



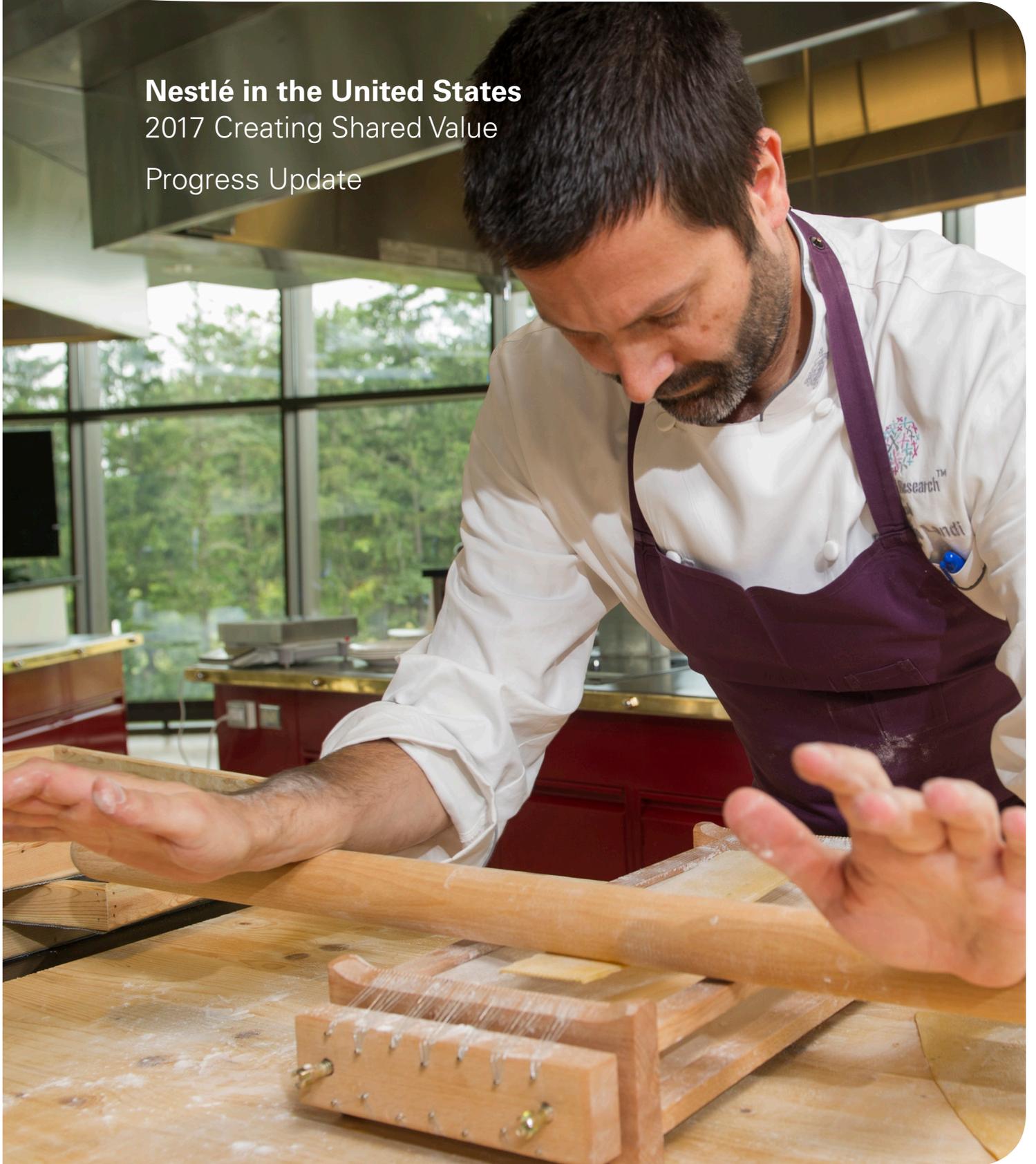
**Nestlé**

Good Food, Good Life

## **Nestlé in the United States**

2017 Creating Shared Value

Progress Update



# A Message from the Chairman and CEO of Nestlé USA

At Nestlé, Creating Shared Value (CSV) remains the cornerstone for how we do business. CSV is a business strategy that we use to ensure we create long-term positive impact for shareholders and society through everything we do. We believe “big” can be a force for good. And as part of the largest food and beverage company in the world, the changes we make in how we produce food, run our factories, and manage our supply chain make a real difference.

Contributing to a healthier future means holding ourselves to uncompromising and high standards, whether it's the quality of our food, the way we engage in our communities, or our continued commitment to sustainability. Our U.S.-based businesses continue to contribute to the three overarching ambitions our global parent company, Nestlé S.A., set out to achieve by 2030:

- Enable healthier and happier lives: this will include helping **50 million children** lead healthier lives;
- Help develop thriving, resilient communities: this will include helping to improve **30 million livelihoods** in communities directly connected to our business activities; and
- Steward resources for future generations: this will include striving for **zero environmental impact** in our operations.

