



Nestlé Good food, Good life



Creating Shared Value and Sustainability Report

Nestlé Russia LLS
2020–2021

A message from Nestlé CEO in Russia and Eurasia



2020 was an extraordinary and challenging year. The COVID-19 pandemic significantly affected everyone's lives, bringing instability and uncertainty. Nestlé responded immediately to this new situation by focusing and taking action on three key priorities: protecting the health and well-being of our people, ensuring the supply of essential foods and beverages to consumers, and supporting communities. It is in times like these that we can truly demonstrate how business can be a force for good, and that assistance and support to those in need are values that unite many people around the world.

Even during this challenging period, we did not slow down and continued our investments. Nestlé has now been in Russia for 150 years and is a long-established, steady, and very committed company. We already invested 2.3 bio \$*. Additionally, since 2020, we announced further investments amounting to 42 bio Rub in the local production of infant formula, confectionery, petfood and coffee. Locally we produce over 90% of the products sold in Russia, and source 85% of the raw materials and 91% of packaging.

We continuously strive to ensure that we respond to consumer demand and do our part for the planet. It is no coincidence

that the main topics of the IV All-Russian Nestlé Forum in 2020 were environmental sustainability and eco-education. We at Nestlé are actively working to reduce our environmental impact. To this end, we are moving to renewable sources, increasing energy efficiency, and reducing waste. We are fully engaged in helping tackle the problem of plastic pollution and have committed to making all packaging recyclable or reusable by 2025. In Russia, we already reduced the level of landfill waste by 99,5% compared to 2010. We will also transfer all our factories and distribution centers in Russia to electricity from renewable sources by the end of 2021.

Climate change is one of society's greatest challenges. It is also one of the greatest risks to the future of food. Following our global Net Zero Roadmap, we will halve our greenhouse gas emissions by 2030 and plan to achieve net zero by 2050.

In September this year, Nestlé globally unveiled its plans to support the transition to a regenerative food system. It will help protect, renew and restore the environment, improve the livelihoods of farmers, and enhance the resilience and well-being of communities and consumers. As Nestlé Russia and Eurasia we also embarked on this journey.

In 2020, Nestlé Russia joined forces with volunteer movement #WeAreTogether with charitable foundations, business, and public organizations in the fight against COVID-19. We have contributed to the strengthening of the healthcare system, supported social institutions, doctors working to save people's lives, and just citizens in need. During the pandemic, more than 400 tons of our products were donated to charitable foundations and volunteer organizations to support the most vulnerable groups of the population and medical workers. In recognition of our ongoing determination to help society during the pandemic, Nestlé Russia was awarded a medal and honorable diploma signed by President Vladimir Putin.

Let me hope that, from reading this CSV report, you will have an overview of how Nestlé's purpose — unlocking the power of food to enhance quality of life for everyone, today and for generations to come — is being put in action.

Sincerely yours,
Martial Rolland
Nestlé CEO in Russia and Eurasia

Dear friends, colleagues, partners!

Creating Shared Value is fundamental to Nestlé. It is about focusing energy and resources where we can make the greatest positive impact on people and the planet. CSV is the way we do business, and it also contributes to the implementation of the UN Sustainable Development Goals.

* In the period of 1996-2020.

Nestlé Global commitments 2020 and progress

✔ Achieved ⋯ Extended or partially achieved * applicable to Nestlé in Russia market

For individuals and families

Enabling healthier and happier lives

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



Offering tastier and healthier choices

Inspiring people to lead healthier lives

Building, sharing and applying nutrition knowledge

- ✔ Launch more foods and beverages that are nutritious, especially for mothers-to-be, new mothers, infants and children*
- ⋯ Further decrease sugars, sodium and saturated fat*
- ✔ Increase vegetables, fiber-rich grains, pulses, nuts and seeds in our foods and beverages*
- ✔ Simplify our ingredient lists and remove artificial colors*
- ✔ Address under nutrition through micronutrient fortification
- ✔ Apply and explain nutrition information on packs, at point-of-sale and online*
- ✔ Offer guidance on portions for our products*
- ✔ Leverage our marketing efforts to promote healthy cooking, eating and lifestyles*
- ✔ Empower parents, caregivers and teachers to foster healthy behaviors in children
- ✔ Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly*
- ✔ Inspire people to choose water to lead healthier lives
- ✔ Partner for promoting healthy food environments*
- ✔ Build and share nutrition knowledge from the first 1000 days through to healthy aging*
- ✔ Build biomedical science leading to health-promoting products, personalized nutrition and digital solutions

For our communities

Helping develop thriving, resilient communities

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



Enhancing rural development and livelihoods

Respecting and promoting human rights

Promoting decent employment and diversity

- ✔ Improve farm economics among the farmers who supply us
- ⋯ Improve food availability and dietary diversity among the farmers who supply us
- ⋯ Implement responsible sourcing in our supply chain and promote animal welfare*
- ✔ Continuously improve our green coffee supply chain
- ⋯ Roll out the Nestlé Cocoa Plan with cocoa farmers
- ⋯ Assess and address human rights impacts across our business activities*
- ✔ Improve workers' livelihoods and protect children in our agricultural supply chain*
- ✔ Enhance a culture of integrity across the organization*
- ✔ Provide effective grievance mechanisms to employees and stakeholders*
- ⋯ Roll out our Nestlé needs YOUth initiative across all our operations*
- ✔ Enhance gender balance in our workforce and empower women across the entire value chain*
- ✔ Advocate for healthy workplaces and healthier employees*

For the planet

Stewarding resources and the environment

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



Caring for water

Acting on climate change

Safeguarding the environment

- ⋯ Work to achieve water efficiency and sustainability across our operations*
- ✔ Advocate for effective water policies and stewardship
- ⋯ Engage with suppliers, especially those in agriculture*
- ✔ Raise awareness on water conservation and improve access to water and sanitation across our value chain
- ✔ Provide climate change leadership
- ✔ Promote transparency and proactive, long-term engagement in climate policy*
- ✔ Improve the environmental performance of our packaging*
- ✔ Reduce food loss and waste*
- ✔ Provide meaningful and accurate environmental information and dialogue
- ✔ Preserve natural capital





For individuals and families

2030 ambition:

To help 50 million children lead healthier lives each year



Offering tastier and healthier choices



Why it matters and what we do for it

Food and good nutrition are fundamental to our health. What we eat also brings us well-being and enjoyment; and it is part of our cultural identity.

