Nestlé

Good Food, Good Life

Nestlé UK & Ireland

Creating Shared Value

Plan Update

Welcome to the Nestlé UK & Ireland Creating Shared Value (CSV) Plan 2013.

For Nestlé UK & Ireland, CSV means going beyond compliance and sustainability to create new and greater value for our people, our shareholders and society as a whole.

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Operating as a sustainable company helps us meet our promise of 'Good Food, Good Life'.

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We are committed to operating as responsibly and efficiently as possible to help preserve the environment for future generations.

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We aim to provide safe and high-quality food and beverage products while ensuring our consumers understand how to enjoy our products as part of a healthy and balanced diet.

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We are determined to help drive social and environmental improvements in our operations and along our supply chain at both a local and a global level.

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Engaging effectively with stakeholders enables us to identify emerging issues and align our business activities with the needs and expectations of others.

Introduction from Fiona Kendrick

At Nestlé we believe that, to succeed as a business in the long-term and create value for our shareholders, we must also create value for society.

Our aim is to provide safe, responsibly produced food and beverages of the highest quality. But we must do this in a way which protects natural resources for future generations and ensures the people and communities along our supply chain prosper.

In 2012, we launched our UK & Ireland Creating Shared Value Plan which included a range of targets from reducing our water use to sourcing certified sustainable cocoa to help us meet these challenges. One year on and we are proud to update you on the progress we have made and our determination to do better in the future.

Our performance so far

We have made progress right across the board – improving the information we provide about our products, making our manufacturing plants and processes more sustainable and supporting the communities where we operate.

- Creating 1,900 employment opportunities for young people over the next three years, including 300 paid work experience placements. More than 600 employment opportunities will be available each year, including roles across all areas of the business and at all levels – from operators on the factory floor to field sales assistants and business management.
- We have doubled our commitment to FAIRTRADE through the certification of KIT KAT 2-finger. An additional 4,200 cocoa farmers in the Ivory Coast now benefit from FAIRTRADE premiums and the Nestlé Cocoa Plan.
- In 2012, through the NESCAFÉ Plan, we provided 4.5 million disease-resistant coffee trees to farmers in Colombia and trained 1,652 farmers in sustainable agriculture.
- In November 2013 we took journalists from the UK and Irish media to Colombia to attend the global CSV Forum where a case study on the role of Nestlé in Colombia's coffee sector was discussed. This was followed by a trip to meet the coffee farmers in Valle del Cauca region who have been recipients of some of the 12 million disease resistant coffee trees that have been distributed through the NESCAFÉ® Plan
- We announced our commitment to a consistent nutrition labelling scheme introduced by the UK Government. This combines Guideline Daily Amount information with an at-a-glance colour coding system.
- UK and Irish consumers also became the first to benefit from our new global initiative to add Quick Response (QR) codes to all Nestlé product packaging. These codes link to information about nutrition as well as the social and environmental impact of the product.
- In 2012, we opened in Buxton one of Europe's most efficient bottling facilities. At the same time, we launched a new range of bottles – one of the lightest weight bottles for water produced in the UK.
- 75 acres of land across the UK is now dedicated to our biodiversity programme, through the development of butterfly meadows.

Challenges ahead

Manufacturing and distribution models will need to evolve as supplies of materials, energy and water become increasingly scarce around the world. These pressures will be increased by growing populations and the impact of climate change. Economic conditions will also continue to be tough with high unemployment levels, particularly among the young. We are determined to play our part in meeting all these challenges.

We are also committed to enhancing the quality of life of those who consume our products by providing tastier and healthier food and beverage choices. With this comes a responsibility to help tackle public health concerns such as increasing obesity levels and ensuring consumers have the information they need to make informed decisions about the foods they eat.

Our partnership and collaborative approach

Our progress – and all we want to achieve in the future – depends crucially on our 8,000 employees and our partners. Their input and efforts helps us drive change not only in our business but along the value chain. Our partners include Non-Governmental Organisations who have shaped our work in areas such as protecting natural capital as well as suppliers who help us deliver our commitments.

I hope this CSV Update provides an insight into how we are meeting our responsibilities and commitments to sustainable manufacturing. We welcome your input and views, which you can share with us by using the Contact us area of our website.

We look forward to updating you further in the future.

Fiona Kendrick
Chairman and CEO

Targets and performance summary

Throughout this report, targets and performance are year-end and relate to Nestlé UK & Ireland, unless otherwise stated. Performance highlights can also be found in the relevant sections throughout the report.

Environmental impact

Target	Deadline	Status
WATER		
Reduce total water consumption by 40% • 2011 performance – Achieved 36% reduction • 2012 performance – Achieved 38% reduction	**2015** Baseline 2006	**NIM**
Reduce total water consumption by 50% • 2011 performance – Achieved 36% reduction • 2012 performance – Achieved 38% reduction Additional Information – ETS studies undertaken at 9 sites in the UK to create water saving projects.	**2020** Baseline 2006	**NIM**
CLIMATE CHANGE: ENERGY AND EMISSIONS		
Develop comprehensive climate change adaptation plans for all sites • 2012 performance – 1 site completed (Fawdon) Additional Information – 3 other sites planned.	**2014** Baseline 2012	**NIM**
Pilot micro-renewables at Fawdon factory • 2012 performance – AD plant is being commissioned currently	**2014** Baseline 2012	**NUK**
Reduce GHG emissions by 30% • 2011 performance – Achieved 16% reduction • 2012 performance – 16% reduction Additional Information – Both values against baseline data.	**2015** Baseline 2006	**NIM**
Reduce GHG emissions by 40% • 2011 performance – Achieved 16% reduction • 2012 performance – 16% reduction Additional Information – Both values against baseline data.	**2020** Baseline 2006	**NIM**
Achieve 10% renewable energy use • 2012 performance – NIM renewable energy usage year-end 2012 = 7.8%	**2015** Baseline 2006	**NIM**
Achieve 20% renewable energy use • 2012 performance – NIM renewable energy usage year-end 2012 = 7.8%	**2020** Baseline 2006	**NIM**
Transition towards a low carbon and renewable energy site at Fawdon factory • 2012 performance – On track to achieve by 2015	**2015**	**NUK**
CLIMATE CHANGE: TRANSPORT AND DISTRIBUTION		**NO PERFORMANCE UPDATE**
Reduce inbound supplier vehicles by 10%	**2015** Baseline 2010	
Switch 15% of road transportation to rail	**2015** Baseline 2010	
Support the Freight Transport Association's target, which is to reduce CO_2 by 8%	**2015** Baseline 2010	
PROTECTING NATURAL CAPITAL		
Develop biodiversity programmes at each of our UK sites • 2011 performance – Planted butterfly meadows at our Fawdon, Girvan and Buxton sites • 2012 performance – Planted a butterfly meadow at our Tutbury site Additional Information – Dalston meadow planted in 2013. Halifax/York planned for later this year	**2015**	**NIM**

On track Achieved Not achieved New/up-weighted target **NIM** Nestlé in the Market **NUK** Nestlé in the UK

Environmental impact

Target	Deadline	Status
PACKAGING		
Remove all plastic inserts from Easter eggs • 2012 performance – Achieved Additional Information – In 2012, Nestlé UK & Ireland became the first major confectioner to have its entire Easter egg packaging made from 100% recyclable materials by replacing rigid plastic with cardboard.	2012	NUK
Help identify and promote appropriate methods for the collection, sorting and recycling of mixed plastics • 2012 performance – Nestlé has partnered with Enval, a leading provider of recycling and environmental technology solutions, to support the construction of the first commercial scale plant for Enval's patented material recovery technology which is now is operation. Enval's technology offers an environmentally favourable end-of-life solution for difficult-to-recycle packaging formats using a plastic and aluminium based laminate. Additional Information – Now the technology is in operation we will progress in Q3 a trial with a local council on the collection post-consumer pet food pouches to be processes through Enval.	2014	NUK
WASTE		
Send zero waste from NIM factories to landfill (excluding a minimum amount of hazardous waste) • 2011 performance – 4 sites verified • 2012 performance – 8 sites verified in total Additional Information – All NUK factories are now zero production waste to landfill.	2015	NIM

On track | Achieved | Not achieved | New/up-weighted target | **NIM** Nestlé in the Market | **NUK** Nestlé in the UK

Nutrition, health and wellness

Target	Deadline	Status
CONSUMER & PRODUCTS		
Remove all artificial colours, flavours and preservatives from confectionery from exisiting products and exclude from new products • 2011 performance – Achieved	2011	✓ NUK
Remove hydrogenated vegetable oil from existing products and exclude from new products • 2011 performance – Achieved	2011	✓ NUK
Remove artificial trans fats from existing products and exclude from new products • 2011 performance – Achieved	2011	✓ NUK
Meet the 2012 Public Health Responsibility Deal salt targets • 2011 performance – On track to achieve by 2012 • 2012 performance – 17/23 product categories in which we have products met the 2012 Public Health Responsibility Deal salt targets. We are working towards meeting the targets where we have been unable to meet them and we have been working with the Department of health in the development of new salt targets.	2012	✗ NUK
Increase the number of confectionery products containing less than 110 calories per serving • 2011 performance – On track to achieve by 2012 • 2012 performance – We increased the volume of products with less than 110 calories per serving (35%-54% products)	2012	✓ NUK
One third of the sales volume of new confectionery products to be smaller-size alternatives to standard products (based on 2012 total Nestlé confectionery volume forecasts) • 2011 performance – On track to achieve by 2012 • 2012 performance – Achieved	2012	✓ NUK

Target	Deadline	Status
EDUCATION		
Provide funding for access to nutrition training, developed in conjunction with the British Nutrition Foundation, for 500 catering students • 2012 performance – Achieved	2012	✓ NUK
Provide guideline daily amount labelling for relevant food and non-alcoholic drink for employees at our company restaurants • 2012 performance – On track to achieve by year end 2013	2013	➲ NUK
Provide nutrition training to our catering staff, in conjunction with our contract caterers, at our company restaurants • 2012 performance – On track to achieve by year end 2013	2013	➲ NUK
For confectionery products that can be shared or are portion able, include on-pack messaging on all such products Additional Information - All pouch products carry a 'Love to Share' message; some hanging bags, Rolo blocks and 5 finger Kit Kat carry sharing messages. This represents 11% of all sharing or portionable products. Over 80% of these products will carry sharing messages by end of 2014.	2014	➲ NUK

➲ On track ✓ Achieved ✗ Not achieved N New/up-weighted target **NIM** Nestlé in the Market **NUK** Nestlé in the UK

Social impact

Target	Deadline	Status
RESPONSIBLE SOURCING		
Roll out training workshops for farmers enrolled in Girvan First Milk Sustainability Partnership • 2011 performance – 60 farmers trained Additional Information – On going programme	**2012** Baseline 2010	✓ **NUK**
Complete environmental audits at each farm enrolled in Girvan First Milk Sustainability Partnership • 2012 performance – 65 farms have been audited Additional Information – On going programme	**2012** Baseline 2011	✓ **NUK**
Provide training and technical assistance to 2,450 Colombian coffee farmers • 2011 performance – Trained 1,551 • 2012 performance – Trained 1,652	**2012** Baseline 2010	✓ **NUK**
Provide 9 million high-yield and disease-resistant coffee trees to farmers in the Valle del Cauca region of Colombia • 2011 performance – 4.5m planted • 2012 performance – 4,506,161 planted	**2012** Baseline 2010	→ **NUK**
N **Provide training and technical assistance to 1,800 Colombian coffee farmers**	**2013** Baseline 2012	→ **NUK**
N **Provide 6 million high-yield and disease-resistant coffee trees to farmers in the Valle del Cauca region of Colombia**	**2013** Baseline 2012	→ **NUK**
N **Provide training in rural welfare programmes to 325 women in Colombian coffee farming communities** • 2012 performance – 122 women trained	**2013** Baseline 2011	✓ **NUK**
RESPONSIBLE SOURCING		
Source palm oil from 100% certified sustainable sources • 2012 performance – 100% certified sustainable sources	**2015**	✓ **NIM**
Source 100% certified sustainable cocoa for confectionery • 2012 performance – 16% of cocoa was certified as sustainable. 10% – KK 4F and 6% UTZ – Export Dark KK	**2015**	→ **NUK**
COMMUNITIES		
Nestlé Ireland to raise €120,000 for the Jack and Jill Children's Foundation • 2012 performance – €132,000 by the end of 2012 plus development of a national marketing campaign for the charity with the support of their supplier agencies. The campaign resulted in an additional €450,000 being raised for the charity	**2012** Baseline 2010	✓ **NUK**
Establish a community sustainability learning centre at Fawdon factory	**2017**	↻ **NUK** **Target changed**
Raise £750,000 for our Charity of Choice, Action for Children • 2012 performance – End of 2012 = £124,524.41	**2015** Baseline 2012	→ **NUK**

→ On track ✓ Achieved ✗ Not achieved N New/up-weighted target **NIM** Nestlé in the Market **NUK** Nestlé in the UK

Social impact

Target	Deadline	Status
PEOPLE: TRAINING AND DEVELOPMENT		
Double our number of graduates and apprentices • 2011 performance – Grads – 25, Apprentices – 9, internships – 22 • 2012 performance – Grads – 44, Apprentices – 21, Interns – 12, student placements – 23 Additional Information – 2013 intake: Grads – 48, Apprentices – 17 Interns – 11	**2012** Baseline 2011	✗ **NUK**
Roll out gender balance awareness training to all line managers	**2013** Baseline 2010	✗ **NUK**
PEOPLE: SAFETY AND HEALTH		
Ensure our employees are risk aware by implementing our safety walk programme • 2012 performance – All sites actively particpating in safety walk programme	**2012**	✓ **NUK**
Implement our safety plan towards zero harm and incidents, at each of our sites • 2012 performance – Safety roadmap implemented at all sites	**2012**	✓ **NUK**
INVESTMENT AND GROWTH		
Invest £500m to establish our next generation of world-class manufacturing facilities in the UK • 2011 performance – £118m invested in 2012 • 2012 performance – £144m invested in 2013	**2015** Baseline 2011	→ **NIM**

→ On track ✓ Achieved ✗ Not achieved N New/up-weighted target **NIM** Nestlé in the Market **NUK** Nestlé in the UK

Our approach

We believe that to succeed as a business in the long-term and create value for our shareholders we must also create value for society. We call this Creating Shared Value (CSV).

