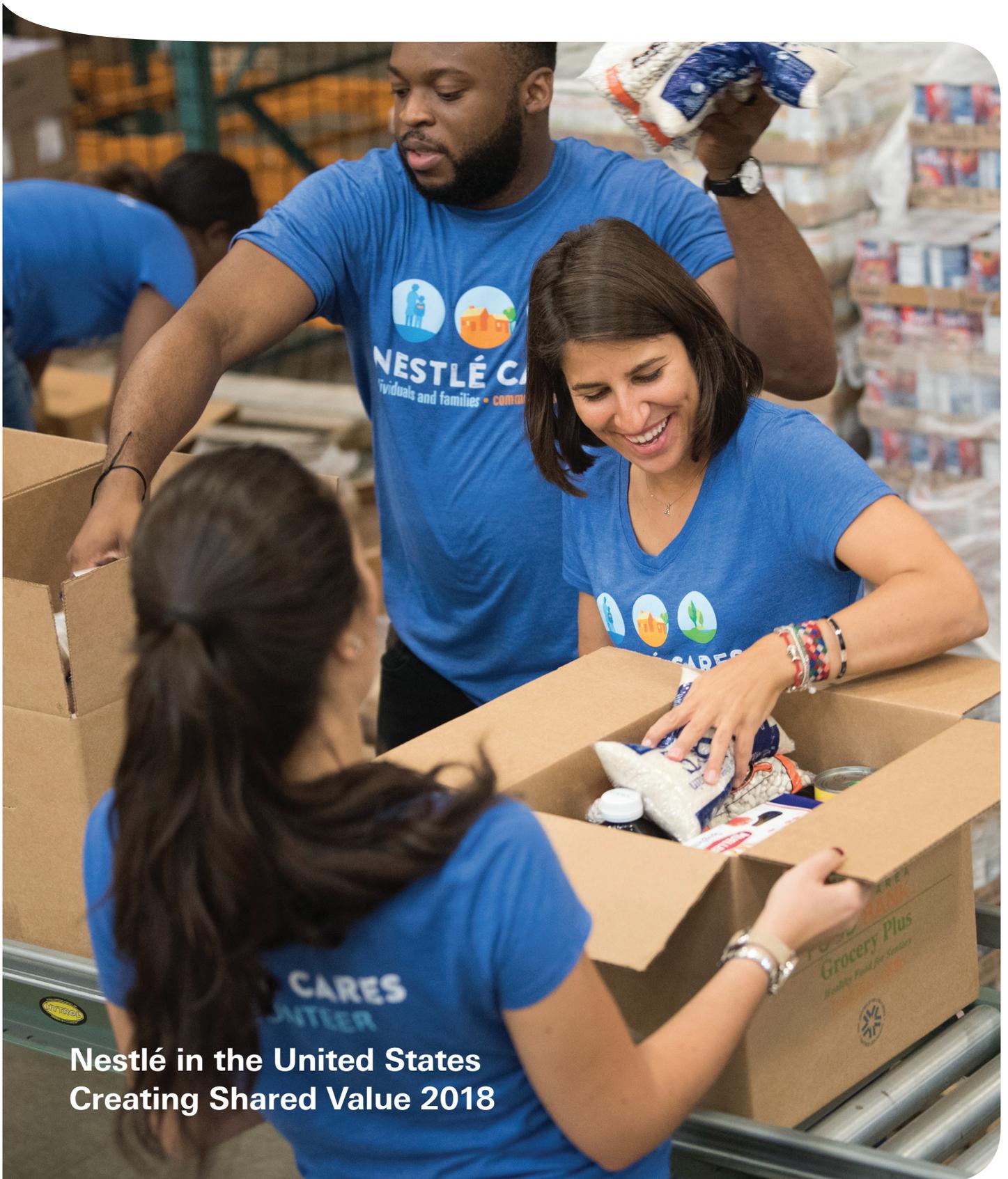




Nestlé

Good Food, Good Life



**Nestlé in the United States
Creating Shared Value 2018**

A Message from the Chairman and CEO of Nestlé USA

As CEO of Nestlé USA, I often talk about building a company that wins in the marketplace and with consumers. We remain intensely focused on our consumers by delivering the foods and beverages they love and innovating new products they didn't even know they needed. At Nestlé, we firmly believe that to create value for the business and our shareholders, we must create value for society. This notion of creating shared value is at the heart of our strategy to win.