In recent years, there has been an increasing demand for food that is healthier for people and the planet.

This shift in thinking has occurred at a time when our populations are growing, and many people globally suffer from

malnutrition. This is due either to not getting enough food or eating too much food with limited nutrients. In 2020, the COVID-19 pandemic reinforced just how important it is for people to have access to healthy, great tasting and affordable food.

Nestlé strives to make nutrition accessible while inspiring people to explore and enjoy food that supports their health. Unlocking the power of food to enhance quality of life for everyone is the fundamental principle of Nestlé company.

By implementing this approach, Nestlé develops and launches healthier food products that are more consistent with the principles of sustainable development.

We've also improved the composition of some of our most popular products: reduced sugar, sodium and saturated fat content, adding healthy nutrients and micronutrients, and increased whole grains content.

Looking ahead

We will keep innovating to create more accessible, affordable and nutritious products that are good for people and for our planet. This is how we will live up to our purpose: unlocking the power of food to enhance quality of life for everyone, today and for generations to come.



> 4,000

products with high nutritional value were launched at the market

Launching more nutritious products

Nestlé has committed itself to increasing the number of foods and beverages with high nutritional value for adults and children. Since the start of our commitments, we have launched over 4,000 nutritious products that help children and families to make better choice. We have made it easier for parents to find good food kids love, as many of the products we have launched under our commitment are fortified with essential micronutrients and have less added sugar or salt. We have also offered more plant-based products and expanded our range of organic choices with natural ingredients. These have included new options from favourite brands like NESTLÉ, GERBER и NESQUIK.

Reducing sugars, sodium and saturated fat

Many people around the world are consuming too much sugar, sodium and saturated fat. Nestlé is working on reducing these ingredients in its products without compromising on taste. In Russia, since 2017, we have reduced the amount of sodium in our products by 120 tons, and sugar by 298 tons. In addition, we manufacture products with reduced sodium and sugar content. For example, we have launched a new product in the NESQUIK line of cocoa drinks that contains 30% less sugar.

Increasing intake of vegetables, as well as high-fiber cereals, legumes, nuts and seeds

We help people around the world to consume more vegetables, legumes, nuts, plant fiber and whole grains by increasing their content in our products.

Whole grains are number one ingredient in NESTLÉ breakfast cereals and BYSTROV cereals. As part of promoting the MAGGI brand, we not only offer consumers products that help them prepare healthy meals quickly and tasty, but also actively communicate the importance of consuming vegetable dishes and popularize home cooking.

Nutritional advice based on scientific data is featured on packaging for MAGGI products, NESQUIK cocoa drink, NESTLÉ cereals, and other communication channels.

A WHOLE DAY
FOR WHOLE GRAIN



International World Whole Grain Day

International Whole Grain Day is celebrated annually on November 19 at the suggestion of the Whole Grain Council, a non-profit consumer advocacy group. In 2020, the initiative was supported in Russia by the Cereal Partners Worldwide (CPW), Nestlé's breakfast cereal division. To popularize whole grains as the main component of a balanced diet, an Instagram marathon "21 days of healthy breakfasts" was organized.

For three weeks, popular bloggers motivated people to include more whole grains in their diets. In total, over 450 people from more than 10 Russian cities took part in the marathon. By the end of the event, the number of colourful interesting works with the hashtag #MarathonNestleReadyBreakfast exceeded 1,400.

Besides, a conference call was held with a leading nutritionist at Nestlé, during which everyone could ask questions about whole grain benefits and their role in the diet.



Micronutrient fortification

> 1.5 billion servings

fortified foods and beverages we produced in 2020



They are:

- ready-made breakfasts NESTLÉ under the brands NESQUIK, KOSMOSTARS, FITNESS, CINI MINIS, GOLD and HRUTKA
- NESQUIK cocoa drink, which is enriched with a vitamin complex that complements the benefits of milk
- ✓ All products of the MAGGI brand are made using iodized salt;
- ✓ Complexes of vitamins and minerals are contained in products for baby food (NESTLÉ baby cereals, NAN, NESTOGEN baby formula), as well as in NESTLÉ HEALTH SCIENCE clinical nutrition, intended for people of different ages with digestive problems and various diseases, as well as to support healthy people.

Simplifying a list of ingredients, elimination of artificial additives and colors

Applying the Clean Composition approach, Nestlé strives to eliminate artificial additives, colors and flavors from its products, and to provide consumers with transparent and clear information about all ingredients. In doing so, the company is responding to the growing consumer demand for products that contain more natural and familiar ingredients.

- ✓ All products of the company in Russia contain only natural flavors and are completely free from artificial colors and preservatives.
- ✓ Products under the BYSTROV brand contain 100% natural ingredients.
- ✓ Since 2019, all products under the MAGGI brand contain only ingredients familiar to consumers.
- ✓ Some products such as NESTLÉ baby cereals, NAN and NESTOGEN

baby formulas, GERBER baby bars, NESTLÉ breakfast cereals and MAGGI products are made without palm oil.

- ✓ Since 2020, a new line of NESQUIK ALL NATURAL products is available in Russia. All products in this line are of 100% natural ingredients. The cocoa drink and milkshake use cane sugar, while the whole grain oatmeal cereal contains aromatic cocoa from West Africa and fruit and berries bits.



Inspiring people to lead healthier lives

Why it matters and what we do for it

Encouraging individuals and families to lead healthier lives is extremely important. To supply consumers with the information they need to make the right food choices, we furnish complete nutritional information on packages, and we publish intuitive portion guidance. Fifteen years ago, we started adding nutritional guidelines to the back of our packaging. Today, 98.3% of our packaging worldwide contains the Nestlé Nutrition Compass.

In 2020 **98.3%**
of our packaging worldwide contains the Nestlé Nutrition Compass

Since 2011, we have been industry leaders in promotion of breastfeeding and responsible marketing of breast milk substitutes. Our efforts in this area were recognized by the FTSE4Good Index. We have developed policies and procedures to implement the World Health Organization's International Code of Marketing of Breast-milk Substitutes ([WHO Code](#)), conduct regular company-wide audits and report on the results annually.

Looking ahead

We will continue to motivate people to choose food consciously, taking into account both their nutritional properties, and also their impact on the ecology of the planet. We will continue to provide consumers with transparent, intuitive and meaningful information about the above on our product packaging and other communication channels to help them make informed choice.



