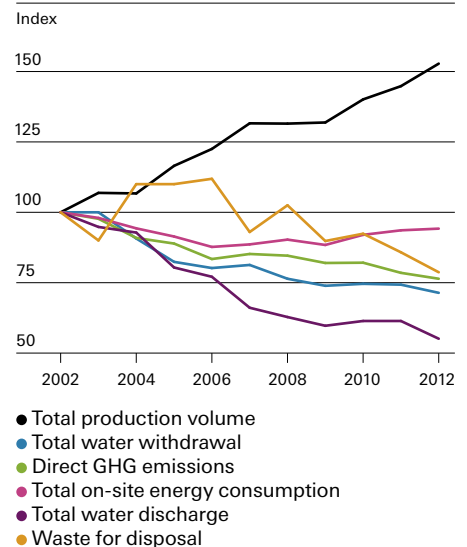
Our on-site energy consumption for 2012 was 90.7 petajoules, equivalent to 1.9 gigajoules per tonne of product – a reduction of 4.7% compared to 2011. We completed 36 projects through our Energy Target Setting Initiative this year (investing a total of CHF 82 million) saving circa 173 000 tonnes CO₂eq.

We're working to continuously improve the performance of the safe natural refrigerants now in use at our installations, and also intensifying our research into safe, environmentally sound refrigeration systems.

Packaging

Packaging is crucial to prevent food waste, guarantee our quality standards and inform consumers. We optimise the weight and volume of our packaging and, wherever commercially feasible, manufacture it using recycled materials. In 2012, our activities helped us

Resource consumption and waste generation versus production volume, 2002–2012





On target for zero waste



Separating waste material for recycling at Nestlé's York factory, on target for zero waste for disposal.

By the end of 2012, 39 Nestlé factories generated zero waste for disposal – following our focus on natural resource efficiency and zero waste.

For example, our Tutbury factory in the UK has achieved zero waste status by introducing effective waste segregation systems and by training

employees and contractors in waste strategy. Achieving zero waste has not only delivered water and energy savings, but also created more space and reduced transport costs.

[You can read more about our zero waste strategy at \[www.nestle.com/csv/2012/zerowaste\]\(http://www.nestle.com/csv/2012/zerowaste\)](http://www.nestle.com/csv/2012/zerowaste)

Climate change



Collecting sustainably sourced woodchip samples for testing as fuel sources in Challerange, France.

By using energy more efficiently and switching to renewable sources, we reduced our direct greenhouse gas (GHG) emissions in 2012 to 3.7 million tonnes of CO₂eq, while our production volume increased by 5.5%. In 2012, we ranked first for performance and disclosure in the

Carbon Disclosure Project Investor Programme and received the highest score of any food producer in the Dow Jones Sustainability Index climate strategy section.

[Read the full story at \[www.nestle.com/csv/2012/climatechange\]\(http://www.nestle.com/csv/2012/climatechange\)](http://www.nestle.com/csv/2012/climatechange)

save 47.1 kilotonnes of packaging material and in 2011 we used 27% of recycled materials in our packaging. For example, *Le Bon Paris* and *Tendre Noix* ham trays now contain 20% recycled materials.

Transport and distribution

Distribution is a vital part of our business, delivering the products in highest quality and on time from the factory to customer. We continue to optimise distribution networks and route planning while exploring opportunities to improve transportation. For example, shifting from road to rail and sea shipping in Europe helped us save around 5300 tonnes of CO₂eq in 2011. We're also reducing energy consumption in warehouses and we are further enhancing our assessment methodology, extending its coverage.

Promoting sustainable consumption

We're improving environmental information about our products and packaging for consumers, while also supporting the development of better communication tools through forums such as the European Food Sustainable Consumption and Production Round Table. We continue to use new communications tools such as the *Nescafé* Life Cycle Assessment (LCA) communication tool.