Now more than ever, we know consumers care about the practices of the company behind the brands. It seems every month I see a new data point about how more consumers are making purchase decisions based on a brand's reputation. To win with today's consumers we must demonstrate how we are living our purpose: enhancing quality of life and contributing to a healthier future for people and their pets, our communities and the planet.

We embrace innovation and agility to help us constantly adapt in a rapidly evolving industry. We are navigating changes in what people and their pets eat and how people shop, while responding to the impacts of a changing climate on raw material supply chains. As part of the world's largest food and beverage company with the reach, resources, and determination to make a difference, we aim to be a force for good by shaping the future of food toward more sustainable production and consumption.

Here are a few examples of how we are innovating toward a healthier future. Responding to rapid growth in plant-based eating, we launched new products like *Sweet Earth* Veggie Lover's Pizza, packed with vegetables and baked on a crust that includes whole wheat flour, cornmeal, and chia. We formed new partnerships in sustainable agriculture, demonstrating our commitment to protect soil, water and biodiversity in regions where key ingredients are grown. Finally, we're innovating to improve operations inside our own walls. We are using cutting edge water-saving technology at *Carnation* Evaporated Milk facility, where we deliver more water to local irrigation canals than we use.

While we are proud of the progress we are making, we recognize that there is always more work to be done. This commitment to transparency is one of the factors that helps us to receive external recognition for our leadership, such as our top ranking in the first ever U.S.-focused Access to Nutrition Index. We engage with a diverse set of stakeholders whose input helps us to better understand issues that are important to them and material to our business.

For me, creating shared value is about creating value for the consumer while simultaneously creating value for society and our business.

Sincerely,



Steve Presley
Chairman and CEO Nestlé USA



Nestlé in the United States

Key 2018 Highlights

\$28 billion
sales

48,000
employees

36
states

77
manufacturing facilities

98%
of eligible food and beverage products include front-of-pack nutrition labeling

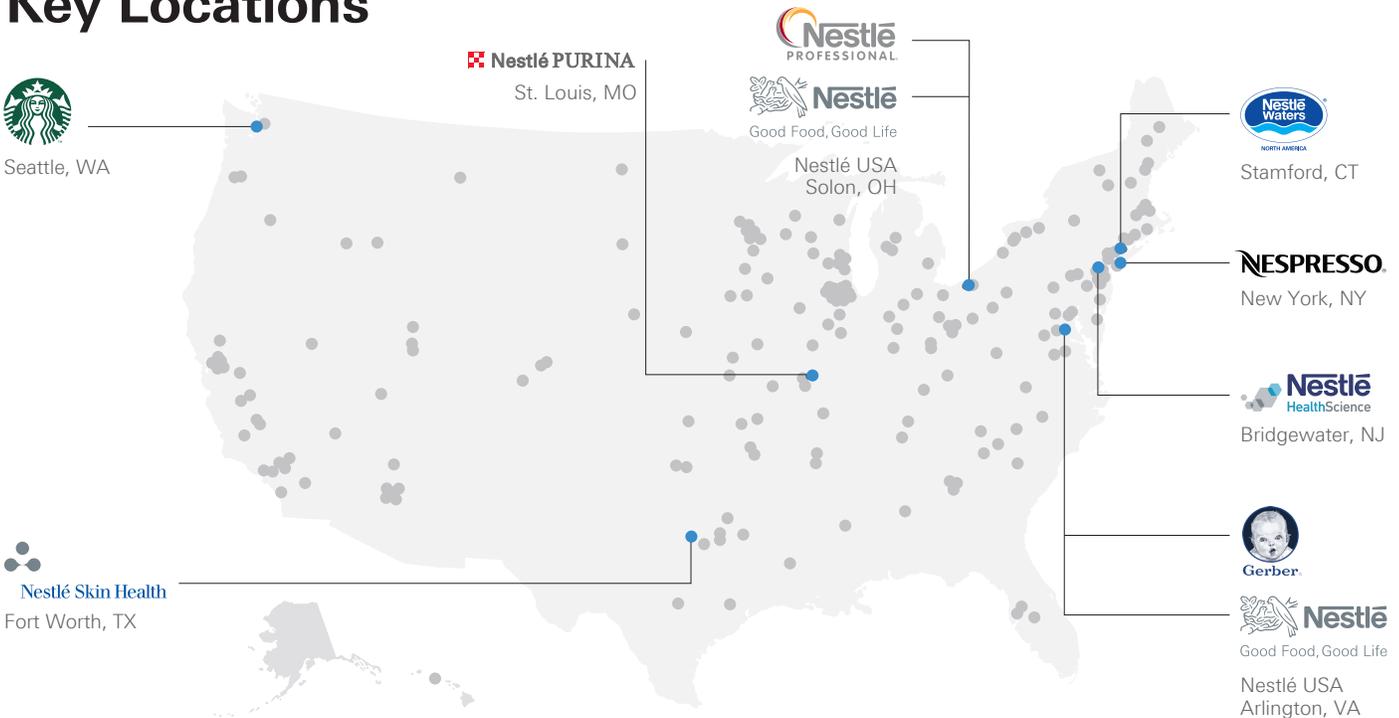
93%
of cocoa products we purchased were UTZ-certified

