

A message from our Chairman and our CEO

This year, as we celebrate the 150th birthday of Nestlé, we honour Henri Nestlé, who founded the company on the success of a life-saving infant cereal. Today, we continue to aim to enhance lives with science-based nutrition and health solutions for all stages of life, helping people care for themselves and their families. We are further investing in the future nutrition, health and wellness of our consumers through our network of research centres that serve our food and beverage business, as well as through Nestlé Health Science and Nestlé Skin Health. To build a business capable of both delivering superior shareholder value and helping people improve their nutrition, health and wellness, Creating Shared Value is the approach we take to the business as a whole. In addition to nutrition, we focus on water, because water is quite simply the linchpin of food security, and water scarcity is a very serious issue in many parts of the world. And we focus on rural development, because the overall well-being of farmers, rural communities, small entrepreneurs and suppliers is intrinsic to the long-term success of our business.

We continue to actively manage our commitments to environmental and social sustainability, necessary for operating our factories and for the sustainable growth and development of the communities and countries where we operate. We have always believed that in order to prosper we need the communities we serve and in which we operate to prosper as well, and that over the long term, healthy populations, healthy economies and healthy business performance are mutually reinforcing. This involves substantial training and education of people inside and outside Nestlé, as well as large investments in technology with lower environmental impact.

We recognise that our position in society brings both opportunities and responsibilities: to do business in compliance with national laws, international standards and our own values and principles, as expressed in our *Code of Business Conduct*, *Corporate Business Principles* and *Management and Leadership Principles*. For a company like ours to prosper, we must take a long-term view, framed in a robust set of principles and values which have been developed

over 150 years. They are based on respect: respect for people, respect for cultures, respect for the environment and respect for the future of the world we live in.

Thus, our 39 commitments go beyond simple compliance and are based on common sense values we believe in, that form the foundation upon which we build our actions in Creating Shared Value. Some key achievements in 2015 include: transforming the Nestlé needs YOUth programme into a global initiative; adopting the UN Guiding Principles reporting framework for human rights issues; activating 84 Nestlé Healthy Kids programmes around the world to promote healthy diets and lifestyles; finalising our new *Nestlé Guidelines Respecting the Human Right to Water and Sanitation*; achieving our targets for traceability and responsible sourcing of our priority ingredients; working to eliminate child labour; and strengthening our commitment to reduce food loss and waste. You will read more about these in the pages that follow.

We believe investors will and should look at company performance, both in financial and societal terms, and evaluate how management integrates them in corporate governance, strategy and operations. What is missing today is a consistent methodology for measuring societal and financial value. We shall continue to contribute our own progress and learnings to this important dialogue, while encouraging voluntary and transparent sustainability reporting.

This reporting year was important, not just for Nestlé but for the United Nations, civil society and the private sector as a whole. In September 2015, 193 Member States of the UN adopted 17 new Sustainable Development Goals (SDGs) to define global priorities from now until 2030. For the first time, these goals were elaborated in consultation with all parties, including the private sector, representing a real step forward in understanding the constructive role of business in society. At Nestlé, we will make a concerted effort to link our own Creating Shared Value agenda with the broader development goals, particularly in areas where we believe we can contribute in a meaningful way.

Nestlé has also committed, through the CDP's six climate action initiatives and the World

Economic Forum's Alliance of CEO Climate Leaders, to help lead the global transition to a low-carbon, climate-resilient economy in line with the global agreement achieved at the 2015 Paris UN Climate Change Conference (COP21).

With this report, we also restate our support for the UN Global Compact as a founding member of the UN Global Compact Lead – an important platform for corporate sustainability leadership. Most importantly, this report reflects our own fundamental belief that, for our business to prosper in the long term, we must deliver value for shareholders, the communities where we operate, and society as a whole. This is why we say that Creating Shared Value is the way we do business.



Peter Brabeck-Letmathe
Chairman



Paul Bulcke
Chief Executive Officer



Peter Brabeck-Letmathe, the Chairman of Nestlé, talks to farmers in Ghana who supply maize produced with support from the Nestlé Grains Quality Improvement Project.



Paul Bulcke, Nestlé's CEO, opens a new *Nespresso* factory in Romont – our first Swiss production site to obtain LEED (Leadership in Energy and Environmental Design) Gold certification.