Environmental Sustainability and Compliance are the foundations of CSV and form the basis of how we operate as a responsible business. We also recognise the vital role of our people and the importance of engaging and collaborating with other organisations.

We work with external stakeholders in the UK and Ireland to determine which issues are most critical to our business and where our efforts can make a difference.

For reporting purposes in the UK, we group our activities under four headings – Environmental Impact, Nutrition, Health and Wellness (NHW), Social Impact and Stakeholder Engagement. These four sections cover compliance, environmental sustainability and the three core CSV areas we report on globally, Nutrition, Water and Rural Development.

Specifically these can be found in the following sections:

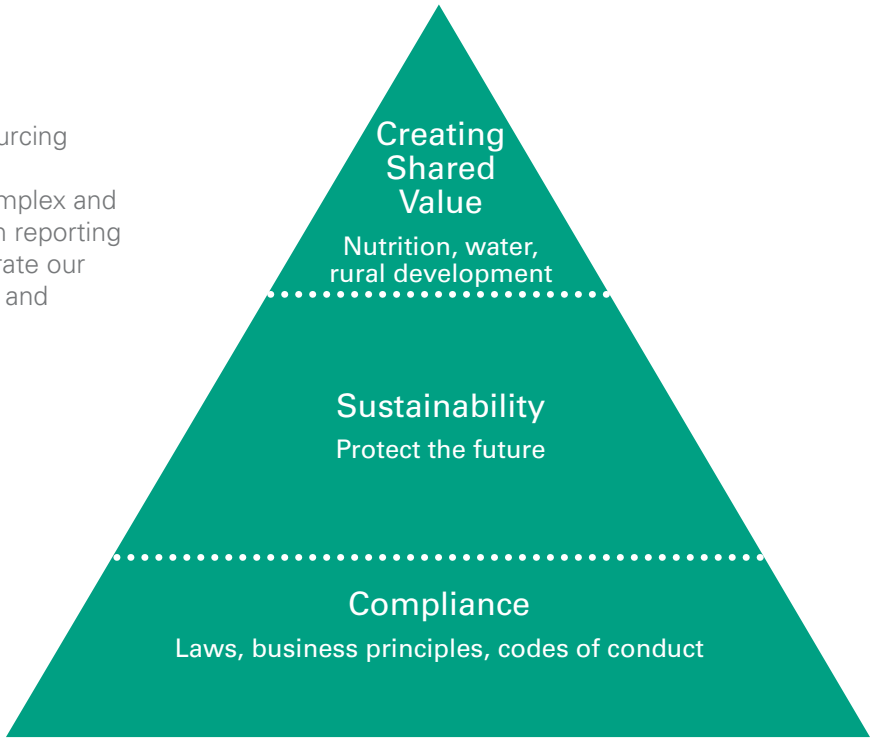
- **Nutrition** – Nutrition, health and wellness and Communities
- **Water** – Environmental impact
- **Rural development** – Responsible sourcing

We acknowledge that there are many complex and interrelated issues facing our business. In reporting our journey to date we hope to demonstrate our commitment to learning, communicating and improving on a continuous basis.

Governance

Our activities are governed by our UK & Ireland Creating Shared Value (CSV) Steering Group, chaired by Fiona Kendrick, our CEO. Attendees include the Directors from relevant business functions, such as Supply Chain, Corporate Affairs, and Technical and Production.

The Steering Group meets on a quarterly basis to track performance against our targets and to discuss key issues and strategies. Where these require input from a global perspective, the Steering Group is responsible for seeking alignment with the relevant teams in our global headquarters in Switzerland.



Our reporting

Compliance

Compliance is the foundation of how we do business and a non-negotiable requirement for everything we do. It is based on our commitment to act with honesty, integrity and respect for laws and regulations. Our Corporate Business Principles include our commitment to the 10 UN Global Compact Principles on Human Rights, Labour, the Environment and Corruption, and other relevant international human rights and labour standards.

Boundary

The information contained in this report is focused on Nestlé UK & Ireland with contribution from our sister companies (Nestlé in the Market businesses) where relevant. All targets and performance highlights relate to Nestlé UK & Ireland, unless otherwise stated.

Timeframe

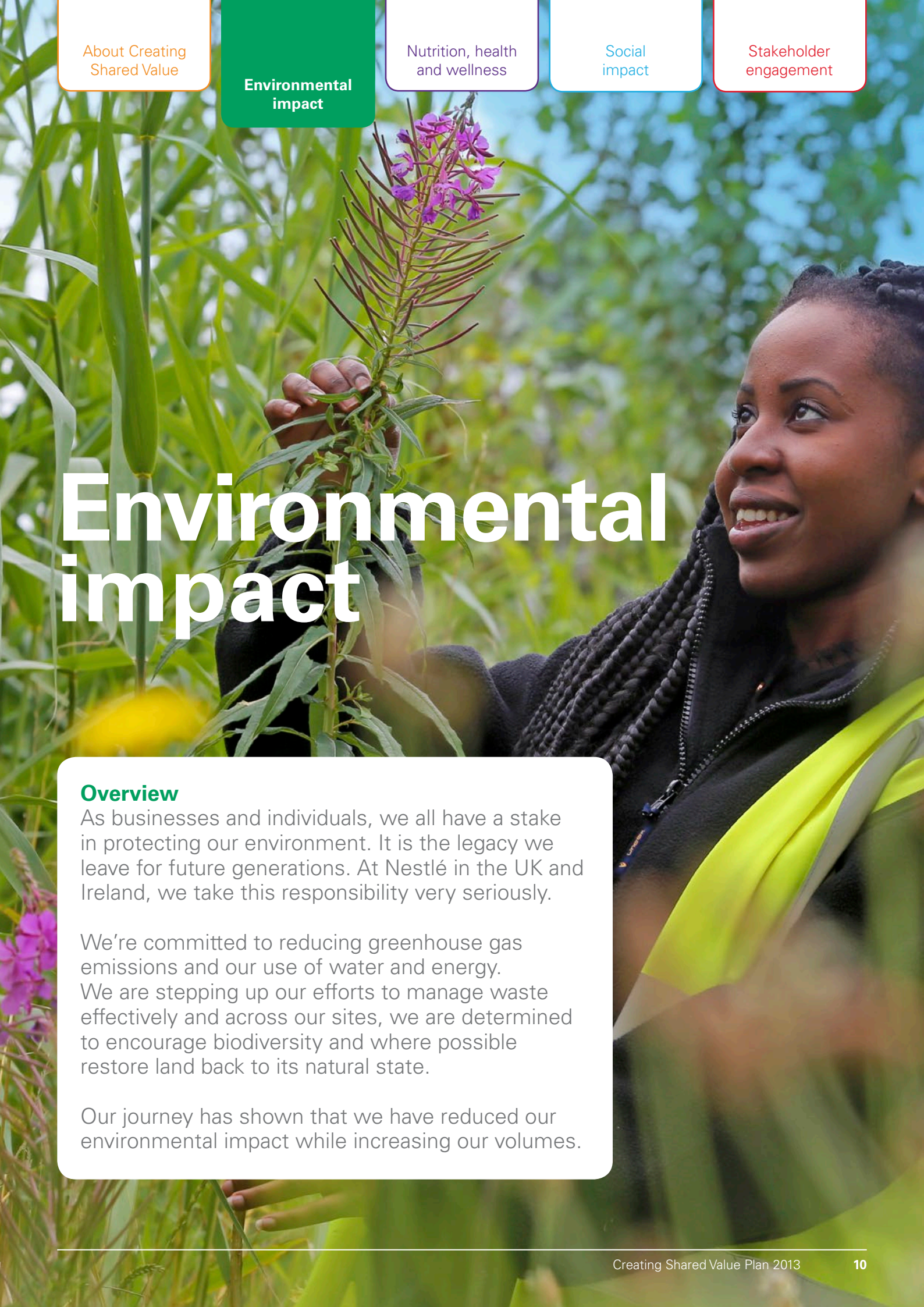
Data relates to Nestlé UK & Ireland's operations for the year ending 31 December 2012, although some case studies and new targets are from 2013 and illustrate ongoing work programmes.

Data measurement

Nestlé has developed performance indicators to provide a focus for measuring and reporting Creating Shared Value (CSV), sustainability and compliance. Unless stated otherwise: targets and performance indicators are for the year to 31 December 2012, reported as at year end; the baseline year is 2006; and statistics relate to Nestlé UK & Ireland.

Future reporting

Our objective is to ensure we maintain consistent and regular reporting against our business activities. Since 2010, we have reported annually on our progress towards CSV and will continue to do so.



Environmental impact

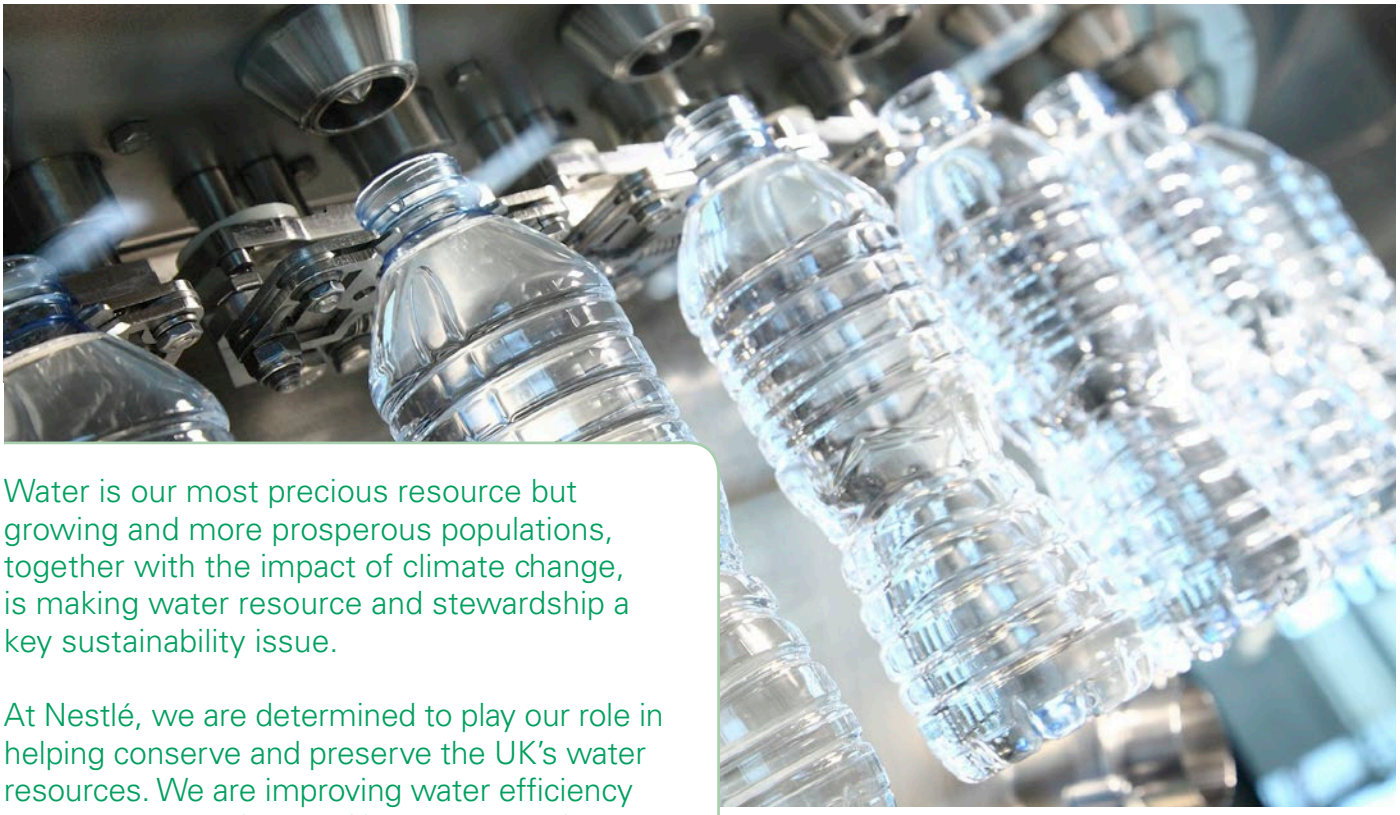
Overview

As businesses and individuals, we all have a stake in protecting our environment. It is the legacy we leave for future generations. At Nestlé in the UK and Ireland, we take this responsibility very seriously.