Promoting home cooking with MAGGI recipes

During the COVID-19 pandemic, home cooking has become an even more important aspect of a family life than ever before. Through communication campaigns to involve children in cooking together, we help them develop healthy habits that last a lifetime. By sharing online healthy recipes and simple tips, our brand MAGGI promotes home and [kids cooking](#).



Providing nutritional information

People want to know more about what they eat and drink and the impact on their health. It is essential for them to understand the nutritional content of their favourite products.

Nestlé provides consumers with complete and comprehensive information about its products on packaging, at points of sale and on the Internet. By placing both standard product data and useful information about its health benefits or its place in a balanced diet, we help consumers make the right choice for themselves and their families.

Offering portion guidance

How much people eat can be just as important as what they eat. Nestlé's voluntary social obligation is to post information on the recommended portion size in a visual and understandable form. We believe that by doing so we contribute to the formation of a culture of healthy eating.

Marketing healthy choices

We use our expertise to motivate our consumers to cook at home and eat a balanced food. At the same time, we comply with the rules of ethical marketing and do not conduct marketing activities aimed at children under the age of 6. For children aged 6-12, only the most balanced products may be advertised that meet the specific requirements of our Marketing to children Policy.

Since 2019, we have been using industry best practices to monitor the implementation of this policy. Annual external audits are conducted by independent Ernst & Young experts. In 2020, an audit of our child-centered marketing activities was conducted in Russia. The relevant [report](#) has been published on our corporate website.

Breastfeeding support and responsible promotion of breast milk substitutes

We support breastfeeding at Nestlé and beyond. We have already equipped 545 breastfeeding rooms in Nestlé offices worldwide and helped equip 5,517 more breastfeeding rooms in the countries where our company operates. We are leaders in promoting breastfeeding and responsible marketing of breast milk substitutes (BMS). In 2011, we became the first manufacturer of breast milk substitutes to be included in the FTSE4Good Index, and since then the company has been on it annually. To ensure that marketing standards for breast milk substitutes are met across Nestlé, we underwent compliance assessments in 2020 through internal and external audits in 18 countries. Since 2013, Nestlé has been assessed by ATNI for marketing policy and practice. We were in the top-2 in the BMS sub-indices 2016 and 2018.

Developing partnerships to promote healthy nutrition

Good nutrition starts with choosing products in stores, so partnerships with retailers can help motivate consumers to make informed choices in terms of healthy and nutritious foods. In April 2021, Nestlé Russia became a co-chair of the Together for a Healthy Future initiative, which covers the eight largest international manufacturers of FMCG under the chairmanship of the Russian retailer, Magnit.

The aim of the initiative is to form healthy habits among consumers so that they

gradually increase the share of healthy products and goods in their consumer basket. The Together for a Healthy Future initiative will focus on three areas: Caring for Yourself and Family, Caring for Society and Caring for Employees. Within these directions, the partners intend to organize regular educational and engaging projects.

The initiative participants consider it important to promote responsible consumption, therefore promoting sustainable packaging and reducing food waste among the priority areas of work.



Read more about the
Together for a Healthy
Future initiative

Promoting healthy behaviors in children



Looking ahead

The COVID-19 pandemic has reminded us of the need to be flexible and change the ways we work quickly. We will pay great attention to the development of digital resources for teaching children, so that they can get interesting and reliable information about nutrition in any way convenient for them.

Working with families, we will also motivate them to change their habits in favour of consuming products with lower carbon footprint, reducing food waste and separate waste collection.

Why it matters and what we do for it

We know that children who are taught to eat healthy and exercise regularly are more likely to grow up healthy and stay healthy as adults. Therefore, we help people lead a healthy lifestyle from birth: we support breastfeeding, promote proper nutrition, the need to maintain water balance and regular exercise. Healthy habits should be formed from childhood, this statement is true for nutrition and exercise.

The Nestlé for Healthier Kids initiative unites the efforts of parents, educators and teachers in shaping children's skills of proper nutrition and healthy lifestyles, helping to provide them with the best possible start in life. We also believe that drinking water is the best way to maintain water balance in the body, and we transmit this idea to children and their parents through the educational programs Nestlé for Healthier Kids.

During 2020, more than 19.8 million children worldwide received support within our nutrition and behavior change education programs.



Nestlé's Good Nutrition programme

A school Good Nutrition program has been implemented since 1999 in Russia within the framework of the Nestlé for Healthier Kids initiative. It uses a double approach: a three-year training course for children of 6-12, implemented in schools and kindergartens, is combined with communication campaigns and tools to help educate a healthy generation for their parents and educators.

More than 1.45 million schoolchildren participate in the program annually. Over 20 years of operation, the program has covered more than 9 million children in 60 Russian regions.

To teach children healthy eating in the face of the COVID-19 pandemic, we had to review our approach to working with schools. In the spring 2020, Nestlé Russia launched the Nestlé Food Laboratory YouTube channel, a large-scale online project dedicated to proper nutrition and healthy lifestyles. Here, children and their parents can watch culinary, sports and scientific video tutorials on how to prepare simple, but tasty and healthy meals, and acquire useful skills for using in the home kitchen.

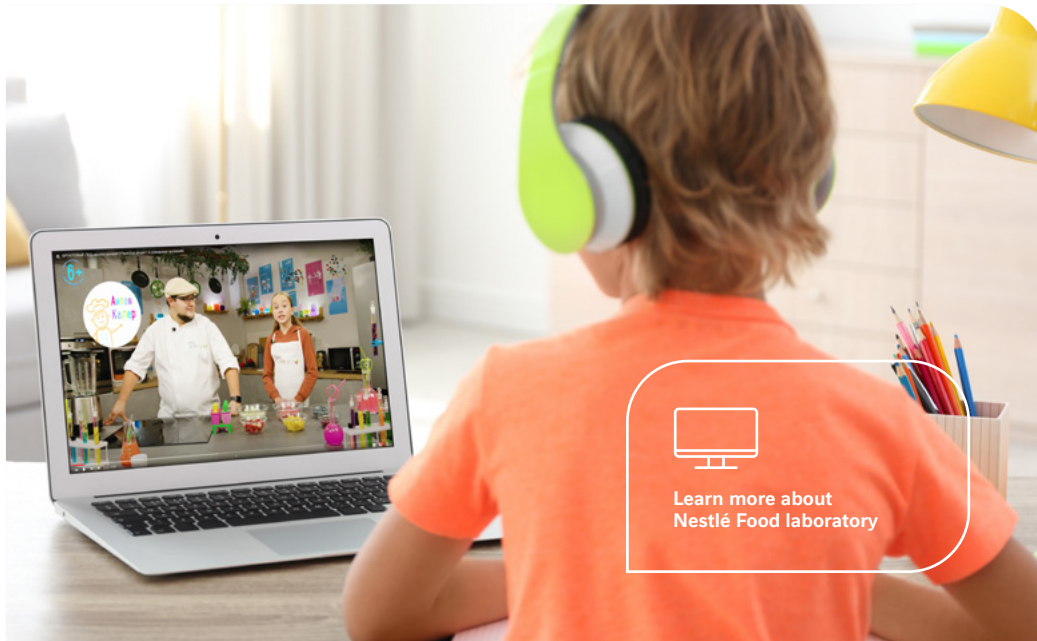
We continue to digitize our tutorials to make them as accessible as possible for all schools and kindergartens. Lessons of Nestlé for Healthier Kids program are available since 2020 on the Moscow Electronic School open state online platform with educational content available both for teachers and for any Internet user.



