



Nestlé in the United States

Creating Shared Value
Report 2014



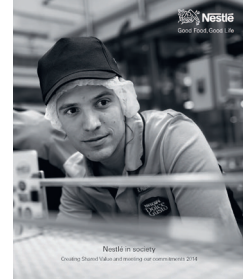
About the Report

In the United States, performance indicators for Nestlé provide a focus for measuring and reporting Creating Shared Value, sustainability and compliance. This performance summary forms part of our communication on progress for the United Nations Global Compact Principles. Unless otherwise stated, performance indicators are for the year ending December 31, 2014. We report against Global Reporting Initiative (GRI) G4 guidelines and indicators to be in line with the G4 Core option on material issues identified through our stakeholder engagement process. These guidelines and indicators also shape the public commitments we have made. To provide transparency for our stakeholders, please reference the GRI Content Index located at the end of this report, where we have indicated the correlation between GRI indicators, our key performance indicators and our commitments.

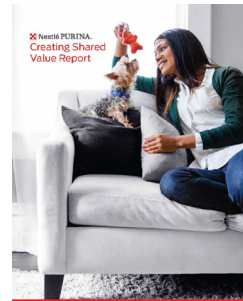
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Companion reports



Nestlé in society:
Creating Shared Value and
meeting our commitments 2014



Nestlé Purina
Creating Shared Value Report 2014



Highlights 2014



U.S.A.

1,058

We reformulated 1,058 food products and pet products¹ to consider nutrition or consumer preference, including reduced sodium, sugar, trans fat and artificial colors and flavors, as well as increased essential nutrients.

131%

In 2014, we completed 619 supplier audits. Out of the total completed, 505 were compliant with the Nestlé Supplier Code for ingredients from the United States, which represents 131% of our goal of 385 compliant audits.

12

In 2014, 12 facilities in the United States achieved zero waste to landfill status.

96%

By the end of 2014, 96% of our children's products² met all of the Nestlé Nutritional Foundation criteria for children, based on nutrition science and dietary recommendations such as those published by the World Health Organization and the Institute of Medicine.



Global

Top 3

We are ranked among the top three global food and beverage manufacturers in the current Access to Nutrition Index, a global initiative that evaluates food and beverage manufacturers on policies and performance addressing obesity and undernutrition.

FTSE4Good

We remain the only infant formula manufacturer included in FTSE's responsible investment index, based on our performance in human rights, labor rights, responsible marketing of breast-milk substitutes and more.

7.6 million

Our Healthy Kids Global Program reached more than 7.6 million children in 73 countries in 2014.

1st

We retained our top position in Oxfam's 2014 "Behind the Brands" sustainability scorecard, a survey ranking 10 food and beverage companies on policies and commitments to improve food security and sustainability. The survey focuses on transparency; support to farmers, women and agricultural workers; climate change; and access to land and water.

#2

We achieved a score of 88 out of 100 in the 2014 Dow Jones Sustainability Index, which measures performance of global sustainability leaders, placing us second in our industry.

CDP

Following our maximum score in 2013, we received the Carbon Disclosure Project's Climate Disclosure Leadership Award in 2014, achieving a score of 96 out of 100. Our corporate water stewardship disclosures—scored for the first time—received a Leadership rating, with a maximum score of 20, and we were recognized for our water strategy and public policy commitments.

Leader

In 2014, Nestlé became the first major food company to form a global partnership with international animal welfare NGO partner World Animal Protection as part of our commitment to further improve our supply chains. The partnership will promote best practices benefiting animal health, care and welfare within the food industry.

¹ Based on number of SKUs manufactured in the U.S.

² Products for which 50% or more of consumers are below 12 years old, or are designed for or perceived as being designed for this age group.



A Message from the Chairman and CEO of Nestlé USA



Nestlé in the United States is pleased to share our 2014 Creating Shared Value Report focusing on our core themes: Nutrition, Health and Wellness; environmental impact; and social impact.

Since the beginning of our journey nearly 150 years ago, Creating Shared Value has been at the very heart of how we operate in the present and plan for the future. We firmly believe that to create value for our shareholders we must create value for society, and we embed that philosophy in everything we do.

Nestlé takes a uniquely long-term view when it comes to setting our strategy. This allows us to take positions and make commitments that might otherwise seem unfeasible. We are investing heavily in research and technology because innovation and improvement is embedded in Nestlé's DNA. Our investments in nutrition science, water-saving technology, our supply chains and our people are designed to deliver long-term results to our business and society as a whole.