90%
reduction in waste for disposal since 2010

Diverse Brands



Key Locations



Commitments

Please see our 2018 U.S. Commitment Updates. We continue to make progress against our U.S. commitments and have indicated our progress against each. For a full list of Nestlé global commitments, please visit www.nestle.com/csv.



Status of our commitments

- Future objective
- Not achieved
- On track
- Achieved

For individuals and families



Further decrease sugars, sodium and saturated fat

- By 2020 – Reduce saturated fat by an average of 10% from 2013 levels in all relevant products that do not meet Nutritional Foundation¹ criteria for saturated fat.
 - Reducing saturated fat while maintaining the taste consumers love remains challenging. We continue to explore solutions by complementing new science with the expertise of our in-house chefs.

For our communities



Roll out of Rural Development Framework through our purchasing for the *Nestlé Cocoa Plan*, the *Nescafé Plan* and the *Nespresso AAA Sustainable Quality Program*

- 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 the *Nespresso AAA Sustainable Quality Program*.
 - We continue to source cocoa and coffee for our U.S. brands through these global responsible sourcing programs.
- By 2020 – Source 100% of the coffee for *Nespresso's* permanent Grand Cru range through its *Nespresso AAA Sustainable Quality Program* on coffee sourcing, and improve farmer social welfare.
 - Currently, 93.9% of *Nespresso* coffee is sourced through the *Nespresso AAA Sustainable Quality Program* globally.

For the planet



Raise awareness on water conservation and improve access to water and sanitation across our value chain

- By 2018 – Implement collective action to improve watersheds and mitigate water risks at our bottled water facilities.
 - We continue to partner with organizations to engage communities in water stewardship, and help educate people about the importance of water and how to preserve, protect and sustain our shared natural resources.

Improve the environmental performance of our packaging

- By 2020 – Develop the next generation of our recyclable water bottles, with a lighter environmental footprint, made from post-consumer recycled or renewable materials.
 - In addition to incorporating more recycled PET plastic (rPET) across its domestic bottled water portfolio, Nestlé Waters North America helped form the NaturALL Bottle Alliance, which aims to develop and launch at commercial scale a PET plastic bottle made from bio-based material.

Reduce food loss and waste

- By 2016 – Develop a plan and methodology to contribute to our global resolution to halve food waste by 2030 compared to a 2016 baseline.
 - Our operations excellence team has developed a strategy to reduce food loss and waste and is working with factory leadership teams on implementation.
- By 2020 – Achieve zero-waste-to-landfill status in 100% of our factories.
 - As of 2018, 60 of our 77 manufacturing facilities achieved zero waste to landfill status.

¹ The Nestlé Nutritional Foundation criteria are based on nutrition science and public health dietary recommendations, such as those of the World Health Organization (WHO), the Health and Medicine Division, and other global or U.S. authorities, including the Food and Drug Administration and U.S. Dietary Guidelines Advisory Committee. Nestlé Purina products are not evaluated against these criteria. For more information on the Nutritional Foundation, visit http://www.nestle.com/assat-library/documents/library/documents/nutrition_health_wellness/nestle-nutritional-profiling-system.pdf.

Enabling healthier and happier lives

Highlights

98% of eligible food and beverage products include front-of-pack nutrition labeling¹

94% of our Nestlé USA food and beverage products provide portion guidance either on-pack or via packaging or product format

85% of our food and beverage products contain no artificial flavors and only colors from natural sources²

Food brings simple pleasures to everyday life, and we know that taste drives choice. As part of the world's largest food and beverage company, our U.S. portfolio offers a broad spectrum, from nutritional health products to indulgent treats. We remain passionate about nutrition, and we are transforming our portfolio to meet the needs of our consumers as they continue to redefine their vision of health and wellness.