We are excited to share the following update on our progress in the U.S. as we strive to meet these large-scale ambitions. We are proud to report the completion of 16 of our remaining 28 U.S. objectives that ladder up to our commitments. Highlights include:

- Applying and explaining nutrition information on packs, at point of sale and online, through the use of programs such as Facts Up Front and Clear on Calories labeling, in addition to streamlining how we communicate “best by” dates on-pack.
- Working to achieve water efficiency and sustainability across our operations through the implementation of the Alliance for Water Stewardship standard in our water bottling and food manufacturing factories in California.
- Continuing the rollout of Project Opportunity across all operations by hiring 1,000 paid interns and trainees in manufacturing, supply chain, sales, finance, marketing, audit, IT and human resources.

Our work in this space is never complete, and we must always look for ways to continue to improve. While we strive to achieve our objectives on time, unforeseen challenges, changing business priorities and the ever-changing environment means we may not get it right 100 percent of the time. Where we haven't yet met our goals, we've outlined why, as well as what we're doing to improve our performance or adjust to change.

We remain steadfast in our commitment to CSV, and hope our ambition continues to reflect our values as a company and member of the global community. We look forward to and welcome your feedback.

Sincerely,



Steve Presley  
Chairman and CEO Nestlé USA



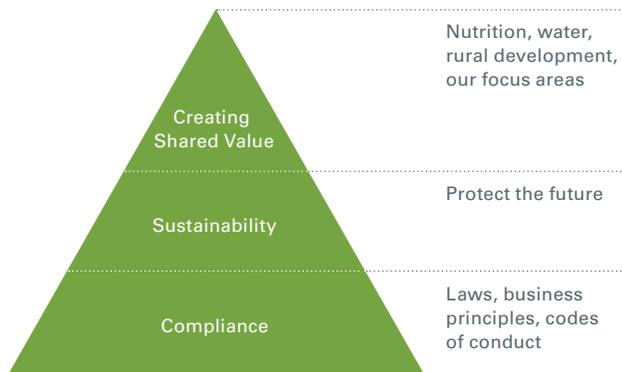
# What is Creating Shared Value?

We believe that our company will be successful in the long term by creating value for both our shareholders and for society as a whole. This approach, called Creating Shared Value (CSV), is the principle for how we do business. It enables us to bring our purpose to life: enhancing quality of life and contributing to a healthier future.

## Maximizing value creation

Through our CSV approach we aim to create value not only for shareholders but also for society. Our CSV priorities are those areas of greatest intersection between Nestlé's business and society. These include: nutrition, rural development and water. Our aim is to have a positive impact on society while we grow our business. We enable healthier and happier lives for individuals and families, we help develop thriving and resilient communities, and finally, we steward the planet's natural resources for future generations. To guide us, we have developed long-term ambitions and specific commitments, against which we report our progress transparently each year. Essential to achieving our goals is a robust approach to sustainability, human rights and compliance.

## Our values



Underpinning all our efforts are our values, which are rooted in respect: respect for ourselves, respect for others, respect for diversity and respect for the future. Guided by these values, we work alongside our partners and stakeholders to ensure that our approach to CSV continues to inform all our behaviors, policies and actions.

For more information, please visit our global CSV page at [www.nestle.com/csv](http://www.nestle.com/csv).

## The business case for CSV

A long-term approach to business has always been part of Nestlé's DNA. Through CSV, we integrate sustainable development into business activities. This is increasingly important to long-term investors. CSV brings business and society together by generating economic value in a way that also produces value for society. Foods and beverages with a nutrition, health and wellness dimension perform better. Rural development programs for farmers offer commercial differentiation to consumers, while responsible stewardship of water reduces costs and secures supplies for our businesses.



# Our Global and Local Ambitions

Driven by our company purpose — enhancing quality of life and contributing to a healthier future — our 2030 ambitions align with those of the United Nations 2030 Agenda for Sustainable Development. We have defined three main impact areas, which guide us towards achieving our 2020 commitments and that support the achievement of the Sustainable Development Goals (SDGs). These recognize that we live in an interconnected world in which our futures are inextricably linked. These impact areas divide our work within CSV into progress for individuals and families, for our communities, and for the planet.



## For individuals and families

### Enabling healthier, happier lives

Food is not just a source of nutrition, it also brings us together as families and friends. It is part of every culture. But food also presents one of the largest public health challenges: obesity has doubled since 1980, while hunger and malnutrition affect millions. We support individuals and their families with tastier and healthier choices, with information programs that inspire people to live healthier lives, and through helping millions of children develop good eating habits and to enjoy exercise.