Biodiversity

Our Responsible Sourcing Guidelines (RSGs) incorporate safeguards on biodiversity, forest conversion and destructive harvesting, water management and other aspects. This and other related topics form part of our forward commitments table at the back of this report; and you can read more online at www.nestle.com/csv.

[Challenge: climate change. See our commitment on page 48.](#)

Compliance and human rights

At Nestlé we target full compliance with the laws and regulations of each country in which we operate, as well as with international standards. Ultimately, compliance is the absolute foundation on which our CSV activities are built on. It is the necessary condition for our engagement with society.

Above all, to create trust, we must adhere to our own commitments. The Nestlé Corporate Business Principles (NCBP), based on recognised international standards, treaties and initiatives including the ten principles of the United Nations Global Compact, underpin all our policies, standards and regulations.

Monitoring compliance

We monitor compliance with some of our NCBPs and our support for international conventions on human rights, not just through our internal auditors but through our CARE audit programme. In 2012, external parties completed independent CARE – Compliance Assessment of Human Resources, Occupational Health &

Safety, Environment and Business Integrity – audits at over 100 sites. 5 cases of critical or major non-compliance were identified and remedial action taken as a consequence.

Responsible advertising and marketing

Nestlé supports responsible advertising and marketing to children as a signatory to the International Food and Beverage Alliance (IFBA) global policy on marketing communication and advertising to children under 12 years of age.

Additionally, Nestlé supports the EU Pledge, a voluntary initiative by leading food and beverage companies to change the way they advertise to children. Results from the 2012 third party monitoring report show a 73% decline in advertising of products that don't meet EU Pledge Companies' criteria in programmes targeted at children. Our overall EU Pledge compliance rate in 2012 was 98.5% for TV and 100% for print and online. Finally, some countries have their own pledges that complement the existing global commitment and also meet the

18 103

Employees completing online human rights training tool in 2012

needs of their markets.

Throughout 2012, we've worked to improve Nestlé retailers' and distributors' compliance with our Nestlé policy based on the World Health Organization Code of Marketing of Breast Milk Substitutes, putting compliance clauses in our contracts and providing both advice on distribution and training. We've reinforced guidelines governing the way our products are displayed in pharmacies and welcomed external auditors into our operations at our global headquarters in Vevey and in high-risk countries, such as Ukraine, Argentina, Morocco and Laos. As a result of our management systems for WHO Code Compliance, refined over many years, we are the only manufacturer of infant formula included in the FTSE4Good Socially Responsible Investment index.

Product safety and quality

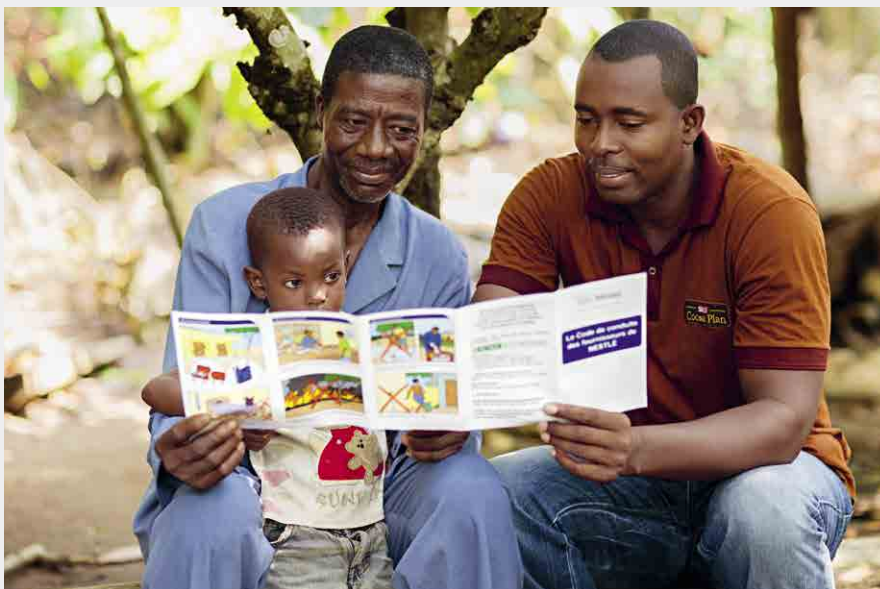
Our Nestlé Quality Management System (NQMS) ensures we keep our commitments on quality and food safety. Our global compliance rate with the NQMS was 93% in 2012. We're working to voluntarily lower the levels of compounds of potential concern in raw materials and products. We're also running "good practice" initiatives with farmers and suppliers across Europe.