As the world's largest food and beverage company, our scale provides a platform to create immense positive impact. With 97% of households in the United States purchasing Nestlé brands, our work over the last 10 years to reduce sugar, sodium and saturated fat and remove trans fats from our products without sacrificing taste impacts millions of consumers striving for better health, and we are proud of our achievements.

Nestlé understands that a company of our size can help move the needle on environmental issues. That's why we stepped forward in the fall of 2014, alongside other companies, to endorse the Environmental Protection Agency's (EPA) proposed rule to dramatically reduce carbon emissions at the nation's power plants. By switching to cleaner fuels, using sustainably managed renewable energy sources and optimizing our distribution networks, Nestlé is helping to bring about the change needed for the health of our planet and all of its inhabitants.

With Nutrition, Health and Wellness at Nestlé's core, we understand that the first 1,000 days—from pregnancy through a child's first two years—are a critical window of opportunity to shape healthier futures. That's why Nestlé issued a global Maternity Protection Policy, which our U.S. businesses are implementing as the Parental Support Policy. Effective January 1, 2016, we're extending parental leave benefits for primary caregivers of newborns, and we hope to see more of our peers follow our lead.

We are proud of our progress, but this is no time for complacency. We're contemplating how we will continue to evolve and create shared value over the next 150 years. We encourage you to read through this report and welcome any feedback you may have.

Paul Grimwood

Chairman and CEO of Nestlé USA

150 Years of Good Food, Good Life.

The year 2016 marks Nestlé's 150th anniversary. As we approach this landmark year, we reflect on our heritage as we look to our



next 150 years. In 1866, the Page brothers' Anglo-Swiss Condensed Milk Company in Switzerland launched the Milkmaid Brand, the first-ever condensed milk. A year later, Henri Nestlé invented Farine Lactée to save the life of a neighbor's child and, more broadly, to help alleviate infant mortality. The two companies merged in 1905. Ever since, we've continued to provide innovative products and services that enhance the quality of life, everywhere and every day. Henri Nestlé's determination, commitment and pioneering spirit live on in the way we operate around the world. We know that for Nestlé to prosper in the long term, we must deliver value for shareholders, the communities in which we operate and society as a whole. Our 150-year anniversary is a unique opportunity to share our passion for nutrition and helping generation after generation of people live happy, healthy lives. And it's a unique opportunity to thank all who have made 150 years of Good Food, Good Life possible: our employees, partners and customers; our stakeholders; and, of course, our consumers.

Our Approach: Meeting Society's Needs by Creating Shared Value

Nestlé's growth over the last 150 years has enabled us to help improve the lives of millions of people through the products and services we provide and through employment, our supplier networks and the contribution we make to economies around the world. With this privilege comes immense responsibility and opportunity. Our future as a company rests on our ability to create delicious and nutritious foods that delight our consumers, reduce our environmental footprint and create a lasting positive impact on communities. We call this **Creating Shared Value, and we embed it firmly into all parts of our business.**

Our ambition is to be recognized as the leading Nutrition, Health and Wellness company. As healthcare challenges continue to increase, the intrinsic value of our nutrition agenda will continue to expand. That's why Nutrition, Health and Wellness are at the heart of Creating Shared Value.

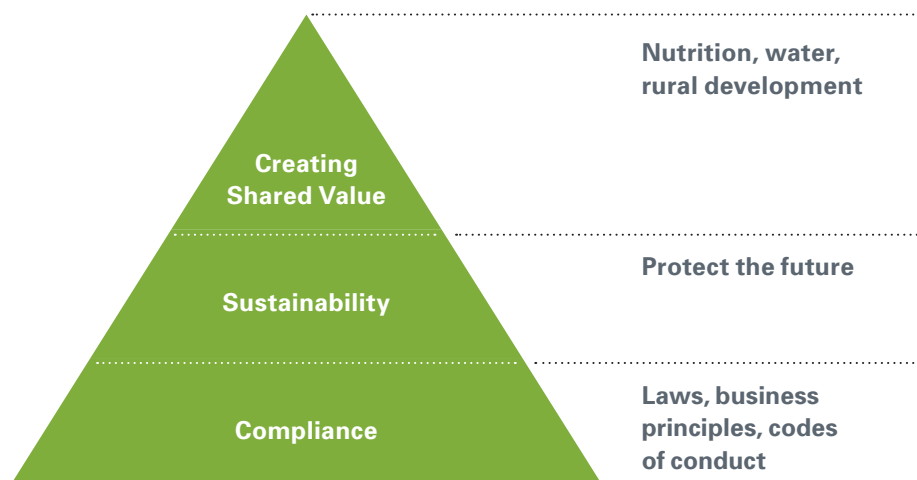
Water has always been a core focus area for Nestlé globally, and it has become increasingly critical in the United States as California endures a multi-year drought.