**Our 2030 ambition is to help 50 million children lead healthier lives**



## For our communities

### Helping develop thriving, resilient communities

1.2 billion people live in extreme poverty, many of them in rural areas and dependant on agriculture. Our ambition is to help improve livelihoods and develop thriving communities. Our global reach allows us to improve rural development through better incomes, fostering education, respecting human rights, and supporting women and young people.

**Our 2030 ambition is to improve 30 million livelihoods in communities directly connected to our business activities**



## For the planet

### Stewarding resources for future generations

Natural resources are becoming more constrained. Biodiversity is rapidly declining and forests are still disappearing. Water is increasingly scarce. Moreover, climate change will exacerbate all the challenges that we are currently facing. In addition, one third of the food produced is either lost or wasted every year. To grow sustainably, we must use the planet's resources wisely and draw on our global influence to effect positive change.

**Our 2030 ambition is to strive for zero environmental impact in our operations**

Above and beyond supporting our global Nestlé ambitions and the SDGs, here in the U.S. we have set additional commitments based on stakeholder feedback and U.S.-based priorities. We have made progress in the following areas:

- **Providing clear and consistent communications on-pack:** We are implementing product date labeling standards across our products, including “Best if used by,” to describe product quality, and “Use by,” for highly perishable foods that may present food safety concerns over time. Widespread adoption is targeted for 2018.
- **Going Cage-Free:** Animal welfare is a U.S. top priority, and we have a target of sourcing 100% cage-free eggs for all U.S. food products by 2020. Additionally, by 2024, we will strive to source all broiler chickens used for our U.S. food products from sources meeting a higher standard of animal welfare, building on our global Commitment on Farm Animal Welfare.
- **#WeAreStillIn climate pledge:** We remain committed to supporting climate action to meet the commitments set forth by the Paris Accord. Our work within the renewable space and lowering emissions continues to be a priority for reducing our environmental impact.
- **Pressing for equality for all as a signatory of the White House Equal Pay Pledge:** Each Nestlé business in the U.S. will review its hiring practices, assessments, and promotion decisions at the business level on an annual basis and work towards improving our ability to achieve gender balance and foster an equitable and inclusive environment for all of our employees.

# Our Commitments Update

We made strong progress against our commitments in each of our key focus areas, achieving 16 of our key objectives thus far. For example, we expanded the Facts Up Front and Clear on Calories labeling to include all relevant products. We also implemented the Alliance for Water Stewardship International standard in our water bottling and food manufacturing factories in California, and exponentially increased apprenticeships to 136 across 31 factories around the country.

In other areas, we came close to achieving our commitments, but are still working towards them or have modified them to reflect the changing environment. For example, we missed our initial deadline to develop a plan and methodology by 2016 to contribute to our global resolution to halve food waste by 2025, but we continue to make progress on achieving our long-term goal of ensuring 100% of our manufacturing facilities achieve zero waste to landfill status by 2020. Today, more than 60% of our U.S. plants have achieved this status.

In addition, Nestlé has worked for more than a decade to improve the nutritional value of our products. In 2017, for example, we changed the recipes of more than 8,800 products globally to make them more nutritious. These efforts continue in earnest, but new tracking methodology implemented this year that gives us more accurate data means the baseline figures we set in 2013 for sodium and sugar are no longer applicable to our commitments. Further, changes in dietary guidance that focus more on healthy eating patterns than strictly individual nutrients

mean we can do even more to increase the healthfulness of our products. That is why we are refining our U.S. commitments in Nutrition, Health and Wellness to align with the pledges we recently announced with the launch of “Nestlé for Healthier Kids.” Globally, the immediate goals by 2020 are to:

- Add at least 750 million portions (80g) of vegetables to our products;
- Add at least 300 million portions (16g) of fiber-rich grains, pulses, nuts & seeds to our products;
- Further reduce sugars by 5%. Since 2000, the company has reduced sugars by over 34%;
- Further reduce salt by 10%. Since 2005, the company has reduced salt by over 20%;
- Complete the commitment taken in 2014 to reduce saturated fats by 10% in all relevant products that do not meet WHO recommendations.

 For global updates, including new commitments, please visit [www.nestle.com/csv](http://www.nestle.com/csv).