Anti-corruption

During the year, no public allegations of corruption were made against Nestlé or our employees. We have engaged in extensive training efforts, and Nestlé employees can raise concerns about corruption and other ethical issues through our Integrity Reporting system.



Training retailers in WHO Code compliance in the Philippines.



Working in partnership to tackle child labour

Nestlé agronomist Frédéric Oura discusses a pictorial version of Nestlé's Supplier Code with an Ivorian cocoa farmer.

In 2011, Nestlé became the first food company to partner with the Fair Labor Association (FLA), a non-profit, multi-stakeholder association. We have asked FLA to help us assess the risk and incidence of child labour in our supply chains – initially focusing on hazelnut production in Turkey. This year we started implementing an Action Plan based on their recommendations. This will lead to the sourcing of 100% of Turkish hazelnuts from transparent supply chains by 2014. During 2012, the FLA conducted an

independent assessment of our cocoa supply in Côte d'Ivoire, where we source most of our cocoa. We are now working to develop sustainable, multi-stakeholder solutions that ensure we meet our new Nestlé Commitment on Child Labour in Agricultural Supply Chains without jeopardising our farmers' livelihoods in the long-term.

[You can read more about our work with the Fair Labor Association at \[www.nestle.com/csv/2012/fla\]\(http://www.nestle.com/csv/2012/fla\)](http://www.nestle.com/csv/2012/fla)

Nestlé and human rights

The NCBP incorporates the ten UN Global Compact Principles and we recognise our "Corporate Responsibility to Respect Human Rights", outlined in the UN Framework and Guiding Principles on business and human rights. We're committed to the Universal Bill of Rights and the Core Conventions of the International Labour Organization (ILO).

We integrate human rights into all aspects of our business using an extensive monitoring system and report transparently on this issue. During 2012, we've demonstrated our determination

to lead by example, introducing our Nestlé Commitment on Child Labour in Agricultural Supply Chains and developed our Rural Development Framework, which focuses on social and human rights.

Engaging stakeholders on human rights

We've participated in the broader conversation around human rights as a LEAD member of the UN Global Compact, through its Human Rights Working Group and Supply Chain Advisory Group, and during broader

discussions on business and human rights. During 2012, approximately 18 103 employees completed our online human rights training tool, bringing the total number of participants in human rights training to approximately 27 922 employees across 55 countries.

Risk and impact assessments

We carried out Human Rights Impact Assessments with the Danish Institute for Human Rights this year in Russia, Uzbekistan and Kazakhstan, which have enriched our understanding at a national level. An impact assessment completed with the Fair Labor Association, of which we are an official affiliate, in Côte d'Ivoire also helped us understand potential human rights issues in our cocoa supply chain.

Safety and health

Safety and Health is of the highest priority to Nestlé. During 2011 and 2012, we enhanced our health and safety strategy by developing a new "Roadmap Towards Excellence". We will continue to roll-out the strategy in 2013.

We achieved a 5% improvement in Total Recordable Injury and Illness Frequency rate (TRIFr) during 2012. However, our Lost Time Injury & Illness Frequency rate (LTIFr) deteriorated and was 6% higher than in 2011. Five individuals lost their lives while working at Nestlé in 2012 (this compares with 18 in 2011). We deeply regret these fatalities and are committed to doing everything we can to prevent similar incidents in the future, in particular through improvements to our Safe Driving programme and to our Capital Project Management process. Other programmes address other aspects of our working conditions.