In 2020 and 2021, children could train the skills obtained under the learning program in practice in the Summer Culinary Camp project. With video tutorials of popular Russian and foreign chefs, children and their parents learned how to cook delicious and

healthy meals, participated in the Super Chef of the Culinary Camp competition.

The use of a digital platform allowed to continue teaching the basics of a healthy lifestyle even during the pandemic, when the educational process was online.



Our health highly depends on the environment. That is why in 2020 we decided to expand the content of the program including an ecological block Healthy Children Helping the Planet. Now our program teaches children and adults to respect both their own health and the environment. This includes, among other things, reducing household food waste, responsible collection, and sorting of waste, etc.



Together with the All-Russian Society for Nature Protection, a "Grow Your Garden" eco-competition was held in 2021. Schoolchildren from different regions of Russia collected more than 230 tons of waste paper. Now, Nestlé will turn every 30 kilograms of waste paper into living trees by organizing the planting of 8,000 seedlings in one of Russia's national park by the end of 2021.



For our communities

2030 ambition:

to improve 30 million livelihoods in communities directly connected to our business activities.



Enhancing rural development and livelihoods

Why it matters and what we do for it

Millions of farmers produce the food that nourishes us. Yet many of them struggle to earn a living income. As the world’s biggest food company, we can help agricultural communities make changes that enhance rural incomes now and build a prosperous future for the next generation of farmers.

We have also invested in helping farmers create more resilient businesses through initiatives such as Farmer Connect. In 2020, this helped to provide basic training to more than 355,000 farmers worldwide. More than 39,000 young farmers worldwide received support in developing future farm enterprises through the Agripreneurship program.



355,000

farmers worldwide were trained to effective agriculture practice to solve local problems



39,000

young farmers worldwide received support in developing future farm enterprises through the Agripreneurship program

Looking ahead

Through these initiatives, many farmers are achieving economic stability. More ingredients for our product are responsibly sourced. Of the five commitments in this area with a 2020 completion date, three have been fully met. We are on the way to closing the remaining gaps, and the learnings have provided the foundation for our related future ambitions. By 2025, we aim to have 100% responsibly sourced coffee for NESCAFÉ. In addition, we pay more attention to the human rights in agricultural supply chains.



Responsible sourcing

Ingredients for our products must be sustainable. Our responsible sourcing program helps us trace ingredients to their origin. In 2020, 73% of products we received were responsibly sourced in accordance with the standard. The new suppliers audit methodology changed the scope of the audits.

Our efforts to source responsibly have enabled us to make important progress in promoting human rights in agricultural supply chains, especially around child labor in cocoa-growing communities.

As of December 2020, 90% of the key forest-risk commodities we buy that are in scope (palm oil, pulp and paper, soya, meat and sugar) were assessed as deforestation-free.

Our strategy considers that we source from suppliers who are actively conserving and restoring forests while promoting sustainable livelihoods and respecting human rights.

Responsible coffee and cocoa sourcing

Coffee is one of the world’s most popular beverages. Enhancing responsible practices in coffee farming is crucial to its future. In 2020, Nescafé exceeded the 70% responsible sourcing goal, reaching 75%. We have achieved this by taking an integrated approach under the Nescafé Plan multi-year program which includes distribution of high-yield, disease-resistant coffee plantlets, development of partnerships to train farmers and monitoring and improving labor rights.

Cocoa is a key ingredient in many of our products. By 2025, we are committed to responsible sourcing of 100% of this product most of which comes from West Africa. Cocoa issues include deforestation, child labor and lack of living income for cocoa farming households. We have developed the Nestlé Cocoa Plan to address social and environmental issues.



Respecting and promoting human rights



Why it matters and what we do for it

We consider the problem of human rights observance along with other priorities of sustainable development. We have scaled up our efforts in this field significantly over the past decade by implementing best practices and building partnerships that drive long-term changes. We became the first company in the cocoa industry to introduce a comprehensive Child Labor Monitoring and Remediation System (CLMRS); we became the first to openly report child labor risk in our supply chain.

We know that child labor and other human rights abuses are exacerbated by rural poverty. That is why we take a holistic approach focused on securing resilience in the communities we source from and improvement of living conditions for farmers.

We also continue to refine and improve our grievance mechanisms. These are a lifeline to help workers in our supply chain protect their rights and are essential to ensure our business partners are meeting our standards. In addition, we continue to explore new technologies to strengthen our supply chain auditing tools. Our Human Rights Due Diligence program drives our human rights work.

Looking ahead

Expectations and best practices around human rights are evolving continuously. There will always be more to learn and new ways to engage with our employees, farmers and communities.

From transparency on child labor to training our employees and improving our grievance reporting systems, we have achieved many significant milestones over the course of our 2020 commitments. But there is still more to do.

Assess and address human rights impacts

We provide training for our employees to promote human rights across the supply chain. Over the past ten years, we have trained over 282,000 of our employees worldwide on human rights. In 2011, we launched and in 2019 updated online human rights training in all countries where we operate, and made it a mandatory component of induction training for new employees.

By August 2021, 8,489 employees in Russia and Eurasia completed human rights training.

A corporate audit on occupational health and safety and environmental protection has attested that our practices comply with ISO standards, corporate rules and regulations, as well as local legal requirements.