Offering Tastier and Healthier Choices

We've been transforming our business and expanding choices in our portfolio to deliver what consumers value in the food they eat, including organic ingredients, plant-based recipes, reduced sugar, and products that are free from specific allergens. We are boosting the nutritional value of our portfolio by reducing sugar, and adding more vegetables, fiber-rich grains, pulses, nuts and seeds. Nearly half of our food and beverage products sold² contain at least one of these benefits.

We pursue growth by fueling innovation in our base brands, acquiring brands that deliver the benefits our consumers are seeking, and divesting businesses that do not align with our strategic vision.

Our *Sweet Earth Foods* line of plant-based meals is all about nourishing lives and making smart food choices that honor and sustain the land, cultivate a curious mind and sustain a healthy body.



Compleat Organic Blends

Compleat Organic Blends are an innovation story that starts with love—the love that drives parents to offer their children the best nutrition with no compromises. *Compleat Organic Blends* are real food tube-feeding formulas providing complete nutrition with fruits and vegetables that are available in plant-based and chicken varieties. These whole-food-based formulas are made with organic ingredients like butternut squash, kale and pears, and are free from milk, soy, and corn ingredients. With *Compleat Organic Blends*, Nestlé Health Science is providing tube-feeding blends that patients, parents and caregivers can love, from production to purchase.

¹ Eligible products excludes Gerber, Nestlé Health Science, Nestlé Professional, Nestlé Purina PetCare, plain water/coffee/tea, confectionery gifting, culinary free-dosing and table-top seasonings, products designed for children under 4 years of age as other legal considerations are relevant and products for which regulations do not allow such labeling.

² As measured as a proportion of total sales.



Nestlé Skin Health

Nestlé Skin Health’s vision is to change the way the world thinks about skin health. And it’s doing just that in the Mississippi Delta through a teledermatology initiative to close the 60-mile gap in access to dermatology care across the area, the poorest region in the U.S. Through this project, we are decreasing the health and economic impacts of untreated and undertreated skin disease in a region where climate and UV exposure make it more prevalent.



Inspiring People to Lead Healthier Lives

As part of our global flagship initiative, Nestlé for Healthier Kids, we support efforts to provide nutrition education for parents of young children under the banner of a program called “Start Healthy, Stay Healthy”. This program focuses on the first 1,000 days of life and provides families with evidence-based education to help them establish and maintain good nutrition habits for their children. In 2018, we launched a partnership with the YMCA New Jersey State Alliance to provide parents in five New Jersey communities access to free nutrition classes. This partnership builds on an implementation model originally piloted in 2014 with Rutgers University-Newark’s Office of University-Community Partnerships.

Building, Sharing and Applying Nutrition Knowledge

The Nestlé Feeding Infants and Toddlers Study (FITS), started by Gerber in 2002, is the largest dietary intake study in the United States that examines what and how infants and toddlers eat every day. Launched in 2018, the latest findings help shed light on feeding practices, nutrient shortfalls, and areas of needed dietary improvement for infants and toddlers. FITS research informs not only the nutrition in our products but also the services and education we provide to parents. Gerber has a unique opportunity—and responsibility—to help put little ones on the path to a healthy life.



We aim to help turn snack time into a chance to help make every little bite count. Our Gerber Organic Popped Crisps contain a blend of quinoa, chickpeas, and sorghum, combined with veggie bits you can actually see. Each serving has 4g of whole grain goodness and 2g of plant-based protein.



Nestlé Waters North America partnered with WWE to launch a campaign encouraging consumers to choose water as part of a healthy lifestyle. The campaign leveraged WWE’s global digital and social platforms and five WWE Superstars to spread awareness about the benefits of drinking water, garnering more than 143 million impressions total.

Helping develop thriving, resilient communities

Highlights

11 million meals donated to Feeding America

4.6 million bottles of water donated for natural disaster relief and other needs

\$31 million in funding, *Purina* pet food and *Tidy Cats* litter donated to nonprofit organizations across the country

1:1 gender pay equity at Nestlé USA

We aim to develop thriving, resilient communities as part of a secure, long-term value chain, empower our employees, and ensure responsible sourcing. Initiatives such as our *Nespresso AAA Sustainable Quality Program*, *Nescafé Plan*, and *Nestlé Cocoa Plan* help ensure the resilience of thousands of suppliers and farmers around the world.