[Challenge: child labour in our supply chain. See our commitment on page 48.](#)

Engaging with stakeholders

Nestlé's network of stakeholders – including those who we talk to on a regular basis as part of our day-to-day operations, and indeed those who are touched by our activities – is vast. Stakeholders – ranging from consumers, customers and suppliers, to the investor community, employees, governments and multi-lateral agencies, non-governmental organisations (NGOs), civil society, as well as academia – are all important to our continuing business success and to our ability to Create Shared Value. Without productive, open and collaborative relationships with them, we would neither survive nor thrive.

Aside from day-to-day engagement across our markets, we hold a number of formal stakeholder events and consultations. These form an important part of our engagement activities and include our annual Creating Shared Value Forum, two stakeholder convenings and an anonymous online stakeholder community survey.

The 2012 CSV Forum, co-hosted in New Delhi, India, with the Federation of Indian Chambers of Commerce and Industry (FICCI), included more than 400 representatives in the audience and thousands on line from all stakeholder groups. The Forum brought together opinion leaders to discuss fundamental issues such as the role of business in society, nutrition, water and rural development particularly in South Asia. Opinion leaders from South Asia and beyond discussed how governments worldwide can work with civil society and business to boost long-term sustainable economic development. All the sessions were webcast and are available to watch on demand on our CSV forum web page www.nestle.com/csvforum2012.

In addition, more focused stakeholder convenings were held in London and Nairobi. Independently facilitated by SustainAbility, over 60 external stakeholders from multi-lateral agencies, NGOs, national governments, farmer associations and academia attended. The process is always insightful and the past year's

convenings were no exception. In particular, we learned that Nestlé's stakeholders want us to:

- use our knowledge, scale and marketing power to make a positive impact on our consumers and to scale up solutions;
- examine where we should compete to drive innovation and change, and where we should collaborate to drive scale;
- set more ambitious goals for other CSV focus areas;
- be more open about the problems we are facing with increased transparency about the journey we are taking; and
- work and align more closely with governments, particularly on nutrition issues.

The outputs of the convenings are fed back to senior management and will be taken into account in our strategies and actions for 2013. They have already been incorporated into the new Rural Development Commitment (part of the Rural Development Framework, see page 34). Feedback from the convenings has also led to our partnership with the Fair Labor Association.



The 2012 Nestlé Creating Shared Value Forum in New Delhi.

Material issues

In simple terms, materiality is about identifying the issues which pose risks or present opportunities to Nestlé, balanced against the issues which our external stakeholders are most concerned by.

For several years, Nestlé has worked with SustainAbility, to prioritise the issues that are most important to the

Company and its stakeholders. The rigorous approach adopted by this year's materiality analysis included opinion leader reputation research, syndicated sustainability expert and consumer surveys, feedback from stakeholder convenings, an extensive media scan, an internal business impact survey, and Nestlé's corporate risk map.

The materiality matrix below shows

issues that are most material to Nestlé in its Nestlé in society: Creating Shared Value reporting.

Several new issues have been added to the materiality analysis, based on feedback from key stakeholders, including: biotechnology, nanotechnology, land rights and acquisition, executive compensation, fair taxes and security.

2012 materiality analysis



- Compliance
 - Environmental sustainability
 - Nutrition
 - Water
 - Rural development
 - Responsible sourcing
 - Our people
- * Indicates new issue for 2012



Healthy eating for two:
twins Keyla and Kysha Zaleth
Congo Delgado at the Escuela
Ana Luisa Leoro school
in Ibarra, Ecuador taking part
in Nestlé's "Nutrir" Healthy
Kids Programme.

Meeting our commitments

The previous two sections have shown how Nestlé aims to be world's leading Nutrition, Health and Wellness Company and create shared value in nutrition, water and rural development while protecting the environment in which it operates. To support our aims we are making selected forward-looking commitments in this final section of our report. We believe sharing our commitments is important for several reasons.