Protecting the rights of workers and children in the supply chain

As part of our responsible sourcing program, we assess and address labor rights risks across our agricultural supply chains. In many cases, we identify issues that require tailored interventions and collaborations with our partners and suppliers. In 2020, more than 73,000 agricultural supply chain workers benefited from interventions to address and improve labor rights. We have positively impacted the lives of over 127,000 children whose parents work in our agricultural supply chains.

As of 2020, our Child Labor Monitoring and Remediation System (CLMRS) spanned over 80,000 cocoa farmers in West Africa. More than 14,000 children took part in preventive and corrective measures during the year. The COVID-19 lockdown measures made it more difficult to track the human rights situation. The analysis in some cocoa-growing regions shows a rise in the risk of child labor during lockdowns.

Integrity and Compliance

Business ethics and compliance are a fundamental condition for Creating Shared Value. Our commitments to

integrity, fairness and authenticity are stated in Nestlé purpose and values, our Corporate Business Principles and Code of Business Conduct.

During 2020, we implemented a range of new IT tools which are part of our IT Roadmap, designed to streamline and standardize our compliance processes. We also added a new compliance section to our Know Your Supplier questionnaire, which covers our global procurement operations. If information about a supplier triggers red or yellow flags on compliance questions, our Legal and Compliance teams immediately conduct a review.

Effective grievance mechanisms and remediation

Our successful work on human rights depends on a robust reporting system that gives anyone along our value chain the confidence to speak freely.

Since 2021, Nestlé has introduced Speak Up, which is a single global channel to report possible violations of ethical principles and statutory non-compliance. With its help, company employees and other interested parties can report possible inconsistencies with Nestlé's Corporate Business Principles, the Code of Business Conduct, internal policies and procedures, or legal requirements. Speak Up ensures confidentiality of complaints, a fair and professional approach to investigating complaints and effective protection from pursuit.

Updating our Corporate Business Principles

As society continuously transforms, we evolve with it. That is why we launched our updated Corporate Business Principles, which include our positions on sustainability, human rights, diversity and inclusion, transparency and open communication. The new Principles were shared across the company through an internal digital communication campaign in July 2020, accompanied by mandatory training on the key elements. In addition, all our markets were provided with a tailored local communication plan.

In 2020, through our Integrity Reporting System, we received 2,228 messages on non-conformities. Of these, 533 cases were substantiated, and the necessary actions have been taken against the persons involved; the company terminated business relations with 26 suppliers.



Promoting decent employment and diversity



2025 ambition:

provide 300,000 job opportunities for young people in Europe, the Middle East and North Africa.

Why it matters and what we do for it

Building sustainable economies will depend on ensuring the next generation is able to access employment opportunities. We can make a positive difference, providing employment, training and skills development opportunities to young people. Our Nestlé needs YOUth initiative is helping young people around the world. In response to the COVID-19

pandemic, we scaled up the digitalization of our programs for young people.

We also influence key stakeholders and stimulate collective action. Through the Alliance for YOUth, we collaborate with hundreds of like-minded business partners globally, regionally and locally to promote youth employment and employability.

Diversity and inclusion are the foundation of our strength, an integral part of our

company's culture. We also empower our local offices to develop and host relevant, impactful programs to increase diverse representation among our workforce.

We are taking care of the people who work for us and support the health and well-being of hundreds of thousands of employees. Empowering women is a particular focus, we are increasing representation of women at all levels. Today, 43% of our managers are women.

Looking ahead

We want to scale up the results we have achieved to date with our youth-focused initiative and alliance to broaden their impact.

Through Nestlé needs YOUth, we will keep working toward our 2025 commitment to provide employment opportunities for 2,000 young specialists, as well as arrange 2,200 internships and training practices in Russia and Eurasia.

We will continue our Gender Balance Acceleration Plan that puts further emphasis on increasing the number of women in senior executive positions globally.

Today, we are on track to achieve our 2022 commitment to have 30% women in our top 200+ positions.



The Global Nestlé Needs YOUth initiative

Nestlé Needs YOUth program of young specialists' support has been operating in Russia and Eurasia since 2014. From 2017 till 2020, 2,370 young professionals under the age of 30 joined the company in this region. More than 1,600 people underwent training or practice in different cities and divisions of the company. More than 200 events have been arranged to support young professionals in job search and employment.

In April 2021, Nestlé launched a two-week online educational course on supply chain management. Using real examples, the listeners were able to learn better about opportunities in this area, and the company's experts told about all the details of employment.

New opportunities for young people

Since 2014, Nestlé has been implementing the Nestlé Needs YOUth initiative: a global program aimed at developing young people's skills that are in demand in the modern job market and assisting in their subsequent employment.

During this time, we have established over 300 private sector partnerships to develop the skills and resources young people need for employment or for the start of their own business. During the COVID-19 pandemic,

we have accelerated digitalization of these activities. In 2020, more than 1 million young people in the world have attended work readiness training events in person or online, and over 3,000 entrepreneurs have benefited from advanced mentoring. We have also identified around 10 thousand agripreneurs who can become future-fit farmers.

The Alliance for YOUth was launched in 2013 to support young people to develop the necessary skills to thrive in the world of work, today and tomorrow.

>20

multinational companies are members of the Alliance for YOUth

2022 ambition:

aiming to support 15 million young people by helping them to develop skills required for employment.





Diversity, enhance gender balance, empowering women

Diversity and inclusion are an integral part of our company’s culture. We strive to ensure that men and women performing comparable jobs are paid equitably, and we regularly assess equal pay worldwide. We also advocate for no gender bias in career development. Nestlé is committed to ensuring that every employee of the company can work in a safe and healthy environment based on collaborative professional relationships and respect. We believe that no discrimination is acceptable and we intend to continue working on elimination of violent incidents and harassment at work. As part of this initiative, all Nestlé executives in Russia and Eurasia have successfully completed online trainings on preventing sexual harassment