Supporting Our Communities

Nestlé partners with national and local non-profit organizations that are combating food insecurity in our communities. Share Our Strength's No Kid Hungry campaign is a program aimed at figuring out why kids aren't consistently getting the food they need by identifying barriers and eliminating them. No Kid Hungry develops practical strategies, from school breakfast to after-school meals, to combat childhood hunger. Thanks to Nestlé's partnership, an additional 10,000 Virginia children will have access to school breakfast programs, solidifying our broader goal of contributing to a healthier future for communities.

Accelerating Career Growth

Project Opportunity

Our Project Opportunity career acceleration program aims to help people of all ages gain work experience and strengthen their professional skills through readiness-for-work events, apprenticeships and traineeship opportunities. We added seven new apprenticeship programs in 2018, and now operate 22 programs with 68 apprentices in our factories. We are passionate about expanding our veteran hiring practices and supporting military workforce development as part of this work. In 2018, our Project Opportunity Alliance Symposium convened a diverse set of stakeholders from the private, public and non-profit sectors to discuss innovative approaches to veteran hiring and retention and career support for military spouses.



Nestlé partnered with **Feeding America**, a national network of over 200 food banks, for our **2018 Nestlé Cares Day of Service** focused on fighting hunger. More than 5,000 employees volunteered at 75 events across the country, doing everything from preparing meals for families in Northern Virginia, to serving at a Cleveland food bank, to leading a food drive in Oakland, California.



Our Nestlé Professional business launched its first *Rainforest Alliance Certified* coffee in 2018 to help a major foodservice customer serve sustainably sourced coffee. Now available to all foodservice customers, *Nescafé Alegria* Signature Roast coffee beans are grown and harvested on farms that meet criteria of the Rainforest Alliance Sustainable Agriculture Standard.



Revitalizing the Coffee Sector
Through its Reviving Origins program, the *Nespresso* business is helping to rebuild regions where coffee cultivation was once thriving but has declined due to conflict or natural disaster. In 2018, *Nespresso* partnered with the Hispanic Federation to launch a five-year initiative to help revitalize Puerto Rico's coffee sector, which was devastated in 2017 when hurricanes destroyed 80% of the island's coffee trees. *Nespresso* committed \$1 million to help coffee farmers replant the land and increase the resilience of the industry.

Diversity and Inclusion

Fostering a strong culture of diversity and inclusion is imperative to attracting and retaining top talent and to winning in the marketplace. Nestlé's diversity and inclusion efforts reflect an evolving consumer base, a more innovative business, and a firm belief that supporting equality in our company and community is the right thing to do. The Human Rights Campaign Foundation scored Nestlé Purina PetCare 100% and Nestlé USA and Nestlé Waters 95% on its 2018 Corporate Equality Index, a national benchmarking survey and report on corporate policies and practices relating to lesbian, gay, bisexual, transgender and queer (LGBTQ) workplace equality. These scores reflect a commitment to LGBTQ workplace equality with respect to tangible policies, benefits, and practices. Nestlé seeks to further enhance diversity and inclusion in our supply chain, and tracking data is a key part of that process. In 2018, we expanded our supplier diversity reporting metrics to encompass LGBTQ suppliers. We will make a concerted effort going forward to capture the spend from current Nestlé suppliers that voluntarily identify as LGBTQ, as well as asking potential suppliers who qualify to voluntarily identify as such during the procurement bidding process.

Sourcing Responsibly

Responsible sourcing is an investment in the future success of Nestlé and its producers and suppliers. High-quality ingredients from American farms have been the foundation of Nestlé Purina's complete and balanced pet food recipes for more than 90 years. Complementing the work of over 1,000 farmers across 33 million acres in the U.S., Nestlé Purina is helping enhance the environmental resilience of farms through public-private partnerships that keep the environment productive for families, including pets, for many generations to come.



By supporting farmers and organizations like The Nature Conservancy and Ducks Unlimited, **Nestlé Purina** is helping protect soil, maintain sufficient water, keep water clean and protect biodiversity connected to regions where key ingredients for its pet care products are grown.