## For individuals and families

US Commitment and Objectives	US Status
<b>Market to children only choices that help them achieve a nutritious diet</b>	
By 2017 – In support of the implementation of the Nestlé Marketing Communication to Children Policy, roll out targeted training for our marketing teams in the U.S.	✓
<b>Advocate for water as a top choice for healthy hydration</b>	
By 2017 – Continue to share research on the projected health benefits of thoughtful beverage choices and advocate for water consumption as an important part of a balanced diet.	✓
<b>Leverage our marketing efforts to promote healthy cooking, eating and lifestyles</b>	
By 2017 – Engage in Boys & Girls Clubs of America programs to promote healthy diets and physical activity, reaching 50,000 kids in hundreds of clubs.	✓
<b>Apply and explain nutrition information on packs, at point of sale and online</b>	
By 2017 – Expand Facts Up Front or Clear on Calories labeling to include all relevant products.	✓
By 2017 – Enable consumers to make informed choices by implementing a digital disclosure platform in our food and beverage portfolio.	✓

**Key**

- ✓ Completed in 2017 or ahead of schedule
- 📅 Objective deadline is in the future
- 🕒 Behind deadline, but still tracking toward completion



## For individuals and families continued

US Commitment and Objectives	US Status
<b>Build and share nutrition knowledge from the first 1,000 days through healthy aging</b>	
By 2017 – Submit 10 manuscripts for peer-reviewed publications from the FITS and KNHS studies.	✓
<b>Lead the industry in nutrition and health research through collaboration</b>	
By 2016 – Expand the Start Healthy Stay Healthy Early Childhood Nutrition program to other communities across the country. <sup>1</sup>	✓
<b>Further decrease sugars, sodium and saturated fat</b>	
By 2016 – Reduce sugar content by an average of 10% from 2013 levels in all relevant products that do not meet the NF criteria for sugar.	●
By 2016 – Reduce salt content by an average of 10% from 2012 levels in all relevant products that do not meet NF criteria for salt.	●
By 2018 – Reduce saturated fat by an average of 10% from 2013 levels in all relevant products that do not meet NF criteria for saturated fat.	□
<b>Empower parents, caregivers and teachers to foster healthy behaviors in children</b>	
By 2017 – Institute a structured internship program to provide mentorship to nutrition and dietetics students.	●
<b>Offer guidance on portions for our products</b>	
By 2017 – Provide portion guidance on 100% of relevant food and beverage products.	✓



## For our communities

US Commitment and Objectives	US Status
<b>Roll out Project Opportunity across all operations</b>	
By 2017 – Establish Nestlé as an employer of choice for veterans.	✓
By 2017 – Increase the number of existing apprenticeships to 136 across 31 factories.	✓
By 2017 – Hire 1,000 paid interns and trainees in manufacturing, supply chain, sales, finance, marketing, audit, IT and human resources.	✓
<b>Roll out of Rural Development baseline to understand the needs of farmers</b>	
By 2020 – Continue to support Nestlé S.A.'s efforts to roll out the Rural Development Framework through our purchasing for the Nestlé Cocoa Plan, the Nescafé Plan and AAA Sustainable Quality Program.	□
<b>Continuously improve our green coffee supply chain</b>	
By 2020 – Nescafé will improve the quality, quantity and sustainability of its coffee supply chain by distributing 220 million coffee plantlets.	□
By 2020 – Source 100% of the coffee for Nespresso's permanent range through its AAA Sustainable Quality Program on coffee sourcing, and improve farmer social welfare.	□
<b>Ensure all Nestlé employees are covered by a certified Safety and Health Management System</b>	
By 2016 – Ensure that robust safety and health management systems are in place and certified to OHSAS 18001, covering all Nestlé employee populations so that there is a uniform level of safety and health protection across all businesses.	✓
<b>Provide training on Corporate Business Principles, Nutrition, and Environmental Sustainability</b>	
By 2017 – Nestlé Corporate Business Principles are fully embedded in e-learning courses made available to all employees.	✓

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<sup>1</sup> Start Healthy Stay Healthy objective was completed, and due to the success of the program, has now been expanded



## For the planet

US Commitment and Objectives	US Status
<b>Work to achieve water efficiency and sustainability across our operations</b>	
By 2017 – Implement the Alliance for Water Stewardship International standard in our water bottling and food manufacturing factories in California.	✓
By 2018 – Commit to conducting a water resources review at six of our priority sites across the United States.	✓
<b>Raise awareness on water conservation and improve access to water and sanitation across our value chain</b>	
By 2017 – Continue to support two watershed improvement projects per year through 2017.	✓
By 2018 – Implement collective action to improve watersheds and mitigate water risks at our bottled water facilities.	📅
<b>Improve the environmental performance of our packaging</b>	
By 2020 – Develop the next generation of our recyclable water bottles, with a lighter environmental footprint, made from post-consumer recycled or renewable materials.	📅
<b>Reduce food loss and waste</b>	
By 2016 – Develop a plan and methodology to contribute to our global resolution to halve food waste by 2025 compared to a 2016 baseline.	🕒
By 2020 – Achieve zero waste to landfill status in 100% of our factories.	📅

- Key
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