We're committed to reducing greenhouse gas emissions and our use of water and energy. We are stepping up our efforts to manage waste effectively and across our sites, we are determined to encourage biodiversity and where possible restore land back to its natural state.

Our journey has shown that we have reduced our environmental impact while increasing our volumes.

Water



Water is our most precious resource but growing and more prosperous populations, together with the impact of climate change, is making water resource and stewardship a key sustainability issue.

At Nestlé, we are determined to play our role in helping conserve and preserve the UK's water resources. We are improving water efficiency across our operations and have set ourselves an ambitious target of **reducing our absolute water usage by 50% by 2020** (compared to 2006).

What are we doing?

Water reduction and adaptation planning

In 2012, we continued to implement initiatives to increase water efficiency and reduce water use across our sites. We invested £475,000 to improve the sustainability of our Girvan and Fawdon factories. At Girvan, for example, we developed a process to recover and recycle ½ million litres of water every day that evaporates from the milk used in making chocolate. This will help us deliver an 84% reduction in water and a 12% reduction in energy consumption in Girvan.

We extended our water reduction programme and developed water adaptation plans in 2012, a total of seven sites have established plans with two more planned this year. These plans outline how we will act in order to adapt to the risks of water shortages and the implications for our operations and our supply of raw materials.

UK HIGHLIGHTS

Nestlé has reduced water use since 2006 by 38%

In 2012, we invested £475,000 to improve the sustainability of our Girvan and Fawdon factories

We have extended our water reduction programme across seven of our sites and have plans to roll out across two more

In 2012, we committed £1.65 million to help the Environment Agency and local partners develop a flood defence system for the lower reaches of the River Dove in South Derbyshire.

Sustainable drainage system and flood defence at Tutbury

Over the next two years we will be extending and developing our production facilities at our coffee manufacturing plant in Tutbury.

Since 2009, we have been using a sustainable drainage system (SuDs) at Tutbury to manage the quantity and quality of water flowing back into the local water system. As part of our continued commitment to sustainability, the SuD system will be extended into two new areas as part of the site's factory expansion programme.

How does it work?

Water from the site is fed into specially-created ponds. These help minimise the risk of flooding by providing storage and also, through their reed beds, naturally filter the water.

SuDs uses sophisticated technical controls to promote a range of environmental benefits including the prevention of pollution, the reduction of flooding, the natural recharging of groundwater and the enhancement of the local aquantic and wetland biodiversity.

Sustainable drainage system and flood defence at Tutbury

Working in partnership

In May 2013, Landscape Design students from Derby College found the site's SuD system to be rich in biodiversity. During a survey, they identified more than 32 different species of birds, frogs, insects, grasses and flowers around the pond areas.

In 2012, we made a commitment to donate £1.65 million to help the Environment Agency and local partners develop a flood defence system for the lower reaches of the River Dove in South Derbyshire.

Biodiversity survey at Tutbury

The scheme, which is due to be completed in autumn 2013, will reduce the risk of flooding to more than 1,600 properties in Scropton, Hatton and Egginton and improve the potential for wildlife. The Environment Agency is working closely with the Dove Valley Community Project, which owns and runs the local nature reserve at the heart of the project.

Buxton – award-winning sustainable development

In 2012, we started production at our state-of-the-art £35 million water bottling plant at Waterswallows in Buxton, and the factory was officially opened by Lord De Mauley in 2013. The site was awarded the level of 'Excellent' in BREEAM (Building Research Establishment Environmental Assessment Method) certification. BREEAM is the UK's foremost environmental assessment method and rating system for buildings, which takes into consideration the site's energy and water use, its transport infrastructure and its ecology.

The plant won the 2013 Considerate Constructors' Gold National Site Award for exceptional standards of consideration towards local neighbourhoods and the general public, the workforce, and the environment during its construction.

> *"I'm delighted to be opening Nestlé's new £35m bottling and warehouse factory today. It's a world class example of innovation and efficiency.*
>
> *Investments like this in our food and drink industry help generate economic growth and create more jobs. This investment will ensure Buxton remains the home of Nestlé Waters' bottling facilities long into the future, which is good news for the local community, the economy and the environment.*
>
> **Lord de Mauley, Environmental Minister**

Buxton factory

The award recognises our active engagement with the community over the new plant and our collaboration with students at Derby University to help improve the site's landscape design.

The initiatives used at Buxton include:

- A sophisticated and sustainable drainage system which mimics nature to minimise the impact of urban development. It promotes the natural recharging of groundwater and enables the waste water from production and cleaning processes to be recovered and recycled.
- The use of energy efficient lighting and recycled heat systems to reduce energy consumption and GHG emissions.
- The factory has been independently audited and certified as achieving 'Zero waste to landfill'.
- Encouraging local employment with two out of three construction staff living within 50 miles and 76% of materials sourced within a 50-mile radius.

Raising awareness of water scarcity

As part of our commitment to increasing water efficiency across the industry, we chair the Food and Drink Federation's Water Working Group. This group has developed a campaign on the issue of water stress and the importance of managing water use along the supply chain. The Every Last Drop campaign provides practical guidance and a series of golden rules to help food and drink manufacturers reduce water use. In 2013, the campaign won an award for Water Management Project of the Year at the BusinessGreen Leaders Awards.

World Water Day

We recognised that water was perceived as cheap and the importance of this precious resource was being underestimated. There was a lack of understanding of where water savings could be made and a lack of engagement on resolving water issues.

To mark World Water Day in 2012 and 2013, we undertook a range of activities to raise awareness of water scarcity among our employees and to show how water can be saved at home and work

> *"It was a good day and I can certainly say that our employees have learnt more about water now than they did before.*
>
> **Daryl Richards at CPUK**

Arrangements were made across the Hayes factory to ensure employees could attend. The 125 people who attended joined workshops by experts in the industry, including Thames Water and Veolia. Employees also had the opportunity to resolve water issues in their area of the factory. This led to 38 opportunities for savings being identified and 80% of these have now been achieved. This equates to approximately 30 Olympic swimming pools worth of water being saved each year through the event.

So far 25 employees have been rewarded for their efforts to conserve water.

In addition local school-children came to our Buxton factory for a series of fun projects designed by Project WET (Water Education for Teachers) to help them understand the vital importance of water as a global resource.

> *"The success of this project was down to the high levels of engagement across the factory. Everyone was able to get involved in identifying issues and worked together to resolve them.*
>
> **Mark Gregory, Hayes Energy and Environment Engineer**

Climate Change

Climate change is one of the major challenges our world faces. Without action, scientists warn that temperatures will continue to rise and extreme weather conditions will become more frequent.

We are determined to play our part in reducing greenhouse gas (GHG) emissions by improving resource efficiency, switching to cleaner fuels and investing in renewable energy. We have set ourselves a target in the UK of **reducing carbon emissions by 40% between 2006 and 2020** and to develop climate change adaptation measures for all sites by 2014.

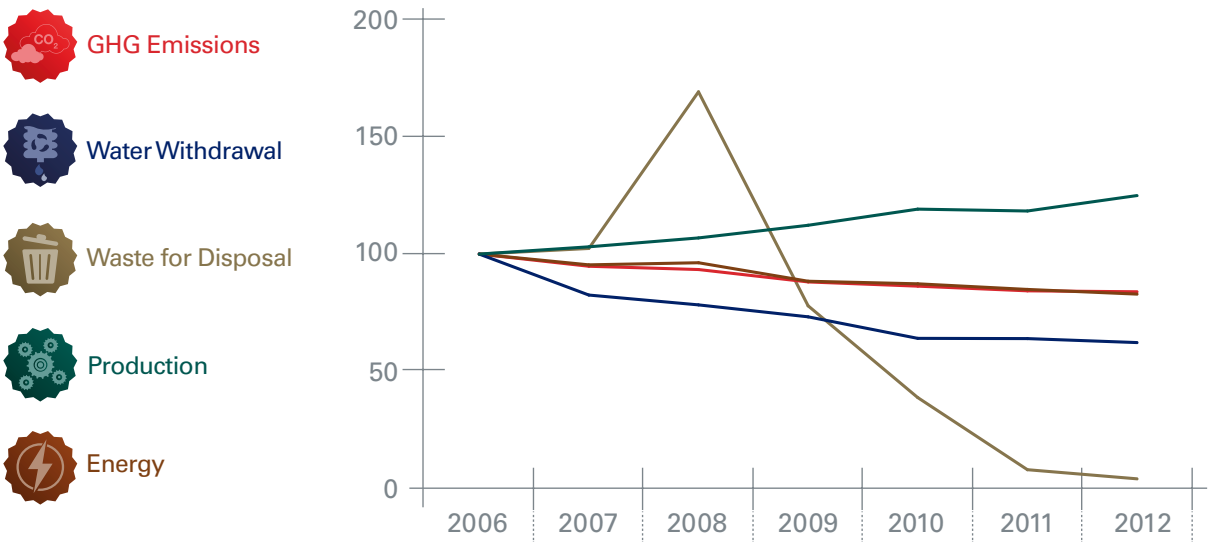
Energy and emissions

Our goals on energy

We have an ambitious goal to reduce our GHG emissions by 40% by 2020 (from a 2006 baseline). In order to help achieve our goal we have put in place:

1. **Energy/resource Target Setting (ETS):** optimising energy and water consumption rates at our individual factory sites to ensure we are being as efficient as possible and identifying areas for investment and improvement
2. **Nestlé Continuous Excellence:** measuring how much energy our machines use to identify any changes to design and operation that will help us reduce energy losses
3. **Renewable energy:** using renewable energy whenever possible to reduce GHG impacts
4. **Investment in world class manufacturing facilities:** our new state-of-the-art coffee manufacturing facilities in Tutbury will enable us to save 30,000 tonnes of CO_2 by 2015

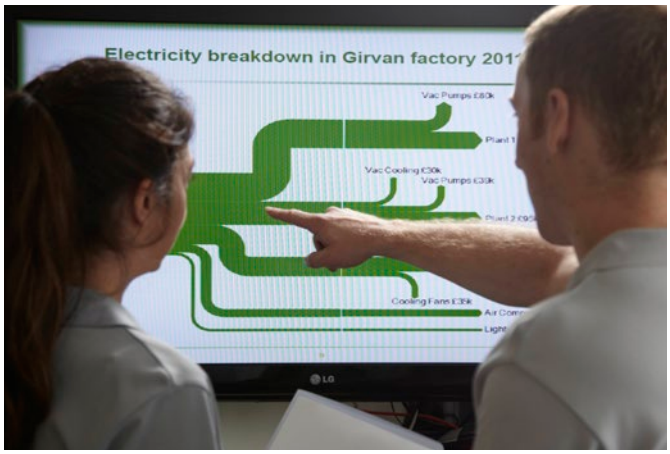
The table below shows the reduction in energy while production volumes have increased:



Energy Target Setting

In February 2012, our Girvan factory became the first site to pilot Energy Target Setting (ETS). We have now rolled it out across seven sites and identified more than 200 ways to reduce energy and water use. For example, in our Dalston factory we made an investment of £2.9 million to replace the heating system on one of our machines. This helped us to increase our production capacity while reducing the site's energy use by 2%.

Through our ETS programme, we are making further investments in our people and machines to help us halve our water use and reduce our greenhouse gas emissions by 40% by 2020.



Our machinery

Maintaining our machinery well, operating it carefully and making use of the latest technological advances can help us save energy.

Small changes can make a big difference – from maintaining worn machine parts and conducting regular checks on the condition of mechanical parts, to making sure the machine is operated at the right speed.

In 2012, we developed our own method to measure the energy performance of our machinery. We use it to rate our machines, with those that lose the least energy getting the highest score. We are now rolling this system out across all our plants to help us identify what works best and to ensure we are operating in the most sustainable way possible.

Adapting to climate change

We have already introduced plans to ensure we use water wisely at all our sites, while considering the impact of likely water shortages in the future. We are now widening this work to consider how we can adapt our operations for climate change.

Using our unique methodology based on risk tools developed by the Environment Agency and UKCIP, we are looking at how past climatic events have affected our sites and use climate projections to assess future risks.

In 2013, we developed our first climate change adaptation plans at our Girvan, Fawdon, Dalston and Tutbury sites and are in the process of developing plans for York and Halifax. We hope to have plans for all our sites by the end of 2014 and intend to monitor them regularly with a full review every three years against the latest scientific findings and research. We also aim to engage our local communities in our approach to build awareness and develop wider climate change adaptation measures.