Communicating our policies and commitments year-on-year, or over the medium to longer term, can help us progress systematically, by providing a focus for all involved. Commitments also help us to assess our progress; and most importantly, to share our progress with stakeholders.

Our commitments also demonstrate our intent to stakeholders and provide them with a means to hold us accountable for both our achievements and shortcomings. We welcome this level of transparency, which actually incentivises us to work even harder to achieve continuous improvement in our CSV, environmental sustainability and compliance performance. But we do not ever wish to use commitments as a replacement for actual performance for it is the continuous improvement in our performance that matters most to us.

At present we have a number of specific short-term and longer-term commitments in place at group level, many in the form of corporate policies, and we have developed key performance indicators for many of them. These are listed in the table on the inside front cover.

All of our commitments are built around the Nestlé Corporate Business Principles. Those related to CSV are continuously refined through engagement with our stakeholders and our CSV Advisory Board.

Specifically in nutrition, we take our commitment to enhance the quality of consumers' lives very seriously. We are proud of what we've achieved so far but have even bigger ambitions for the future, with work underway on many fronts designed to accelerate our contribution to quality of life enhancement. Watch this space as we'll share more details over the next 18 months. Here, as in all our Nestlé in society dimensions, we are committed to continuous improvement, and will report on our performance every year. We provide updates about our CSV, environmental sustainability and compliance performance, and publish relevant case studies throughout the year at www.nestle.com/csv.

Topic	How	Progress	Future
Nutrition			
Improving the nutrition profile of our products			
Provide nutritionally sound products designed for children	Nestlé Nutritional Profiling System/ Nestlé Nutritional Foundation criteria, and Nestlé Children's Healthy Growth Strategy (see page 14)	2012 89% children's products (sales value) meeting all Nestlé Nutritional Foundation criteria for children	2014 100% children's products (sales value) meeting all Nestlé Nutritional Foundation criteria for children
Help reduce risk of under-nutrition through micronutrient fortification	Nestlé Micronutrient Fortification Policy (2000, updated 2011)	2012 Over 150 billion micronutrient- fortified servings worldwide per annum	2016 200 billion servings worldwide, with a special focus on children and women of child-bearing age
	Nestlé Biofortification Programme: sourcing conventionally-bred staple food crops which are biofortified with essential vitamins and minerals in order to promote their planting and consumption by rural populations in developing countries	2012 8 conventionally-bred staple crops biofortified with zinc/iron/pro-vitA in development by R&D Abidjan and Singapore	2015 Launch biofortified products in key markets as a complement to direct fortification
Reduce salt in our products	Nestlé Policy on Salt (2005, updated 2012)	2012 90% of children's products (sales value) meeting the Nestlé Nutritional Foundation sodium criterion	2014 100% of children's products (sales value) meeting the Nestlé Nutritional Foundation sodium criterion
		2011 Our culinary and breakfast cereal recipes contained 12500 tonnes less salt than in 2005	2015 further 10% reduction in other relevant products
Reduce sugars in our products	Nestlé Policy on Sugars (2007)	2012 90% of children's products (sales value) meeting the Nestlé Nutritional Foundation sugars criterion	2014 100% of children's products (sales value) meeting the Nestlé Nutritional Foundation sugars criterion
		2011 9000 tonnes less sugars in breakfast cereals overall vs. 2003	2015 Less than 9g of total sugars in any serving of children's or teen's breakfast cereals
Reduce saturated fats in our products	Nestlé Policy on Saturated Fats (2009)	2012 90% of children's products (sales value) meeting the Nestlé Nutritional Foundation saturated fats criterion	2014 100% of children's products (sales value) meeting the Nestlé Nutritional Foundation saturated fats criterion
Reduce trans fats in our products	Nestlé Policy on TFAs (2003)	2012 99% of all existing products comply with Nestlé Policy on TFAs	2013+ Apply Nestlé Policy on TFAs to all products, including newly acquired businesses
Help increase consumption of whole grains and vegetables, including via healthier home cooking	Nestlé adding whole grains to breakfast cereals	2012 Breakfast cereals with Green Banner on pack contain at least 8 g whole grains per serving	2015 More whole grain than any other ingredient in any serving of children's or teen's breakfast cereals
	Nestlé promoting vegetable consumption via teaching home cooking and healthy meal structure	2012 <i>Maggi</i> Cooking Lesson Programme on-going in 8 countries	2015 <i>Maggi</i> Cooking Lesson Programme on-going in 30 countries
		2012 65% of <i>Maggi</i> product portfolio worldwide promoting home cooking and meals with vegetables	2015 90% of <i>Maggi</i> product portfolio worldwide promoting home cooking and meals with vegetables