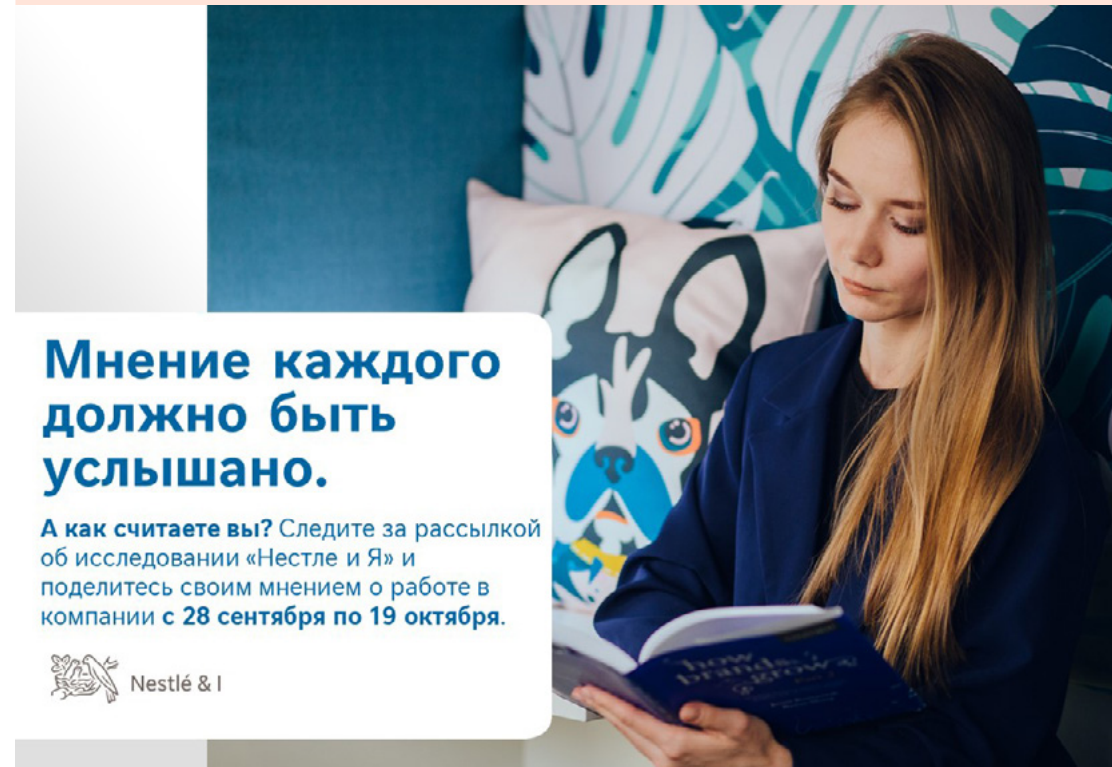
in the workplace, training on unconscious prejudice, and regularly receive newsletters on inclusive leadership. We have also increased support for breastfeeding in and outside our workplaces.

Respecting diversity is one of Nestlé's core values. As a founding member, the company joined the World Economic Forum's Partnership for Racial Justice in Business Initiative. In 2020, Nestlé signed the International Labor Organization (ILO) Global Business and Disability Network Charter to ensure that people with disabilities can work in our company. In the Perm branch of Nestlé, as part of the Youth Without Borders project, interns with disabilities have been working for a year. Young people have successfully adapted to the business environment and are gaining professional skills and experience.

Women's Leadership Week

Based on “Nestlé and I” research findings conducted among the company's employees in Russia and Eurasia in 2020, diversity and inclusion, cooperation were highlighted as priorities for 2021. In order to develop a culture of diversity and inclusion, Nestlé arranged a Women's Leadership Week to evaluate the success of women in our company to coincide with the celebration of International Women's Day. As part of the week, three

meetings took place, where invited experts from various fields of activity discussed the subject of women's leadership, neuroscience of genders, position and rights of women today and in the historical past of Russia. The events generated great interest and attracted over a thousand of online participants. In addition, in a series of video interviews, Nestlé women leaders talked about unconscious prejudices and how to deal with them, as well as shared tips that they would give themselves at the start of their careers.



Мнение каждого должно быть услышано.

А как считаете вы? Следите за рассылкой об исследовании «Нестле и Я» и поделитесь своим мнением о работе в компании с 28 сентября по 19 октября.



Workplace health and safety

Safety and health are integral parts of the company's business principles, as well as Nestlé's values based on respect for oneself and others. We take care of ensuring the health, safety and comfortable working conditions of our employees every day.

Due to the COVID-19 pandemic, we have put additional safety measures in place in our offices, factories and distribution centers, and halted international travel for business purposes. We made our workplaces

as safe as possible for our people and offered additional support by way of testing campaigns, flu vaccination campaigns and other measures wherever feasible and applicable.

The pandemic's impacts, while considerable, did not disrupt our scheduled commitments to the well-being of our employees. As part of our "Know Your Numbers" (KYNP) global program, an initial anonymous screening is made (health risk assessment), followed by professional guidance leading to targeted health support.

87.6%

of our employees had made KYNP available by the end of 2020

23,000

employees had completed video sessions of the #HealthyLives training program

79%

of our human resources business partners had undergone Stress and Resilience training

In late 2020, we launched two pilots focusing on physical and mental health. An easy-access digital platform to encourage healthy breaks helps to organize funny and motivating activities for breaks and is designed to help tackle the effects of sedentary lifestyles. The second pilot includes a mobile app offering individual and teambased tasks to its users, enabling them to drive healthy lifestyle and have fun.



Public recognition

According to the Randstad Employer Brand Research rating, Nestlé Russia is the best employer among companies operating in the Fast moving consumer goods — food industry. The study identifies the most attractive industries and companies based on a survey among the working-age population of Russia. Nestlé employs about 8,000 people in Russia and Eurasia.



Supporting communities and partners during a pandemic

Since the pandemic started, we have worked closely with local authorities, voluntary societies and business partners to contribute to addressing the economic and social challenges posed by COVID-19. We have three key priorities: protecting the health and well-being of our employees, keeping our businesses and supply chain running smoothly for the benefit of consumers, and supporting communities around the world at a local level.

In cooperation with various charitable organizations, Nestlé Russia has supported over 100 medical institutions.

In 2020, more than 400 tons of Nestlé products as humanitarian aid were donated to the most vulnerable categories of citizens and medical workers through partner organizations — the Rus Food Bank, the Russian Red Cross, the Association of Volunteer Centers, Roscongress and charitable foundations.

Nestlé employees transferred more than 170 thousand rubles to the Medical Volunteers Foundation. The company doubled this amount. In addition to food assistance, the company sent specialized therapeutic nutrition to a number of hospitals, and the NESPRESSO brand provided doctors with coffee machines and coffee.

Volunteering

Many of the company's employees are involved in the Nestlé Cares global corporate volunteering program, which started in April 2019. We conducted the Marathon of kindness Nestlé campaign. Each employee could choose a convenient option for participation: collecting "good caps", helping citizens in need, finding a home for homeless animals, segregated waste collection, cleaning watersides of litter.