Stewarding resources for future generations

Highlights

350,000+ tons of packaging material averted since 2010 through smarter packaging design

2x—We've more than doubled the rate of our onsite consumption of renewable energy, from **5% in 2010** to **10% in 2018**

50% goal for recycled plastic across Nestlé Waters North America's domestic packaging portfolio by 2025

50% of all Nestlé Waters North America's domestic portfolio to be made out of recyclable plastic by 2025



We are dependent upon forests, soils, the oceans and the climate to deliver a sustainable supply of resources for our operations. We have set commitments and objectives to use and manage resources sustainably by operating more efficiently, responding to climate change, reducing food loss and waste, and caring for water. Our ambition is to strive for zero environmental impact in our operations.

Caring for Water

Caring for water is key to achieving our ambition of zero environmental impact in our operations. We are dedicated to using water more efficiently in our facilities and protecting watersheds and the surrounding environment. We achieved a 15% reduction in water withdrawal per tonne of product in 2018 compared with a 2010 baseline. Seven Nestlé Waters North America facilities (six in the U.S. and one in Canada) have received certification against the rigorous Alliance for Water Stewardship (AWS) Standard, with the Cabazon, California, facility achieving an AWS Gold certification—the first facility in North America to do so. The AWS Gold certification means the facility has met advanced-level criteria, including the site's positive contribution to the local groundwater system, best practice of the site's water balance, best practice of the site's water quality, and implementation of a water education program, among others.

Our *Carnation* Evaporated Milk production facility in Modesto, California reduced its water use by 59% between 2014 and 2017. Using innovative technology in the facility and thanks to the City's investments in a cutting-edge water recycling program, the Modesto facility delivers more water than it uses to irrigate canals for local farmers to use. We've teamed up with like-minded organizations through the California Water Action Collaborative to identify conservation projects to achieve greater impact throughout the watershed.





The *Nestlé Pure Life* brand introduced a new 700-mL bottle made from 100% food-grade recycled PET plastic, known as rPET. Nestlé Waters North America is on track to nearly quadruple its use of rPET in less than 3 years, with an ambition to reach 25% recycled plastic across its U.S. domestic portfolio by 2021 and 50% recycled plastic across its U.S. domestic portfolio by 2025.



Nestlé is a partner in **Loop**, a subscription home delivery service for foods and household goods with reusable packaging created by TerraCycle. The *Häagen-Dazs* brand, managed by Nestlé in the U.S. and Canada, is the official ice cream partner for the pilot project in New York, which launched in 2019.

Nestlé is a founding member of the Materials Recovery for the Future research consortium, whose vision is simple: flexible packaging is recycled curbside, and the recycling community captures value from it. The project is conducting a pilot to test the technical and economic feasibility of including flexible packaging in a single-stream curbside recycling system.

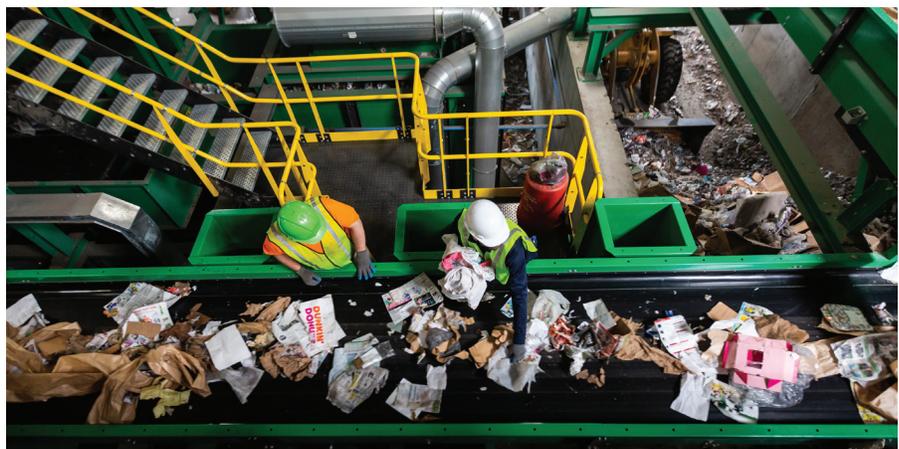


Acting on Climate Change

We remain committed to providing leadership on climate change through our actions and our advocacy. In 2018, we signed a power purchase agreement that will provide approximately 80% of the electricity load for five Nestlé facilities in southeastern Pennsylvania, which produce household favorites such as *Deer Park Brand* 100% Natural Spring Water, *Alpo* dog food and *Friskies* cat food. Powering these facilities with wind represents a critical step toward our global goal to source 100% of our electricity from renewable sources in the shortest practical timescale. It also helps us get closer to the goal we set in 2015 to reduce greenhouse gas emissions per tonne of product by 35% relative to 2010 levels. As of the end of 2018, we reduced total Scope 1 (direct) and Scope 2 (indirect) emissions per tonne of product by 29% compared to our 2010 baseline. In addition to transforming our business to reduce the impact of our operations, we continue to advocate for sound climate policy and comprehensive, competitive renewable energy policies at the state and federal levels.