<i>Topic</i>	<i>How</i>	<i>Progress</i>	<i>Future</i>
Information			
Deliver nutrition information and advice on all our labels	Nestlé Standard on <i>Nutritional Compass</i> Labeling (2005, updated 2011)	2012 96.8% (sales value) of all relevant products worldwide featuring the <i>Nutritional Compass</i>	2016 Provide further product information and nutrition advice, via QR codes on-pack
	Nestlé Standard on Nutrition/GDA Labeling (2006, update 2013)	2012 46.3% (sales value) of all relevant products worldwide with GDA labeling on front of pack	2016 100% (sales value) of all relevant products worldwide with GDA labeling on front of pack 2016 Introduce GDAs based on children's reference values on all products designed for children where regulations allow
Services			
Provide portion guidance	Nestlé Portion Guidance initiative: making the right size and frequency of consumption as intuitive as possible (launched 2011)	2012 CHF 26.2 billion sales of products with specific guidance	2015 Portion Guidance on 100% of children and family products, i.e. more than double sales coverage
Promote healthy diets and lifestyles/physical activity	Nestlé Healthy Kids Programme: teaching schoolchildren about healthy diets and active lifestyles, in partnership with appropriate stakeholders (launched 2009)	2012 Programme on-going in 64 countries, with 5.4 million children reached	2015 Programme on-going in 80 countries, with activation of IAAF Kids' Athletics
Promote healthy hydration	Nestlé Healthy Hydration Programme: promoting adequate water consumption as part of a healthy balanced diet, with a special focus on children (launched 2010)	2012 Research on children's hydration status in five countries with different drinking habits/climates and scientific publications in preparation	2014 Fact-based healthy hydration awareness programme targeted at healthcare professionals, caregivers and parents worldwide
Rural development and responsible sourcing			
Roll-out Rural Development Framework	Development of framework covering farmers, farm workers and communities	Framework in place and Commitment document published (December 2012)	By 2015 baseline assessments in place in 21 emerging economies of key importance to our business that show pronounced social need
Roll-out <i>Nestlé Cocoa Plan</i>	By enabling farmers to run profitable farms, eliminating child labour while developing a sustainable supply chain for Nestlé cocoa	2012 27 000 farmers trained; 1.1 million plants propagated; Fair Labor Association Report; 13 schools built or refurbished; More than 46 000 tonnes of Cocoa Plan cocoa	2013 60 000 tonnes cocoa; 8 coops certified; Roll-out of child labour monitoring and remediation to a further 6 coops; 10 schools built or refurbished; At least 20 000 farmers trained 2015 100 000 tonnes cocoa; Completion of WCF programme "40 schools in 4 years"
Roll-out <i>Nescafé</i> Plan	Focus on sustainable consumption, production and manufacturing Membership of Common Code for Coffee Community (4C) Partnership with Rainforest Alliance	2012 More than 133 000 tonnes sourced from Farmer Connect More than 48 000 farmers trained 22.5 million coffee plantlets distributed	2015 Source 180 000 tonnes from Farmer Connect, 100% in line with 4C baseline sustainability standard 2020 Source 90 000 tonnes SAN compliant coffee and distribute 220 million coffee plantlets
Implement responsible sourcing and traceability	Nestlé Supplier Code Nestlé Responsible Sourcing and Traceability Programme Partnerships with third parties	2261 audits of First Tier suppliers Responsible Sourcing Guidelines for palm oil, paper, sugar, soya, vanilla, seafood Partnerships with TFT, Conservation International, Proforest	2015 Complete 10 000 responsible sourcing audits 2013 Achieve 100% RSPO certified sustainable palm oil, two years ahead of our public commitment