The volunteer project Gift of Positive was named the best social project of Russia. This project is carried out since 2013 with the purpose to help lonely elder people that live in nursing homes in Rostov region.

Public recognition

The public and the government of the Russian Federation have recognized the great contribution of Nestlé Russia to the provision of humanitarian assistance during the COVID-19 pandemic. On August 27, 2020, at the partners meeting of All-Russian Volunteering Campaign "We are together" our company was awarded a Commemorative Medal and Certificate of Merit signed by the President of Russia V.V. Putin.



Taking care of pets and the people who love them



Purina continues to deliver social initiatives to help pets, their owners and the community at large. Purina's social activities for 2019–2020 resulted in the third social report "Purina in Society" in the EMENA zone (Europe, Middle East and North Africa), which collected information on more than 40 projects aimed at improving the lives of pets and people, and at the preservation of the planet for future generations.

During the pandemic, many pet owners found themselves in a difficult situation. The PURINA brand did not stand aside and supported those who needed it.

Among the initiatives implemented during this period are the donation of more than 200 tons of feed to charitable organizations in Russia, assistance to elderly people and low-income families with food for their pets, support of veterinarians with personal protective equipment, and many other partnership projects.

In 2020, Nestlé Purina PetCare received a commemorative medal and a diploma from the President of the Russian Federation for its disinterested contribution to the organization of the All-Russian Mutual Aid Action #WeTogether. In addition, the brand continues to provide regular feed assistance to shelters across the country, as well as

organizes exhibitions and festivals, where, together with partners, it searches for a home for cats and dogs living in shelters.

The brand also pays special attention to the development of a culture of responsible attitude towards pets in Russia. Through the We Are Your Friends school program 250,000 schoolchildren have been trained on responsible pet ownership in the 2020–2021 school year.

Since its launch in 2017, more than 620,000 elementary and high school students have participated in the program. From September 2021, the program

will be expanded to include additional environmental topics.

An important area of PURINA's work is also to help to reduce the risk of obesity in pets. In December 2020, the IV international professional conference PURINA PARTNERS was held, in which leading experts of the veterinary community discussed the importance of preventing obesity in pets. Purina is currently working on a systematic basis to help owners maintain a healthy weight for their pets. Purina experts have created a body condition assessment system that allows owners to monitor the physical condition of their pets.



In 2018, the brand launched a unique project "Friend for Pet", which helps stray animals find their families. The friendforpet.ru pet search platform has united more than 50 proven shelters and foundations throughout the country, the list of partners and the geography of the project are expanding every year.

4,700

Pets have found a home with Purina's support through the "Friend for Pet" initiative and animal shelter exhibitions with partners since 2014



For the Planet

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



Caring for water

Why it matters and what we do for it

Water is key to all life on Earth. It is a vital resource for both the cultivation of raw materials by farmers needed for food and beverage production and for making products in Nestlé factories around the world. We work closely with farmers to ensure water is used more efficiently, now and for the future.

Sustainable and efficient water use has long been a priority for Nestlé. We are proud of the results achieved in the rational use of water resources. Over the past 10 years, we have reduced direct water intake per tonne of products by 32% at Nestlé factories around the world, as well as through the proper management of water resources.



32%

reduced direct water intake per tonne of products at Nestlé factories worldwide compared to 2010

Looking ahead

Nestlé is constantly reducing its direct impact on the environment. We believe, we can achieve more through collective action engaging all our stakeholders. We promote systemic change in water use by strengthening partnerships with governments, industry communities, suppliers, academia and nongovernmental organizations.

Improving Water efficiency

We care about the conservation of water resources and implement projects guided by Nestlé principle — 3R (Reduce — Reuse — Recycle). At Nestlé factories in Russia, by 2020, we have reduced water use by 58% compared to 2010. In 2020 alone, we managed to save in our operations 46 thousand m³ of water. Over the past eight years, due to implementing water use efficiency projects, we managed to save more than 820 thousand m³ of water. This is almost as much as water amount in a small lake. In 2021, we continue to work in this direction and plan to save up to 43 thousand m³ of water by the end of the year.

Our factories are equipped with highly efficient facilities providing up to four stages of water purification. They can significantly reduce the negative impact of wastewater, as well as reuse treated water.

58%

water use reduction in Nestlé factories in Russia in 2020 compared to 2010



One of the most significant achievements in this area was the project of wastewater use to coolant system feed-up, launched in 2019 at the NESCAFÉ coffee plant in Timashevsk. Recycling of waste water in cooling towers can reduce the consumption of drinking water, previously used for this purpose, by 80 thousand m³ annually.

In 2020, new wastewater treatment plants with a capacity of up to 1,300 m³ per day were put into operation at the Nestlé Purina PetCare pet food production factory in the village of Vorsino, Kaluga region.

Acting on climate change

Why it matters and what we do for it

Climate change poses a significant risk to the future of food industry. However, food production and consumption are a source of CO₂ emissions. Nestlé intends to reduce by half its greenhouse gas emissions by 2030, and by 2050 it plans to bring this figure to zero. The company is committed to reducing CO₂ emissions throughout the production and supply chain and offsetting residual air emissions through soil and forest restoration projects.

To reduce climate impact, Nestlé worldwide:

- ✓ supports farmers and suppliers in the development of regenerative agriculture;
- ✓ plans to plant 20 million trees annually over the next 10 years;
- ✓ makes a shift to 100% renewable energy use by 2025;
- ✓ increases the number of carbon neutral brands;
- ✓ is consistent in moving towards a complete refusal of industrial waste to landfill.

The company's active actions have already brought to significant results.

In Russia we have exceeded our commitments by reducing direct and indirect emissions per tonne of production by 52% since 2010.





Looking ahead

Together with other global leaders in the newly formed Race to Zero coalition, Nestlé strives to achieve complete elimination of CO₂ emissions by 2050. In December 2020, the company released a Net Zero Roadmap, where we describe in detail how exactly we plan to achieve our goal. We have also set interim targets in line with a plan to limit the planet's temperature rise to 1.5°C above pre-industrial levels, to be met over the next five and ten years.



[Read more about Net Zero Roadmap initiative at our site](#)

Renewable energy use

We use a variety of renewable energy sources in our manufacturing facilities. The NESCAFÉ coffee plant in Timashevsk produces heat energy for the needs of the enterprise by burning production waste — coffee cake and coffee dust. The main advantage of this technology is a decrease in harmful impurities concentration in the flue gas and reduction in CO₂ emissions. In the next few years, we will continue to use green thermal energy from combustion of organic waste from cocoa, coffee and other raw materials production. This will allow us to cover from 5% to 20% of our demand for heat energy on the Russian market.