Transport and distribution

We are committed to minimising the environmental impact of our transport and distribution network. We are moving to lower-emission vehicles, fuels and transport types and are working to make our distribution system as efficient as possible. We have signed up to the Freight Transport Association's Logistics Carbon Reduction Scheme which aims to **reduce CO_2 emissions by 8% by 2015.**

Project Pick-up

Nestlé launched Project Pick-up in 2012 to reduce the number of empty vehicles on the road, helping to minimise road mileage and reduce greenhouse gas emissions.

How does it work?

We work with suppliers and customers to identify opportunities where we can co-operate on the use of delivery vehicles. This prevents lorries being empty on a return journey.

We now use one vehicle to collect raw materials from Dungannon and Craigavon in Northern Ireland and deliver them to our factory in Wisbech, Cambridgeshire. This same vehicle collects our finished products from the factory and delivers them to our distribution centre in Hams Hall, Warwickshire.

From the distribution centre we load up the vehicle with a delivery order and give the driver a route home that maximises the driver and truck's capacity and driving time, ensuring all our journeys are as efficient as possible. We use a similar system at our new water bottling factory in Buxton for 80% of the site's packaging requirements.

In the first half of 2013 we reduced vehicles by 50%, removing around 900 vehicles from the road through this initiative.

Vehicle Maintenance Unit

We operate a fleet of over 250 trailers and tankers in the UK & Ireland. The fleet is managed by a team of nine mechanics at the Vehicle Maintenance Unit (VMU), located at our confectionery factory in York.

We are proud of the workshop team and the important part they play in making sure that our products reach the shelves on time, in great condition and above all safely.

The VMU operates a zero waste policy. All waste is sorted and either recycled, reworked or disposed of through energy recovery. Special or hazardous waste is disposed as per compliance requirements.

All water used for washing vehicles and cleaning sanitation facilities comes from our water harvesting system. This means we draw natural rain water from our factory roof rather than using mains water. Our vehicle wash even recycles 80% of the water used.

In February 2013, we became the first fleet operator in North Yorkshire to achieve a five star rating in the ECO Stars Fleet Recognition scheme. This recognised the work of our maintenance facility and stringent environmental initiatives.

Protecting natural capital

We are committed to protecting and enhancing natural capital by developing local approaches to reduce our environmental impacts and working with stakeholders to enhance biodiversity. We are **developing biodiversity plans for all our UK and Irish plants** and intend to have them in place **by 2015**.

Biodiversity programmes across manufacturing sites

The UK's butterfly populations are under pressure. So we decided to give them a helping hand. With the help of experts, we have planted wildflower meadows to provide a habitat for butterflies and other animals.

Girvan: In 2011, local school children helped us to plant 850 native trees and a butterfly meadow across seven acres of unused land.

Fawdon: Fawdon employees and their families planted our first butterfly meadow in 2011. We are also developing a wildlife corridor – allowing animals to pass freely around the site.

Dalston: In 2013, the local community helped us to plant a butterfly meadow which was developed with expert support from local wildlife groups.

Buxton: In 2011, we created a butterfly meadow and planting scheme with the Derbyshire Wildlife Trust, the local Butterfly Conservation Group and local students.

Tutbury: In 2013, we built our first Green Wall which curves around the entrance to the site and is made up of 11,300 plants. Tutbury also has its own butterfly meadow.

To ensure our biodiversity programmes are delivering the intended benefits to nature, we have brought in BMTrada, an independent specialist, to audit our sites. So far our Girvan, Fawdon and Tutbury sites have been verified as delivering biodiversity programmes. We plan to roll these audits out across all sites.

"The creation of the wildflower meadow at Hatton in Derbyshire is an important part of the Dove Valley wildlife project. It further enhances the existing features on the adjacent Thistley Place Meadow Local Nature Reserve. By carrying out a weekly butterfly transect, it is possible to monitor the increase in individual numbers of butterflies species that such a project generates.

Ken Orpe, Derbyshire Recorder, Butterfly Conservation

Improving our sites

In 2013, we built a green wall at the entrance to our Tutbury site which is not only attractive for local residents but is creating an excellent new habitat for birds and insects.

The wall, which is 47 metres long and nearly four metres high, is made up of 11,300 plants with a built-in sustainable irrigation system. As well as providing a new home for wildlife, green walls also help reduce pollution in the air and offset carbon emissions.

A similar wall will also be developed at our Fawdon factory.

"Without nature we cannot not exist but nature can exist with out us. Nature provides pollinators such as butterflies, bees and birds and they are integral to the food we grow. Their habitats are at risk which is why we are announcing this programme, to encourage biodiversity across not only our sites but also land belonging to our First Milk farmers. Over the next few years, we would like to work with more organisations, businesses and people across our entire supply chain to make this project truly national.

Inder Poonaji, Head of Environmental Sustainability Nestlé UK

Increasing biodiversity along the supply chain

We are sharing the lessons we have learnt at our own sites along our supply chain. So far seven dairy farmers, who are part of the Nestlé First Milk Sustainability Partnership, have planted wildflower meadows on their land. This takes the total land dedicated to our biodiversity programme to nearly 65 acres. The farmers are from the group who supply our Girvan factory in Scotland with around 70 million litres of milk each year to be used in our milk chocolate.

Collaborative work on policy

As part of our commitment on natural capital, we are working with other companies to maximise the effectiveness of our activities. Globally, we are working to develop a better understanding of how to value the impact of our activities across the value chain. We are active members of the Cambridge Natural Capital Leaders Platform which brings together companies concerned about the environment and focused on developing practical evidence, action and policy influence.

Packaging

Packaging prevents food waste, guarantees quality standards and gives customers the information they want and need. Unnecessary and excess packaging uses up scarce resources and adds to waste.

We are **committed to reducing the weight, volume and environmental impact of our packaging** and use **recycled materials** where possible.

On-pack messaging

Consumers in the UK and Ireland were the first to benefit from our new global initiative to add Quick Response (QR) codes to all Nestlé product packaging. Each code links to information about nutrition as well as the social and environmental impact of the product. We plan to roll out QR codes across our product portfolio in both emerging and developed markets to help people make more informed choices about what to purchase or consume.

Multi-pack two-finger KIT KAT® chocolate bars in the UK and Ireland were the first to display QR codes.

"We hope that customers, wherever they are in the world, will use these QR codes to learn more about our products

Patrice Bula, Nestlé's Head of Strategic Business Units, Marketing and Sales

UK AND IRELAND HIGHLIGHTS

In the UK, 92% of the packaging we use is already recyclable. By 2015 we aim to achieve 95%

In 2012, we became the first major UK confectioner to offer an entire Easter egg range with packaging that is

100% recyclable

In 2012, we launched an innovative lightweight range of BUXTON WATER® bottles. These new bottles are one of the lightest bottled water bottles produced in the UK and have a shorter neck and a sturdy, ergonomical shape that requires less plastic. Through their redesign we achieved an average 25% reduction across the range in the use of Polyethylene Terephthalate (PET) in their production with a

46% reduction

in PET for the smaller 25cl and 33cl bottles.

Buxton 'Recycling Cycle' Scheme

We have been working with the local community in Buxton to improve recycling rates for a number of years. In 2012, we provided six local schools with recycling units and launched a competition in Buxton Community School, for pupils to design a poster encouraging local residents to recycle.

Following the success of this initiative, in 2013, we launched our 'Recycling Cycle' pilot scheme in partnership with Recoup, one of the nation's leading authorities on plastics waste management and recycling. So far three Buxton schools and more than 1000 pupils have taken part in the programme, which aims to encourage changes in behaviour by showing children how they can make a real difference to the environment.

As well as using practical activities to demonstrate the importance of recycling, we will arrange competitions to encourage students to design posters, write poems or create short films that encourage the community to recycle. The winning poster will then be used locally to promote recycling and educate the general public.

Since the start of our partnership with Recoup in 2010, 8,950kg has been recycled in the community, which equates to 196,900 bottles.

"

We are excited about continuing to work with Nestlé Waters on such a worthwhile and effective scheme. The poster competition really communicates our recycling in schools and to residents across Buxton.

Luke Cox, Project Manager at Recoup

The Buxton schools involved in the 'Recycling Cycle' programme are: Burbage Primary School, Harpur Hill Primary School and St Anne's Catholic Primary School. A further three schools will receive recycling units and join the programme later in 2013.

"

We are delighted this pilot project in Buxton works so closely with our local community to support our shared desire to live and act sustainably. There is such enthusiasm for this in our schools and we excited to see how the pupils bring alive our recycling messages this year.

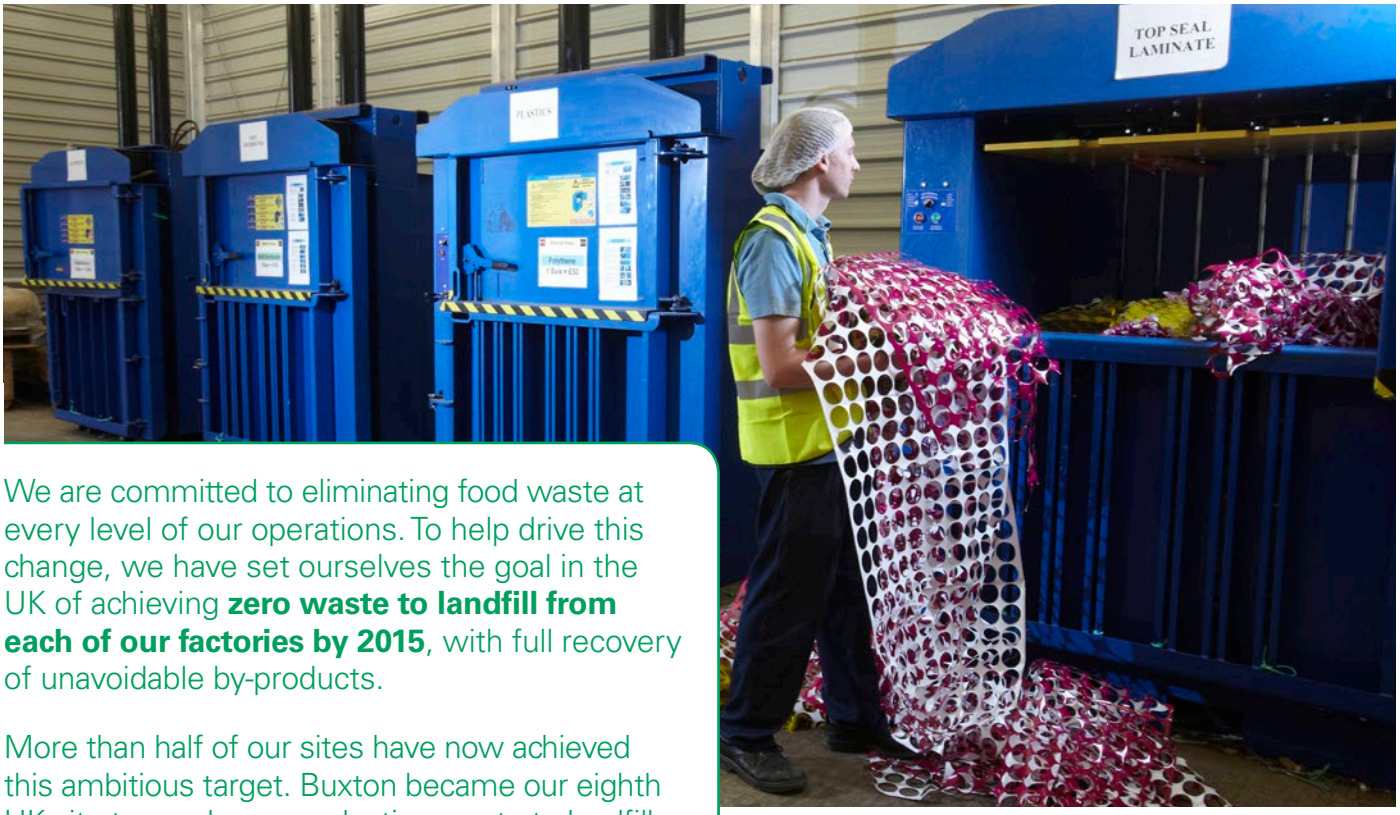
Siân Chapman, Corporate Communications Manager at Nestlé Waters

Addressing the challenge of mixed plastics

In the UK and Ireland, 92% of the packaging used for our products is recyclable, and the remaining percentage is made of mixed plastics. Although the technology exists to recycle these materials, it is not widely available in the UK. To help address this issue our Research and Development teams have been exploring how to increase recyclability through new technologies. In 2012, we focused on facilitating discussion across industry and Government, by sponsoring the Resource Recovery Forum's summer conference and speaking about the need for more lifecycle assessment on mixed plastics. We also hosted a roundtable with key stakeholders to help discuss this issue and develop next steps.

In 2013, we partnered with Enval, a leading provider of recycling and environmental technology solutions, to support the construction of the first commercial scale plant for Enval's patented material recovery technology. This is now up and running. Enval's technology offers an environmentally favourable end-of-life solution for difficult-to-recycle packaging formats using a plastic and aluminium based laminate.

Waste



We are committed to eliminating food waste at every level of our operations. To help drive this change, we have set ourselves the goal in the UK of achieving **zero waste to landfill from each of our factories by 2015**, with full recovery of unavoidable by-products.