<i>Topic</i>	<i>How</i>	<i>Progress</i>	<i>Future</i>
Water			
Improve water efficiency	The Nestlé Policy on Environmental Sustainability	Water withdrawals down 29%, 2002 to 2012	By 2015, reduce direct water withdrawal per tonne of product by 40% vs. 2005
Improve water stewardship outside factories	Nestlé Commitments on Water (2006) Nestlé Environmental Management System	Water discharges down 45%, 2002 to 2012	Revised Commitment document to be published 2013
Environmental sustainability			
Improve resource efficiency	The Nestlé Policy on Environmental Sustainability Nestlé Environmental Management System Life Cycle Assessment (LCA)	2012 39 factories generating zero waste for disposal Ecodesign tool roll-out initiated	By 2015, 10% of Nestlé factories with zero waste By 2015, reduce energy consumption per tonne of product by 25% vs. 2005
Improve environmental impact of our packaging	The Nestlé Policy on Environmental Sustainability Packaging Impact Evaluation Tool (PIQET)	47.1 kilotonnes of packaging material saved by weight 2012 4000 projects and more than 13000 scenarios evaluated	Transition to a broader holistic Value Chain approach using EcodEX
Assess and optimise the environmental impact of products	The Nestlé Policy on Environmental Sustainability New Ecodesign tool EcodEX covering the entire value chain	LCA completed in all main product categories Systematic sustainability assessment in new product development Initial Nestlé Sustainability Category Profiles (SCP) established and communicated Initial roll-out of EcodEX Food database under development	By 2013, roll-out of EcodEX to all Product Technology Centres
Provide climate change leadership	The Nestlé Policy on Environmental Sustainability Commitment on Climate Change Commitment on Deforestation and Forest Stewardship (2011)	Direct GHG emissions declined 24% between 2002 and 2012 while production increased 53% At end of 2012 9.3% of direct energy from renewable sources Better dairy farm practices Top company – all sectors combined – in Carbon Disclosure Project 2012	By 2015, reduce direct GHG emissions per tonne of product by 35% vs. 2005 resulting in an absolute reduction of GHG emissions
Preserve natural capital	Responsible Sourcing Guidelines palm oil (2010) Assessment of factory locations and biodiversity (2011)	Commitment on Natural Capital (2012) Assessment of biodiversity key issue areas and Nestlé responses (2012) Responsible Sourcing Guidelines on sugar, soya, paper, vanilla and seafood (2012) Dairy business RISE tool roll-out	RSGs for milk, coffee and cocoa Annual reporting on progress
No deforestation	Commitment on Deforestation and Forest Stewardship (2011)	Responsible Sourcing Guidelines for Forest Based Materials (2012) Top food company in Forest Footprint Disclosure Project 2012	Roll-out of further RSGs (milk, coffee, cocoa) Annual reporting on progress
Human rights and compliance			
Assess and address human rights impacts	Nestlé Corporate Business Principles UN Global Compact Principles Partnership with the Danish Institute of Human Rights	2010–2012 7 Human Rights Impact Assessments completed 2011–2012 27922 employees trained on human rights	2015 All significant FTSE4Good countries of concern covered and employees trained
Eliminate child labour	Membership of Fair Labor Association	Action plans developed and being implemented in cocoa, hazelnuts and vanilla	Roll-out to further commodities and countries

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