From May 2020, the Nestlé Purina PetCare factory in the Kaluga region will annually purchase at least 50 million kWh of electricity

generated from wind power. This will allow us to annually reduce CO₂ emissions into the atmosphere by 20.5 thousand tons.

Reducing air emissions in supply chain

Nestlé has developed measures to reduce CO₂ emissions at all stages of products production, storage and transportation. For example, we are optimizing loading to reduce unoccupied space in trucks and reduce the number of flights, reduce transport downtime, increase the share of more environmentally friendly rail and sea transportation, etc. These measures have allowed to reduce CO₂ emissions into the atmosphere by 24% (compared to 2018) in the Russian market only.



How to make each NESPRESSO cup carbon neutral

The NESPRESSO coffee brand has been taking measures to combat climate change for over a decade. In 2017, NESPRESSO production sites became carbon neutral in the whole world. The brand is now committed to zero the carbon footprint of every coffee capsule by 2022. This goal is planned to be achieved through carbon dioxide emissions reduction, planting trees on coffee plantations, as well as innovative projects support and investing.

Safeguarding the environment

Why it matters and what we do for it

Conservation of natural capital, maintaining biological diversity are vital for future life on Earth. One of the important ways to protect wildlife is to reduce the amount of plastic waste that accumulates in landfills and in the oceans. This is an urgent priority and a major challenge for industry and consumers. To achieve this goal, it is essential to significantly increase recycling volumes and ensure the development of alternative packaging options. In addition, we must help suppliers, farmers, and consumers to participate in this problem consciously and responsibly.

In Russia, in 2020, 89% of the packaging of Nestlé products placed on the market was recyclable or reusable, and 52% of the packaging materials used in 2020 were renewable.

Looking ahead

The first step towards sustainable development was to identify the most serious environmental problems and develop a set of measures to solve them. We are now focused on developing and expanding our initiatives and fulfilling our obligations, guided by the company's Net Zero Roadmap.



Improving packaging performance (Reducing Packaging, Increasing Recycled Packaging)

In 2020, Nestlé used 100.4 thousand tons of packaging for its products on the Russian market, of which 42% were of recycled materials. 0.8% of recycled plastic was used in plastic packaging. We are committed to 100% conversion to recyclable or reusable packaging by 2025, and to reduce the use of plastic by a third.

Solving the plastic waste problem requires action and behavior change for each of us. We know that consumers are paying more attention to sustainability and environmental issues. Nestlé helps them by sharing expert knowledge and advice, on the corporate website and websites of our brands.

Nestlé offices around the world no longer use disposable plastic tableware. For example, at the company's Moscow office, only reusable cups are used.



Using paper packaging resources

In 2019, the Nestlé Research Institute started developing innovative packaging materials with a lower environmental impact. One of the goals of the institute is to find substitute for plastic packaging for food products. In 2020, the NESQUIK ALL NATURAL brand launched a cocoa drink in fully recyclable paper packaging and a milk cocoa drink in Tetrapak packaging with a paper tube.



Collecting and processing coffee capsules

Capsule coffee brands NESCAFÉ DOLCE GUSTO and NESPRESSO have launched their programs for coffee capsules collection and processing in Russia. Used capsules can be handed over to a courier upon receipt of online order in any city in delivery area or brought to capsule collection points in Moscow or St. Petersburg. Recycled aluminum from NESPRESSO capsules is used in many areas, and recycled plastic of NESCAFÉ DOLCE GUSTO capsules is used in household items manufacture. Coffee cake is used as an environmentally friendly fertilizer.



Reducing waste

We succeeded in preventing the generation of industrial waste. We strive to reuse all the generated waste as much as possible or send it for environment-friendly recycling. For 10 years, the level of waste generation in Nestlé factories in Russia has decreased by 51% per ton of finished products. Currently, only 45 grams of waste per ton of product is sent to landfill.

We monitor the situation on the Russian market and are looking for any technologies and infrastructure available to us that will help us dispose of all our waste in the safest way.

Biodiversity protection

Protecting nature and biodiversity is a complex process involving many stakeholders. Today our company purchases 73% of raw materials from sources that meet sustainable development principles. We strive to ensure by 2022 that no forests are deforested when growing raw materials for our products. To do this, we use such tools as supply chain mapping, certification, field research and satellite technology.

In September 2020, we joined the Consumer Goods Forum (CGF)'s Forest Positive Coalition, an international industry organization of over 400 companies in 70 countries.



Only 45 grams of waste per ton of product is sent to landfill



Public recognition

In February 2020, within the framework of Pristine Russia festival, Nestlé received an award from the Zapovedniki (Reserves) Ecocenter and the Zapovednoye Posolstvo (Wildlife Embassy) foundation for supporting environmental

education programs for the benefit of protected areas and conducting a trip to Ugra National Park to restore forests. The PURINA brand was recognized for organizing an environmental campaign involving employees in garbage collection at the Botanical Garden of Moscow State University.

Supporting the development of regenerative agriculture

Healthy soil absorbs more carbon from the atmosphere. Therefore, Nestlé on all markets, including Russian market, supports regenerative agriculture that promotes healthier soils. Our efforts are aimed at optimizing the use of agricultural land, applying modern methods of fertilizing, and cultivating the soil when growing grain, improving crop rotation and a set of crops. This contributes to the restoration of soil fertility. Organic matter in the soil accumulates due to carbon absorbed by plants, which reduces its concentration in the atmosphere.

In Russia we plan to involve local suppliers in regenerative agriculture program. Every year, the program of regenerative agriculture will be extended to more types of raw materials.



Involving schoolchildren in separate waste collection

In 2020, the Samara branch of Nestlé Russia joined the program School, university, secondary school — Share with me! and provided 240 containers for the separate collection of plastic waste, which were installed in 120 schools in Samara. All collected recyclable materials are sent by special transport to processing plants. To involve schoolchildren in separate collection of waste, game lessons are held with practical tasks and interactive elements.



We also pay great attention to the optimization of logistics activities to prevent deforestation. Thanks to more efficient loading of vehicles and reuse of pallets, we managed to reduce the use of primary wood and in 2020 alone, avoid cutting of 53 thousand trees.



Nestlé Good food, Good life

www.nestle.ru