More than half of our sites have now achieved this ambitious target. Buxton became our eighth UK site to send zero production waste to landfill – an achievement independently verified in 2013. Our Hayes, Halifax, Fawdon and Tutbury sites all met this target in 2012, following York in 2011 and Girvan and Dalston in 2010.

Implementing zero waste to landfill: Tutbury

Achieving zero waste to landfill requires new systems and training to be put in place. At Tutbury, an area is dedicated to each of the factory's 16 waste streams so that the materials can be carefully observed and segregated. Contractor waste is managed in the same way, providing a uniform approach across the site.

By investing in balers to ease the handling and management of packaging waste, both the space needed at the factory and the transport footprint have been reduced. Working with waste contractors who recycle in the best way possible is equally vital. The factory carries out regular auditing of suppliers to ensure the highest standards.

> *Nestlé York has demonstrated through our review that in many areas best practice is being delivered in terms of both waste management and segregation. It is also clear that the introduction of the Nestlé Continuous Excellence (NCE) programme will be key to the delivery of improvements in the future. This continues to be an extremely influential and significant programme and will be a key vehicle of change at the site.*
>
> **Dr Richard Swannell, Director of Sustainable Food Systems at Waste and Resources Action Programme (WRAP)**

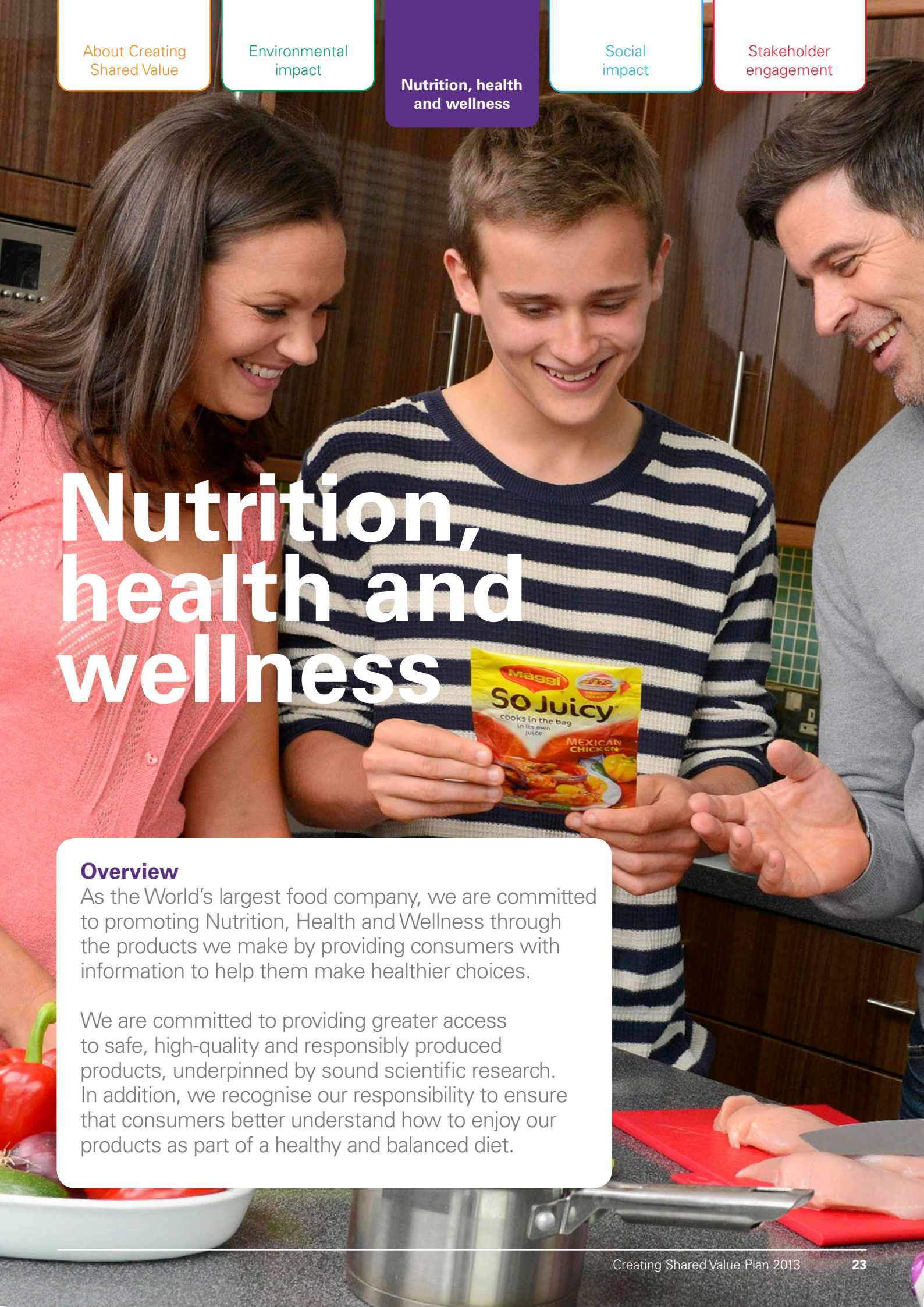
Pathfinder project

In 2013, Nestlé launched the Pathfinder project, in partnership with WRAP, to identify waste hot spots and opportunities for waste prevention along the chocolate crumb supply chain. Our aim is to reduce waste used along the UK chocolate crumb chain by 5% by 2014.

This work began with a detailed analysis of dairy farm to manufacturing plant and on to customer till – in order to make recommendations for waste reduction projects along the supply chain in 2013/14.

FareShare – ensuring no good food goes to waste

We support FareShare, a charity tackling food poverty and food waste in the UK. FareShare redistributes surplus, fit-for-consumption food from the food and foodservice industry to charities who serve an average of 42,700 homeless, disadvantaged or vulnerable people a day. In 2012, we diverted enough food for 564,249 meals to FareShare, sending 236 fewer tonnes to landfill in the process.



Nutrition, health and wellness

Overview

As the World's largest food company, we are committed to promoting Nutrition, Health and Wellness through the products we make by providing consumers with information to help them make healthier choices.

We are committed to providing greater access to safe, high-quality and responsibly produced products, underpinned by sound scientific research. In addition, we recognise our responsibility to ensure that consumers better understand how to enjoy our products as part of a healthy and balanced diet.

Consumers and our products

Our consumers love the taste and enjoyment that our products bring. But we recognise that we also have a responsibility to do all we can to combine great taste with the best possible nutrition. We have a track record of innovating to deliver this ambition and, in 2012, invested **£7 million to expand our UK-based global centre** for confectionery research and development to help us do even better in the future.

We have supported the Government's Public Health Responsibility Deal since its launch in 2011 and have signed up to all relevant Food Pledges. To learn more about how we are contributing to the Deal visit the Department of Health's website.

Maggi®

Our Maggi range is specifically designed to help families enjoy balanced meals. The fresh ingredients proposed for use in our recipes are lower fat and calorie alternatives and a complete meal contains an average of 500 Calories.

We keep working to improve the range even further. In 2012, we reduced the salt in the products that we first brought to market. We first launched a range of four Maggi So Juicy products for chicken in 2011 and shortly after launched Maggi So Juicy Barbeque Pork Ribs. We changed the recipe for these products from European recipes to recipes designed for UK and Ireland consumers. This resulted in salt reductions of 38% (sales weighted average) across these five products. Since then, all of our Maggi So Juicy, So Crispy and Fresh Ideas products have been developed specifically for UK consumers.

All Maggi meals, when prepared according to our on pack suggestions, meet the Responsibility Deal 2012 Salt Reduction Targets for the product as prepared, contain at least one portion of vegetables and are free from hydrogenated vegetable oils, MSG and artificial colours, flavours* and preservatives. *(apart from Maggi Rich Red Wine and Shallots for beef, which contains an artificial flavour).

Love to Share

We have been encouraging our consumers to share our products or to save some for later. We have started introducing sharing messages on relevant packs. In 2012, we added messages to all of our pouch bags and many of our sharing bags. 11% of relevant products now have a sharing message which is over double the amount we labelled in 2011. This will increase to 100% by the end of 2014.

We have also introduced a reseal option so our packs can be resealed to save for later and many of our products are easily portionable. We are rolling these initiatives out across our packs where feasible.

Removing artificial colours, flavours and preservatives

In 2011, we became the first major confectioner in the UK and Ireland to remove artificial colours, flavours and preservatives from all of our confectionery. This pioneering move followed seven years of research to identify natural alternatives such as concentrates of fruit, vegetables and edible plants.

Reducing calories

We have continued to carry out our programme of calorie reduction work. In 2012, we signed up to the Calorie Reduction Pledge under the Government's Public Health Responsibility Deal, which supports our commitment to enable our customers to eat and drink fewer calories.

Our recent achievements include:

Over half (54% sales weighted average) of our confectionery now contain fewer than 110 calories per serving and 78% of the confectionery products that we launched in 2012 were single serve products.

We introduced three new biscuits in our 99kcal range and made a further 5% reduction in calories in our AERO® Medium bars.

In 2012, we launched a selection of treat size ice creams including FAB MINIS® STRAWBERRY AND FAB MINIS APPLE & BLACKCURRANT, which contain 47% fewer calories and are 45% smaller than a standard FAB.

Over half of our beverages sold in 2012 were low calorie drinks or lower calorie alternatives to standard products. We also launched NESCAFÉ® 2IN1, which contains 37% fewer calories than NESCAFÉ 3IN1. (Statistics based on 2012 sales volume).

"We have supported the Government's Public Health Responsibility Deal since its launch in 2011. We are adopting the new labelling scheme in the UK as we recognise its importance to the public health agenda. Providing consumers with consistency in front of pack labelling is central to them using this information. We look forward to working with the Department of Health and other stakeholders to make it easier for shoppers to choose foods and beverages to create a healthy, balanced diet.

Fiona Kendrick, Chairman and Chief Executive Officer, Nestlé UK & Ireland

Clear labelling of our products

To help our customers make informed choices, we are leading the way in the clear labelling of our products' content. In 2013, we announced our commitment to a new nutrition labelling scheme, the latest food pledge in the Government's Public Health Responsibility Deal.

The new scheme, created by the Department of Health alongside health organisations, retailers and manufacturers, aims to provide UK shoppers with consistent nutrition labelling. The scheme combines Guideline Daily Amount information, which Nestlé UK & Ireland already displays on most of its labels, with an at-a-glance colour coding system.

We were the first UK and Ireland confectionery company to display calorie information on the front of all of our products in 2005. In 2006, we added full Guideline Daily Amount (GDA) information across the majority of Nestlé UK & Ireland product range.

Reducing Salt

Since 2005, we have been steadily reducing the salt levels in our products. For example, in 2012, we further reduced salt in our HERTA CLASSICS® FRANKFURTERS by an additional 9%, making a total reduction of 19% since 2008. We also we reduced the salt in our first range of MAGGI So Juicy products, launched in 2011. We achieved a salt reduction of 38% (on a sales weighted basis) across five products.

Over the next four years we will continue this good work and aim to reduce salt by a further 10% in relevant food products on a global basis. We will also work closely with relevant stakeholders to implement the new Responsibility Deal post 2012 salt targets.

Research to address healthcare challenges

Our global Nestlé Health Science Company (http://www.nestlehealthscience.com/) and Nestlé Institute of Health Sciences support pioneering nutrition research. Our aim is to pioneer the development and application of evolving science to create a new role for nutrition in disease prevention and management. We want to play our part in finding science-based solutions which can help prevent and treat health conditions that are increasingly placing an unsustainable burden on the world's healthcare systems. In the UK, through the acquisition of Vitaflo, Nestlé Health Science develops nutritional solutions for people with genetic disorders that affect how food is processed by the body.

Training the next generation of chefs

Our food service division, Nestlé Professional, works with partners in the food service industry to help improve creativity and efficiency. We do this by providing brands and products that give our partners variety, great taste and nutritionally balanced products.

In 2011, we teamed up with the British Nutrition Foundation (BNF) to create an online course that teaches people about nutrition, health and wellness. The course includes topics such as energy and nutrients, understanding food labels and catering for health. It will help educate future chefs about the benefits of nutrition and a healthy diet.

If students successfully complete the modules and pass a short test, they receive a BNF certificate showing that they are trained in nutrition, health and wellness.

In conjunction with **Brakes**, a leading European supplier to the catering industry, we have developed additional training resource specifically for catering regarding the nutritional needs of the elderly. This has been made available to all Brakes customers and employees.

Nestlé Toque d'Or® competition

We celebrated the 25th anniversary of the Nestlé Toque d'Or® competition in 2013 – a competition that helps aspiring young catering students to develop their skills and gain experience in a professional front-of-house or kitchen environment.

Students from all over the country compete in heats to showcase their expertise and participate in lessons along the way to learn new techniques and skills. Lesson topics include hygiene and food safety policy, menu development and food pairing. The 2013 finalists also received a master class from Michelin starred chef Alan Murchison.

In 2013, The Savoy Educational Trust contributed grants so that every college that successfully competed would receive a prize of £400 worth of catering equipment. Each finalist was also offered the opportunity to take up a week's paid work experience within a CH&Co catering site and the winning team had the chance to work alongside the Mosimann team.