Safeguarding the Environment

Across Nestlé, we reduce, reuse and recycle as we strive to achieve zero waste. We have achieved a 90% reduction in waste for disposal since 2010. We want no Nestlé packaging to end up in landfills or as litter, on land or at sea. In 2018, we announced our ambition to make 100% of our packaging recyclable or reusable by 2025. We partner with leading organizations who are charting the path to a circular economy, including the Closed Loop Fund and The Recycling Partnership. Additionally, all 4,200 Nestlé facilities worldwide have committed to eliminating single-use plastic items that cannot be recycled or reused.



Stakeholder engagement and materiality



Our Approach to Stakeholder Engagement

Effective, sustained and open communication and dialogue with our stakeholders is a fundamental aspect of Creating Shared Value. In the United States, we have a vast network of people, organizations, communities, and influencers whose input helps us to better understand issues that are important to them and material to our business.

Materiality is about identifying the issues that matter most to our businesses and to our stakeholders. We analyze economic, social, and environmental issues of greatest concern to our external stakeholders against those that pose risks or present opportunities to Nestlé in the U.S. This helps us to identify the risks and opportunities with the highest potential impact to our business, as well as the issues our stakeholders want us to address, and to cover these in our reporting.

Importantly, meaningful stakeholder engagement is key to helping us understand where we are making progress to meet our commitments and where we can improve.

Key Alliances and Partnerships

In 2018, Nestlé USA helped establish the Sustainable Food Policy Alliance to drive positive policy action and progress in five key areas: consumer transparency, the environment, food safety, nutrition, and people and communities.

In 2018, we also partnered with other food companies, retailers, and Healthy Washington County to implement the Consumer Goods Forum "One for Good" model to help empower people in Hagerstown, Maryland, to make healthier choices, such as including iron-fortified cereals into infants' diets.





Engaging with the Scientific Community

Nestlé operates the world’s largest science and innovation network in the food and beverages industry. In 2018, we invested \$1.7 billion globally into R&D. This investment enables us to strengthen our solid scientific foundation, leading to new breakthrough science and technologies. In order to stay on top of emerging science and technology trends, we collaborate closely with academic institutions, start-ups and innovation partners across the world. We established our Institute of Packaging Sciences in Switzerland to discover and develop functional, safe and environmentally-friendly packaging solutions.

Nestlé launched the Purina Institute in 2018 to advance the science of pet nutrition, promoting global collaboration with veterinary and other scientific thought leaders to help pets live better, longer lives. As the voice of Purina’s science, the Purina Institute represents a global team of more than 500 scientists and pet care experts, working across a network of eight R&D facilities. Purina has been instrumental in shaping the science of pet nutrition, driving research across a number of areas, including brain health, gastrointestinal health, molecular nutrition and weight management.

Our Performance in Leading Indices

We are not driven by awards and recognition, but we’re proud to have our sustainability efforts and achievements acknowledged by world-leading ratings and rankings agencies:



Nestlé has been consistently listed in the **FTSE4Good Responsible Investment Index** since 2011.



Ranked first out of 22 global food and beverage manufacturers in the 2018 **Access to Nutrition Index™**, and number one out of 10 companies in the first ever U.S.-focused ATNI for Corporate Profile.



Ranked second in the Food Products industry of the 2018 **Dow Jones Sustainability Index (DJSI)**, scored 100 for Health and Nutrition performance, and held the leadership scores in the Environmental and Social Dimensions.



Retained our place in **CDP’s Climate A list**.



HRC 2018 Corporate Equality Index: Nestlé Purina PetCare received a score of 100 and Nestlé USA and Nestlé Waters achieved a score of 95.



Most Innovative Companies: Boston Consulting Group included Nestlé among the top 50 most innovative companies in 2018.



Fortune’s Most Admired Companies: Nestlé USA has been named among “The World’s Most Admired Food Companies” in Fortune magazine for twenty-two consecutive years.



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