The winning students in 2013 were Colleen McCann and Lauren Beavers from South West College (Dungannon). On winning, they said: "This has been the best experience ever for us – an experience not to be missed. We've learned so much and feel privileged to have been part of Toque d'Or. To be the first college in Ireland to win is just the icing on the cake".

Social impact

Overview

From the farmers who supply our milk to the communities where we operate, from our employees who make and deliver our products to those who buy and consume them, we believe that we have a responsibility to have a positive impact on all the people we reach.

Responsible sourcing

We are committed to helping our suppliers produce high quality raw materials in a responsible and sustainable way. This safeguards their incomes, ensures we have a long-term supply of materials for our products and means our consumers can trust the way our ingredients are sourced.

Responsible Sourcing Programme

Our aim is to ensure our suppliers work according to the same principles that we do, from sustainability to labour standards. We monitor this through our responsible sourcing audit programme and supply chain traceability programme.

Audit Programme

In 2012, we carried out more than 700 audits on direct suppliers in Europe. More than half of these suppliers are now judged to be fully compliant with the Nestlé Supplier Code, as measured by the Sedex Members Ethical Trade Audit (SMETA) 4 Pillars protocol, which covers:

- Compliance and Business Integrity
- Human Rights and Labour Practices
- Communities and Rural Development
- Environmental Sustainability

We are working with the rest of our suppliers so that they also meet these industry-leading standards.

Traceability Programme

Where we do not purchase direct from farmers, we have a traceability programme to establish transparent supply chains. We have already examined how our supply chain operates, against our Responsible Sourcing Guidelines, for a whole range of products including palm oil, sugar, cocoa, coffee and milk. This helps us to identify and implement global commitments on a range of issues such as deforestation and child labour in agriculture.

In 2012, we consolidated our Responsible Sourcing Guidelines for each material category into general Responsible Sourcing Guidelines for all materials of agriculture, forestry, fishery or aqua farming.

Responsible Sourcing Committee

To ensure we continue to meet and set high standards in the UK & Ireland, in 2013 we set up a Responsible Sourcing Committee to deliver better co-ordination and improved governance. The committee, chaired by Head of Procurement Brett Whitfield and attended by experts from across the UK business, aims to meet quarterly to agree the direction for each aspect of our Responsible Sourcing Programme and review progress.

Deforestation

We have made a global commitment to ensure our products do not have a deforestation impact and established Responsible Sourcing Guidelines to promote socially and environmentally sound sourcing practices.

Palm oil

To achieve our goal of 'no deforestation', we recognise that we must work right across the supply chain. This includes the production of palm oil, an essential ingredient in many of our products.

In 2010, Nestlé partnered globally with The Forest Trust (TFT) to establish Responsible Sourcing Guidelines for palm oil. In the UK we have already achieved our 2015 target to source all our palm oil from certified sustainable sources. Since January 2012, 75% of the palm oil we use in the UK is traceable to RSPO (Roundtable for Sustainable Palm Oil) certified plantations. The remaining 25%, which consists of more complex derivatives of palm oil, is purchased through the GreenPalm programme.

The GreenPalm programme supports the production of sustainable palm oil through a certificate trading scheme. The scheme is designed to tackle the environmental and social problems created by the production of palm oil by rewarding the growers of RSPO certified palm oil.

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> *Reducing the rate of global deforestation is an urgent priority, for environmental, economic and social reasons – and clearance for agriculture, for example for palm oil or soy, is the major cause of deforestation world-wide. Nestlé is one of the small group of companies which recognise this and is taking action to eliminate deforestation from its supply chains. Nestlé's efforts are a good model for other companies and governments to build on.*
>
> **Duncan Brack, Independent Environmental Policy Analyst and Adviser**

NESCAFÉ Plan

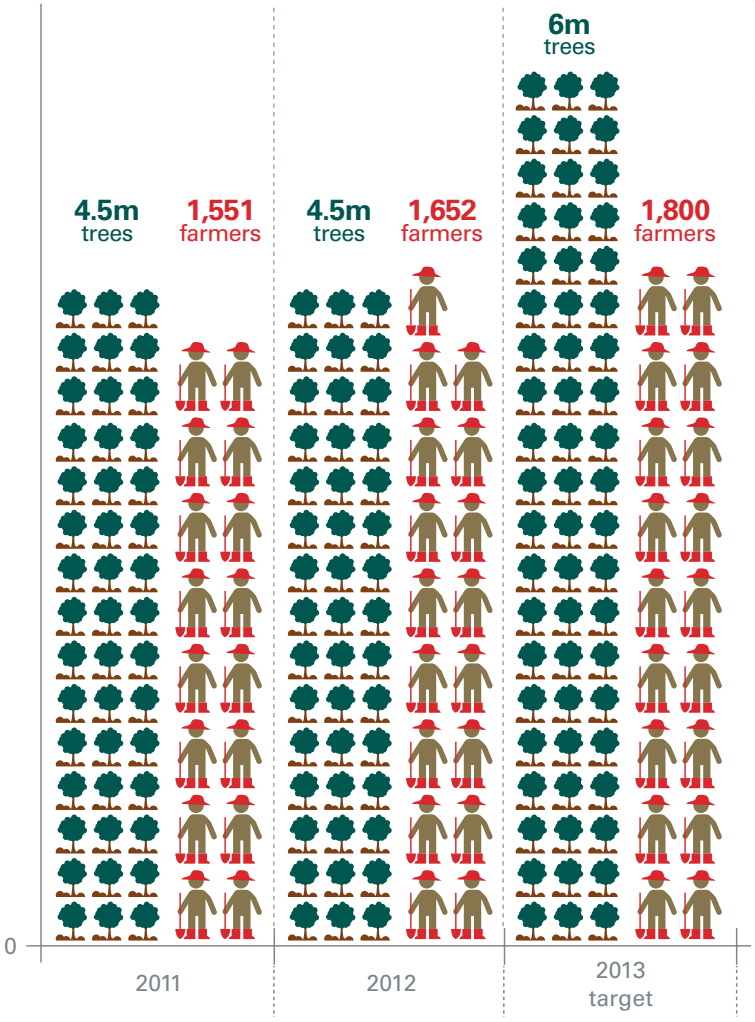
The coffee supply chain affects the livelihoods of millions of people around the world. The NESCAFÉ® Plan, launched in 2010, brings together our commitments on sustainable coffee farming, production, supply and consumption.

Through the NESCAFÉ® Plan, we aim to increase coffee production in a sustainable way and to support local communities. We made a commitment to invest more than £210 million in coffee projects worldwide and to distribute 220 million high-yielding coffee trees by 2020.

In 2013, the NESCAFÉ Plan was awarded the 'Sustainable Standard Setter Award' by the non-profit organisation Rainforest Alliance. The award recognises our leadership in sustainable business practices and our contribution to improving the livelihoods and working conditions of thousands of coffee farmers around the world. It honours businesses and individuals that champion conservation, protect the environment and support local communities.

Providing training and technical assistance in Colombia

Since 2011, we have been working in partnership with the Colombian Coffee Growers Federation (FNC) to support coffee farmers in the Valle del Cauca region of Colombia. We deliver training and technical assistance to farmers and provide disease-resistant trees to rejuvenate their plantations. These activities can help farmers to multiply the yield of their land and increase their income. So far we have delivered:



Supporting Brazilian coffee farmers

In 2012 in the Nova Resende province of Brazil, we partnered with Cooxupé (Cooperativa Regional de Cafeicultores em Guaxupé) to support local coffee farmers. Through the initiative, we trained 148 farmers in integrated pest management, proper use of pesticides, rural sanitation and rural management and planning.

> *"The NESCAFÉ Plan complements the Colombian Coffee Growers Federation's ongoing Sustainability that Matters programmes and motivates coffee growers who are now in a position to see the importance of their effort and their direct link with all the participants of the industry, including of course consumers.*
>
> **Adriana Mejía, Director for Europe,Colombian Coffee Growers Federation (FNC)**

We also funded soil, leaf and water analysis for more than 1,800 farmers and installed 20 septic tanks to prevent the contamination of nearby rivers and streams. These actions were developed in response to the needs identified by the community.

The Nestlé Cocoa Plan

The Nestlé Cocoa Plan aims to improve the profitability and sustainability of cocoa farms, advance the social conditions for local people and, in turn, develop a sustainable supply of high quality cocoa for Nestlé.

The Nestlé Cocoa Plan focuses on five key areas:

1. **Better farming** by training farmers in more sustainable farming practices;
2. **Better schools** by aiming to build 40 schools in the next four years and supporting community projects;
3. **Better plants** by providing 12 million highly productive cocoa plants to farmers, to increase yields and incomes.
4. **Better cocoa** by improving the supply chain and paying a premium for quality cocoa;
5. **Certification through independent partners** like FAIRTRADE and UTZ

To find out more visit **www.nestlecocoaplan.com**

Fairtrade certified KIT KAT® 2 finger

In January 2013, we gained Fairtrade certification of our KIT KAT 2 Finger. By extending Fairtrade certification across the most popular of the KIT KAT range, just under 800 million additional bars a year will now carry the mark.

Nestlé and FAIRTRADE have a shared ambition to help Ivorian cocoa farms improve their lives by giving them a better deal in return for high-quality certified cocoa. In the UK, we now purchase an additional 5,300 tonnes of sustainable cocoa from FAIRTRADE farmer co-operatives in the Côte d'Ivoire.

This has been made possible by nine additional farmer co-operatives supplying FAIRTRADE certified cocoa for KIT KAT. As FAIRTRADE co-operatives, the 4,200 new farmers will not only receive a price that covers the costs of sustainable production but also receive an additional FAIRTRADE premium to invest in their community or in business development projects of their choice, such as improving healthcare and schools.

Over 1.2 billion KIT KATs now carry the mark on two and four Finger KIT KAT, supporting more than 7,000 farmers in total.

Ivorian farmer Kouame Fasseri has appeared on the back of the FAIRTRADE 4-Finger KIT KAT since launch and is one of the 4,000 members of the Kavokiva co-operative that has provided the FAIRTRADE cocoa for the bar.

> *"This is sweet news not only for the farmers and communities but also for consumers. We know how much Kit Kat 4-Finger going Fairtrade has been able to transform communities in the Côte d'Ivoire. For example, The FAIRTRADE certified co-operative Kavokiva has already been able to develop a variety of community projects, including health insurance for all members and their families, with their Fairtrade premiums. We are very excited now that Kit Kat 2-Finger is going Fairtrade as we will be able to work in partnership with Nestlé to extend further benefits to cocoa farming communities in the Ivory Coast.*
>
> **Mike Gidney, Interim Executive Director of the FAIRTRADE Foundation**

UTZ certification

In 2013, SMARTIES®, YORKIE® and AERO® became UTZ Certified.

The UTZ Certification programme assures that cocoa is sourced sustainably while helping farmers grow better crops, generate more income and create better opportunities to safeguard the environment and secure the Earth's natural resources.

This new commitment will help us to source a global total of 60,000 tons of sustainable cocoa during 2013 alone. Nestlé and UTZ have a shared ambition to empower Ivorian cocoa farmers to help them improve their lives and help their communities to prosper.

"We have seen the willingness of leading companies to invest in and commit to sustainability growth strongly the last couple of years. We are excited to welcome Smarties, Yorkie, Aero and Wonka as part of the UTZ Certified cocoa program. With the commitment of Nestlé UK and Ireland, UTZ Certified reaches a new milestone, endorsing the sustainability efforts of this market leader, and creating opportunities for cocoa producers worldwide to better market their product and improve their livelihoods.

Han de Groot, Executive Director of UTZ Certified

Nestlé Action Plan on Women in the Cocoa Supply Chain

In February 2013, the charity Oxfam launched its Behind the Brands survey, which ranked companies according to their policies in seven areas: transparency, farmers, women, agricultural workers, access to land, water and climate change. Although Nestlé received the highest score, Oxfam suggested an area for improvement was protecting and promoting women's rights.

In response to this, in 2013, we launched an Action Plan setting out what we will do to strengthen our efforts to promote and support the lives of women in our cocoa supply chain.

We have asked the Fair Labor Association (FLA) to put an additional focus on gender issues when conducting its independent assessments of our cocoa supply chain in Côte d'Ivoire. The Action Plan will be updated after the publication of the FLA assessment in spring 2014 and will eventually be extended to Ghana, Indonesia and Ecuador and other countries in the Nestlé Cocoa Plan.

We will continue to work with all our partners including the International Cocoa Initiative (ICI) and other stakeholders such as Oxfam, and the rest of the industry, to make gender issues a mainstream part of existing programmes across the cocoa sector.

"Oxfam welcomes the important steps that Nestlé is taking to improve the rights and opportunities of women in its cocoa supply chain.

Alison Woodhead, Head of Oxfam's Behind the Brands campaign

Eliminating child labour from the cocoa supply chain

In 2011, we became the first food company to partner with the Fair Labour Association (FLA). We commissioned them to investigate our cocoa supply chain in Côte d'Ivoire to identify the risk of child labour on the cocoa farms that supply our factories.

The FLA's report can be found on the Fair Labour Association website but its key conclusions were that:

- The Nestlé Cocoa Plan and our participation in other initiatives provide the building blocks for a deeper, more robust programme;
- Enhanced monitoring and increased accountability from the various tiers of suppliers is a must to make the supply chain more sustainable; and that
- Child labour is still a reality on cocoa farms in Côte d'Ivoire and has its roots in a combination of factors.

The report included 11 recommendations, which we have addressed through a joint action plan. The plan covers medium to long term actions from 2012 to 2016.

Our aim is to improve management systems in our supply chain and create new mechanisms, where needed, as a basis for further actions to eliminate the causes of child labour.

The key recommendation was to set up a monitoring and remediation plan which we are undertaking with the help of the International Cocoa Initiative. To report back to us on progress in the communities, we will appoint a monitoring and remediation agent in each co-operative, and community liaison people from each community the co-operative buys from. This will give us unprecedented information about the conditions for our farmers and their children and an opportunity to help individuals directly and make real progress. We began the project in two pilot co-operatives and will roll it out to a further six in 2013.

UK milk farmers

We have been working closely with dairy farmers who supply milk to our Girvan factory in Scotland to improve the sustainability of their farms.

Through our partnership with First Milk, more than 65 farmers have taken part so far in workshops accredited by the Royal Agricultural College, which covered a range of topics such as herd health, business management, water and good environmental practices. The workshops were well received and have led the milk supply group to reduce its total 2012 greenhouse gas emissions by 5.1% – the equivalent of saving 23,000 tonnes of carbon. The figures were calculated by The E-CO2 Project, which provides detailed energy and carbon assessments for farms, using a carbon footprint calculator accredited by the Carbon Trust.

Seven of the farmers have now committed 65 acres of land to develop biodiversity programmes. This follows the lead of our Girvan factory which has a wildflower meadow to attract butterflies and other species to the site.

> *"The partnership with Nestlé benefits our farmers, the local community around Girvan and the wider environment.*
>
> *Nestlé's commitment to a relationship built on the foundations of a short sustainable supply chain is a vision which First Milk and its British farmer owners fully share. The progress which has been made on resource efficiencies, carbon reduction and the exciting new opportunity of biodiversity meadows has only been possible as a result of the unique way in which this partnership works.*
>
> **Fraser Brown, Sales Director – Export & Trading, First Milk**

Communities

With 22 sites across the UK and Ireland, we take great pride in supporting the communities where we operate. We work closely with some of the best community partners in the UK to encourage healthier lifestyles and improve education.

What we've achieved

Nestlé Academy in the Community

Today's job market is a very tough environment, especially for young people. That's why, in 2012, we launched Nestlé Academy in the Community, a community outreach programme that uses Nestlé's coaching and training expertise and passion for learning to help young people in our communities.

This is an extension of our Nestlé Academy, which has been providing training and investment programmes to help us grow our own team of future leaders since its launch in 2011. We provide flexible entry points through apprenticeship and graduate programmes, direct entry schemes and vocational training to provide varied career development routes throughout our organisation.

Speakers for Schools

In June 2013, Fiona Kendrick, Chairman and CEO of Nestlé UK & Ireland committed her support to the Speakers for Schools initiative, a programme run by the Education & Employers Taskforce to bring expert speakers into state secondary schools and colleges. Fiona visited sixth form pupils at Hazelwick School to talk about her career and opportunities in the food industry.

Inspiring the Future

In 2013, we also joined the 'Inspiring the Future' programme which matches local state schools with employees from local businesses to provide career insight talks and advice. So far, 31 of our Nestlé Academy employees and alumni have signed-up to the programme.

Schools green challenge

In 2013, NYBEP (North Yorkshire Business and Education Partnership) in partnership with Nestlé UK delivered the 'Our Earth, Our Way' Challenge. Over 700 pupils from York, Wakefield and Goole formed small teams, supported by Nestlé staff, to find creative solutions to tackle our energy needs.

Five teams of 21 students were selected as finalists and 'pitched' their idea to a team of judges which included Inder Poonaji, Head of Sustainability for Nestlé UK&I at The Big Bang Yorkshire and Humber.

Charity of Choice with Action for Children

In 2012, we launched a three-year partnership with Action for Children, the Charity of Choice selected by our employees. Action for Children helps 50,000 of the UK's most vulnerable and neglected children and young people overcome difficulties to reach their full potential. Since the launch in July 2012, our employees across the UK have been taking part in a range of activities to raise funds for the charity from running to baking cakes. On the one-year anniversary of the partnership in July 2013, we celebrated raising over £250,000 for the charity.

Nestlé Healthy Kids global programme

We launched our Healthy Kids Global Programme in 2009, working with more than 250 partners worldwide, including national and local governments, NGOs, nutrition health institutes and sport federations. By the end of 2012 there were 68 programmes running in 64 countries.

In 2012, we launched a new UK based Healthy Kids initiative with PhunkyFoods, an organisation that provides classroom resources and training to help schools to teach children about healthy eating and physical activity. Through the partnership we hope to reach 76,000 children in 339 primary schools around the UK between 2012 and 2015. We hope this will help to address the rising level of childhood obesity across the UK by improving children's awareness of how to eat and live more healthily.

Nestlé and the Jack and Jill Foundation

By the end of 2012 Nestlé Ireland staff assisted in raising over €582,000 for their charity of the year, the Jack and Jill Foundation. Over the three years of the relationship staff undertook fundraising activities in addition to providing strategic advice in creating an advertising awareness campaign.

People

Nestlé employs around 340,000 people globally and 8,000 across 22 sites in the UK and Ireland. We are committed to helping our employees achieve their potential, providing them with a safe working environment and embracing equality and diversity throughout our workforce.

Attraction and retention

Nestlé Academy

We launched the Nestlé Academy, in 2011, to grow talent across all areas of the business. It brings together our graduate and apprenticeship programmes, direct entry schemes and vocational training to build the pipeline of specialist skills and broad experience needed for future business success.

Our Academy focuses on developing high quality skills with an entrepreneurial mind set. We understand that attitude and values are as important as qualifications in driving our business forward – and we work hard to ensure that our employees have both.

We are committed to providing flexible entry points to attract people at different stages of their career. We provide more than 60 engineering and manufacturing apprenticeships for 45 young people and 15 adult apprentices across our factories. Summer and full year intern placements are offered in our commercial functions as well as a graduate programme across all aspects of our business. Recognising the different life stage of the young people applying to us, we introduced a new Strengths-based assessment process that enables us to identify those young people with the energy, passion and ability to succeed in our organisation, even if they have not yet built up work experience to prove their capability.

Nestlé Academy Fast Start Programme

Our Fast Start Programme, launched in 2013, enables young people to "earn while they learn". It combines three years of work experience across a range of commercial functions in Nestlé, alongside study towards a bespoke degree in Professional Business Practice from Sheffield Hallam University.

Aimed at post A-level students, it is designed to offer an alternative route to higher education while gaining valuable business experience and a permanent job. The young people are paid a competitive salary, in addition to working towards a fully funded degree.

We will have recruited 12 young people to join the scheme in 2013.

Doubling our number of apprentices and graduates

As a company, we recognise that finding training or employment has rarely been harder for young people. So we are committed to providing good opportunities for talented school-leavers and graduates.

Since launching the Nestlé Academy we have more than doubled the number of young people we are supporting, with an increase in the number of graduates, apprentices and interns across our business.

In 2012, we recruited 16 new young apprentices and five adult apprentices bringing our total to 60 working right across our business. We also recruited 44 new graduates – our largest ever intake, compared to 25 in 2011 – and we plan to increase this number further by the end of 2013. By 2014, we expect more than 200 young people to join our Nestlé Academy training programmes.

“Being part of what the Nestlé Academy has to offer has helped me strive towards my goals and succeed as an apprentice throughout the last 3 years of my programme.

The academy creates a great world of support for all those involved, graduates and apprentices alike. I have personally found that the academy has provided me with some excellent business and presentation skills that work hand in hand with the craft skills I have learnt as part of my apprenticeship. This combination of skills will help me to secure an exciting and prosperous career in the future at Nestlé.

Mark Thompson – Engineering Apprentice

“The Academy has given me the chance to develop my skills and push above and beyond the requirements of my apprenticeship.

The support has been there throughout my apprenticeship ensuring I achieve to the best of my ability and excel in my role as an apprentice.

Some people call it an apprenticeship, but with the academy it is so much more.

Jordan Phillips – Engineering Apprentice

Adult apprenticeships and training

We are determined to provide opportunities for talented and enthusiastic people from all age groups. We offer adult apprenticeships to those who want to learn engineering skills, achieve National Vocational Qualifications, or to build competencies in different functions. In 2012, 25 of our Academy trainees were existing employees who wanted to develop their skills further or gain a formal qualification.

Between 2011 and 2012, six existing employees were given the opportunity to build and develop their skill set through an adult apprenticeship programme in Advanced Engineering. The apprentices based in our Tutbury and Halifax factories joined a two year programme including a mix of college study and on-the-job experience, leading to a new role as a Plant Technician.

Business Week and Global Entrepreneurship Week

In 2012, we opened our doors to 23 York students as part of York Business Week and Global Entrepreneurship Week. The students toured our York headquarters and the KIT KAT plant, met with our apprentice and graduate recruits, and took part in an apprentice-style challenge to create a new brand of boxed chocolates.

IGD's Feeding Britain's Future

We believe that accessible and fun outreach opportunities help dispel some of the myths about working in manufacturing. So as part of IGD's Feeding Britain's Future campaign, in partnership with Job Centre Plus, we invited 30 young people to attend pre-employment training events across our sites during Skills for Work Week in 2012. We will be offering an additional 100 young people the opportunity to attend skills workshops across four of our sites as part of Skills for Work Month in September 2013.

Safety and health

The safety and health of every employee, contractor and visitor to our sites is crucial to our company. We strive to maintain a world-leading safety culture across our entire business.

How are we doing this?

In the UK we have implemented a programme called 'Deeper and Better'. This includes a number of initiatives which are designed to ensure we continually strive to improve the safety at our sites by reviewing and challenging our current processes and systems. There has been an 80% reduction in Lost Time Safety Incidents since 2006.

No Short Cuts

A new programme called No Short Cuts was launched in 2012 to ensure the highest safety standards across our business. Piloted in our Tutbury site before being rolled out across all of our UK operations, the aim was to encourage staff to identify risky 'short cuts' which breached safety procedures.

With the help of our employees, no less than 116 short cuts were eliminated to improve safety. In 2013, we have set ourselves a target of developing a "zero harm" work environment.

Safety walks

Safety Walks involve senior managers directly in improving safety across our business. Our most senior teams tour factories to carry out inspections and identify potential risks.

We exceeded our initial target of 18 safety walks in 2012. In fact over 60 walks took place with all factory managers and their leadership teams taking part.

The initiative has been extended to our Senior Leadership Team with CEO Fiona Kendrick and the board committing to take part in 20 safety walks each year.

Safe Driving

We are building on our Safe Driving programme. To help avoid accidents or injury on the road, our staff who are required to drive as part of their job are offered individual risk assessment and monitoring together, when necessary, with advanced driving training to improve skills.

Designing Out Risk

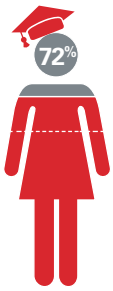
In 2012, we launched our Designing Out Risk initiative, which identifies potential hazards at the early stages of the system design process. Teams of project leaders, shift managers and Safety, Health and Environment advisors examine detailed drawings of the factories to assess potential risk. These early efforts have already lowered the rate of accidents, and increased morale and ownership of health and safety.

Diversity

Gender balance

We know that gender balanced teams are more successful and deliver improved business results. Our approach to improving gender balance is to create an inclusive workplace that allows both men and women to be successful across our organisation. Managers take part in awareness sessions and develop specific action plans to improve the gender balance in their particular area. We promote the appointment of diversity champions, flexible working opportunities and career paths, including role models and case studies of successful women at different levels of the organisation.

We are committed to increasing the representation of females across our business. In 2012:



The percentage of women recruited into graduate roles increased to 72% in 2012 from 60% in 2010

The number of women in traditionally male dominated roles (Manufacturing, Engineering) has increased to 56% in 2012 from 33% in 2010

The percentage of female managers was 39.69% against a target of 40%

The percentage of women at board level in the UK was 29% compared with 20% in 2011

Promoting dual careers

As a multinational organisation, one of our challenges is managing international careers and dual careers. To ease the challenge of finding work for the partners of our expatriate staff, we, with Ernst & Young, BAT and PepsiCo amongst others, have launched the London branch of the International Dual Careers Network. This network supports the continued career development of our employees and their partners by helping partners to understand the recruitment market in the UK and by connecting them with organisations offering employment opportunities.

Supporting a national equality standard

We are founding members of the UK's National Equality Standard, a groundbreaking initiative that sets clear equality, diversity and inclusion standards against which companies are assessed. As a founding member, and working with organisations such as Ernst & Young, BT Group, EDF Energy and Vodafone, and supported by the Equality and Human Rights Commission, we have contributed to a comprehensive and quality review of equality policies and practices. We hope the new criteria will become the accepted standard for businesses across the UK.

Social mobility

We believe that talent, not background, should determine a person's success in the workplace. We want applicants from all walks of life to see Nestlé as a great career choice so we are constantly reviewing our interview and assessment procedures to ensure that everyone gets a fair chance.

One of the changes we have made is to provide assessors with limited candidate information before an assessment centre takes place. The new approach enables candidates to be assessed in a fair, transparent and objective way. To ensure the correct recruitment decisions are made, Nestlé have a rigorous 5 stage assessment process (Nestlé Academy Assessment Process) which ensures that the strongest candidates are invited to the assessment centre. This provides assessors with the confidence of assessing candidates based on performance at the event without the need for supporting information based on the candidate's background.

Nestlé is also a signatory of the Social Mobility Business Compact, launched by Deputy Prime Minister Nick Clegg, to create fairer opportunities for people to access jobs and training. In 2012, we co-hosted a Social Mobility Networking Breakfast with HSBC to share our insight on providing flexible entry points and development opportunities to attract people at different stages of their life.

Employee wellness

The health and wellness of our employees is important to us. We have been providing nutrition and health training to our employees in the UK since 2007 and aim to offer this to our entire global workforce by 2015.

Providing healthy options and nutrition training

Our staff restaurants offer nutritious and varied menu choices. In 2012, we focused on reducing the use of salt and increasing the availability of fruit and vegetables.

In 2012, we were one of a small number of signatories to the Public Health Responsibility Deal Salt Catering Pledges on training, kitchen practice and reformulation. We developed targets for catering companies working within our sites to reduce salt in meals and provided nutrition information per serving at the point of purchase. Since 2007, we have also been rolling out Guideline Daily Amount (GDA) labelling for food and drink across our sites.

Around 82% of our staff restaurants now meet the minimum nutritional standards that we have set our catering suppliers, and we aim to reach 100% by the end of 2013. We have also started to implement nutrition training for key catering staff in our head office site and aim to roll this out across all sites by the end of 2013.

During National Salt Awareness Week, we used posters and other activities to educate employees about the importance of lowering their salt intake and we aim to repeat this each year. We also provide regular articles regarding aspects of nutrition and health in our internal employee communications.

Helping employees get active

In April, we launched our '2013 Be a Good Sport' campaign, which encourages employees to get active and participate in sporting activities while raising funds for our Charity of Choice, Action for Children. We set six sporting challenges for our employees and sponsored 150 places, challenging them to run, swim and cycle for charity. Events have included the Great South Run, the Great North Swim and an epic cycle ride from London to Paris that took place in April raising over £40,000.

Investment and growth

We are committed to growing our business in the UK and Ireland by investing in our brands, our people and our factories.

Over recent years we have been undertaking a multi-million pound investment programme to establish our next generation of world-class manufacturing facilities in the UK. Among these major investments is the new £35 million state-of-the-art factory at Waterswallows in Buxton which we officially opened in March 2013.

In 2011, we committed to investing a further £500 million over three years including a £110 million investment at our Tutbury site in Derbyshire to extend the NESCAFÉ Dolce Gusto® plant. The investment in Tutbury has created more than 200 new jobs and will increase the site's production to two billion NESCAFÉ Dolce Gusto pods per year by the end of 2013. This investment was praised by the Prime Minister David Cameron who described it as "great news for British manufacturing".

In 2012, as part of our £500 million investment, we committed to invest £200 million to boost the NESCAFÉ coffee manufacturing facility at Tutbury and create an additional 125 jobs for the site. This investment will allow us to transfer coffee production from Hayes factory to the new Tutbury plant, bringing all forms of coffee production, including freeze-dried, spray-dried and pod technology, together for the first time in the UK. We anticipate that the transfer will be completed by 2014, following the closure of the Hayes plant.

> *"Investments like this in our food and drink industry help generate economic growth and create more jobs. This investment will ensure Buxton remains the home of Nestlé Waters bottling facilities long into the future, which is good news for the local community, the economy and the environment.*
>
> **Lord de Mauley, Environmental Minister**

Stakeholder engagement

We place great value on our relationships with our stakeholders. We recognise the importance of listening to their concerns and responding with honesty and integrity. By working with them, we can continue to improve our performance and have a positive impact on society and the environment.

Our network of stakeholders includes consumers and suppliers, as well as governments, civil servants, academics and non-governmental organisations. Through collaboration and increased engagement, we are determined to build solid relationships based on mutual respect and trust.

Our engagement at the global level is coordinated centrally, through the CSV Forum and stakeholder convenings.

Stakeholder convenings

We engage with our stakeholders right across the value chain every day through our operations. But to improve dialogue and understanding, we have also hosted regular stakeholder convenings since 2007.

Two convenings have been held each year to provide an opportunity for stakeholders to discuss our performance as a company and share their expectations and concerns. We usually hold one in London each year with the second taking place at different locations around the world.

In London in 2011, our convening was facilitated by AccountAbility and covered topics such as climate change adaptation, obesity and water scarcity. We also heard calls for stakeholder engagement to be integrated more widely across the business.

Convenings in 2012 in London and Nairobi were facilitated by SustainAbility and attended by over 60 external stakeholders. We were urged as a company to act as an exemplary role model to drive private sector action on areas such as child labour, human rights

and responsible sourcing – and to use our expertise and marketing power to make a positive impact on consumers and help scale up collaborative solutions on wider development challenges such as climate change.

We are building on these insights in our 2013 strategies and actions. They have already been incorporated into the new Rural Development Framework. Feedback from the convenings in earlier years has also led to our partnership with the Fair Labor Association. The most recent London stakeholder convening was held in March 2013.

An active role in the future of manufacturing

We are playing our part in helping shape UK national policy on manufacturing and competitiveness. In 2012, we joined the High Level Stakeholder Group for the Foresight project exploring the future of manufacturing in the UK and what is needed to secure our long-term industrial competitiveness.

In support of the competitiveness agenda, our Nestlé UK & Ireland CEO, Fiona Kendrick, co-chairs the UK Department for Environment, Food and Rural Affairs' (Defra) Agrifood and Drink Export Forum alongside the Minister of State for Agriculture and Food, David Heath MP. The Forum developed the UK Government's Exports Action Plan, launched in January 2012 to drive food and drink export growth.

Fiona Kendrick also chairs the Food and Drink Federation Competitiveness Steering Group, which created the 20/20 Vision for Growth for the UK food industry alongside the UK Department for Business, Innovation and Skills (BIS) and Defra.

Supporting investment in the UK

The British Business Embassy, was developed by UK Trade & Investment (UKTI), to be the centrepiece of the Government's international business legacy programme taking place during London 2012's Olympic Games. Nestlé UK & Ireland sponsored the Retail Food and Drink summit which saw government ministers and some of the world's leading CEOs from the sector come together to showcase UK innovations and facilitate introductions between international and UK companies. Luis Cantarell, Nestlé Health Science President and Chief Executive, spoke about the Nestlé Health Science business model and ambition, and how nutrition for health and wellness will evolve and transform itself into science-based personalised nutritional solutions.

Closing the gap between education and employment

At Nestlé UK & Ireland we recognise we must respond to high youth unemployment and the increasing gap between education and employment. As a key player in the sector we have taken a lead in showcasing the opportunities our industry offers and addressing some of the issues young people face when starting their career.

Throughout 2012 and 2013, our apprentices and graduates have spoken at events in front of a range of stakeholders from government ministers to skills bodies. In May 2013, Nestlé apprentice Jordan Phillips spoke alongside Matthew Hancock, Minister for Skills at the launch of the Industry Apprenticeship Council (IAC), hosted by the All Party Parliamentary Group on Apprenticeships. The IAC is made up of apprentices from a range of industries and will be a voice for apprentices and young people across the country. Jordan represents Nestlé and the food industry on the Council.

Roundtable discussions on key issues

In 2012, we launched a series of roundtable discussions in the UK to improve dialogue with stakeholders on key issues such as deforestation and the challenge of mixed plastics recovery. These events allow our internal experts to engage with industry peers, Government and thought leaders to help improve our strategies. Our events have continued in 2013, including a roundtable discussion on the issues of child labour in the cocoa supply chain.

Responsibility Deal

Improving the health of the nation requires each of us – individuals, business and government – to work closely together. We are determined to play our full role in helping everyone lead healthier lives, which is why we committed ourselves to the UK Government's Public Health Responsibility Deal right from the start. Under the Responsibility Deal, businesses commit to specific pledges to help create the conditions which make it easier for people to make healthy choices.

We have committed ourselves to all the relevant pledges to help improve health at work and to encourage physical activity among our employees.

As part of these commitments and our long-term efforts to help consumers make healthy choices, we've already implemented changes. For more on nutrition, health and wellness and our contribution to the Public Health Responsibility Deal please visit:
http://www.nestle.co.uk/csv2013/nhw

FOOD PLEDGES

Nestlé UK is currently a signatory of 15 Pledges of the Department of Health, Public Health Responsibility Deal in England; including Food, Health at Work and Physical Activity Pledges.

Some Food Pledges we have signed include:

- **Calorie Reduction and Out of Home Calorie Labelling**
- **Salt reduction and Caterers Salt Targets**
- **Non use of artificial trans fats**
- **Front of Pack Nutrition Labelling**

Bureau Veritas' independent assurance statement

Introduction, objectives and scope of work

Bureau Veritas UK Ltd. has been engaged by Nestlé UK & Ireland (Nestlé) to provide independent assurance over its web-based Creating Shared Value (CSV) Plan Update (the Update).

The scope of work included a review of CSV activities and performance data for the year ending 31 December 2012, although some case studies and new targets are from 2013. A limited level of assurance was applied, as defined by ISAE3000.

Our approach

To inform our assurance engagement, Bureau Veritas conducted site visits to three production sites (Girvan, Tutbury and Wisbech) to verify environmental performance data and related CSV information. Bureau Veritas also conducted reviews of documentation and various data from various Nestlé offices including the Head Office, and conducted follow-up discussions with personnel responsible for the content in the Report.

We are confident that Nestlé has provided access to all documentation and data required to undertake the work and that no material has been withheld that may affect the outcome of the assurance.

Our opinion

In our opinion, the content of the Update provides a fair and balanced representation of Nestlé's CSV performance for the reporting period. Whilst we consider the information presented in the Report to be free from significant error or bias, it is our opinion that stakeholders would be provided with a more comprehensive understanding of CSV through increased disclosure of the challenges Nestlé faces in delivering its CSV strategy and identified areas for improvement.

Positive developments

- Some of the targets presented in the Update have, since the last reporting period, been reviewed and enhanced and are now a better reflection of Nestlé's CSV activities and performance (as per a recommendation from last year's assurance). The targets presented in the report feature enhanced communication on whether they are measurable, achievable, realistic and time-based.

- In line with efforts to enhance the effectiveness of data management, Nestlé has implemented a new data system. This resulted in improved safety, health and environment data collection, management and reporting processes, as well as greater consistency across the organization's various locations.

Our observations and recommendations

- Whilst the CSV agenda is evident at every level of the organisation, Nestlé can consider improving the timeliness of its communication by reporting within a short time period after the year end, to inform stakeholders' opinion in a more timely manner.

- Nestlé has a centralised system for collecting, managing and reporting Safety, Health and Environment performance data. The data management system provides stakeholders with necessary information to analyse changes in its performance over a five year period. However, based on the work undertaken in 2012 assurance engagement, and similar to our recommendation in 2011, given the large amount of data being reported and collated throughout the organisation, Nestlé should review and implement additional internal validation procedures to further improve the ongoing accuracy of the data.

- Whilst communication on targets has been enhanced in the Report, there is a need to improve internal ownership of communication on targets in specific business functions. There is also an opportunity to review some targets to ensure they are specific enough to aid in continual achievement and progress.

Standards used

The principles of ISAE3000 were used to guide the activities of our assurance engagement.

Exclusions and limitations

Excluded from the scope of our work is:

- All content and associated targets relating to Transport and Distribution. This information is part of the Environmental Impact section under the titles: Project Pick-up and the Vehicle Maintenance Unit. Associated targets are part of the Targets and Performance Summary section.

- Information relating to activities outside the defined reporting period or scope, company position statements (including expressions of opinion, expectation, aim or future intent), statements made by any third parties and financial data.

This independent statement should not be relied upon by third parties to detect all errors, omissions or misstatements that may exist within the Update.

The limitations of the assurance are in line with the limitations of the scope of work.

Responsibilities

The preparation of the CSV report is the sole responsibility of Nestlé. Our obligation is to the stakeholders of Nestlé to provide reassurance over the accuracy and reliability of the reported CSV information. Bureau Veritas is exclusively responsible for the content of this statement.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 180 years history. Its assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes. Bureau Veritas has implemented a Code of Ethics across its business which ensures that all our staff maintains high standards in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest. Bureau Veritas has a number of existing commercial contracts with Nestlé.

Our assurance team does not have any involvement in any other projects with Nestlé outside those of an independent assurance scope and we do not consider there to be a conflict between the other services provided by Bureau Veritas and that of our assurance team.

BUREAU VERITAS 1828

London, November 2013

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Feedback and contact details

We hope you find this report
engaging and informative, and
welcome your input and views,
which can be sent to:

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Nestlé

Good Food, Good Life