Our U.S. businesses support our global dedication to rural development through our responsible sourcing efforts, for example by increasing purchases through the NESCAFÉ® Plan and Nestlé Cocoa Plan.

All of this is underpinned by a duty to protect our commitment to our communities and employees to be an exemplary employer and neighbor to those we work with. Our nutrition, environment and social impact goals ensure we can continue to be part of long-term solutions.



Creating Shared Value



Nestlé in the United States

The United States is Nestlé's largest market in the world. In 2014, our product sales totaled \$26 billion, and 97% of U.S. households purchased Nestlé products.

Nestlé in the United States consists of eight separate business entities: Nestlé USA, Nestlé Waters North America, Nestlé Purina PetCare, Nestlé Nutrition, Nestlé Health Science,

Nestlé Professional, Nestlé Skin Health and Nespresso. Together, our businesses contribute to the financial strength of the communities in which we live and operate by creating jobs; generating tax revenues for local, state and the federal government; and supporting numerous local community programs.

Nestlé in the United States by the Numbers

\$26 billion

\$26 billion in sales

47

Factories, offices and distribution centers in 47 states

51,000

51,000 employees

15

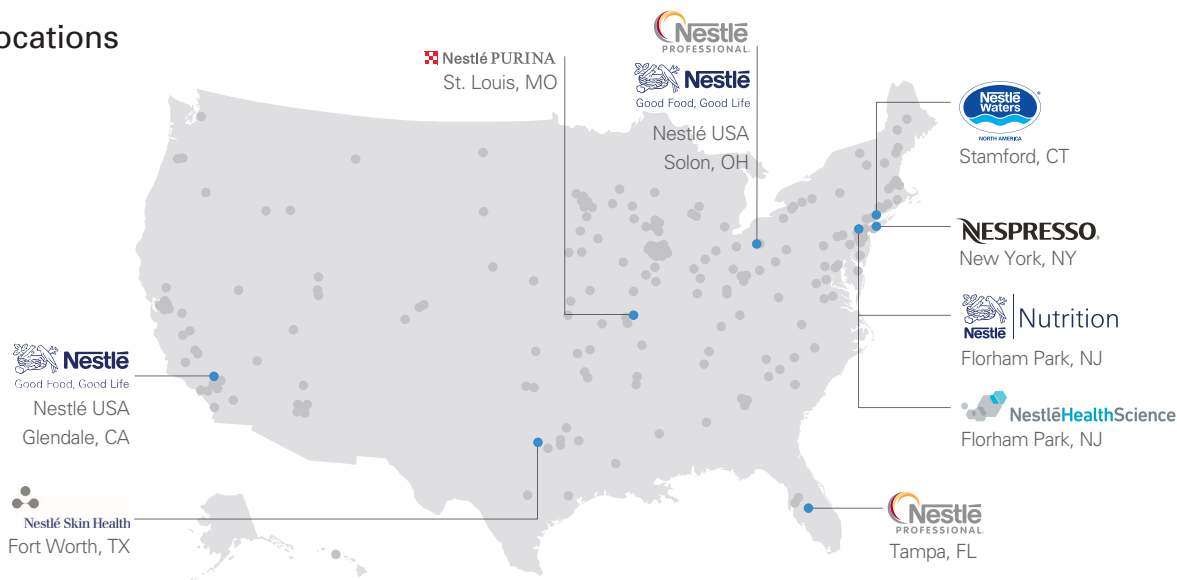
15 LEED-certified buildings

6

Six billion-dollar brands



Key Locations





Nutrition, Health and Wellness

Topic Areas

- Nestlé Nutrition Knowledge Leadership
- Nestlé Nutrition Research
- Continuing Education for Health Professionals
- Nutrition, Health and Wellness Policies
- Promoting Positive Behaviors for Healthier Lives

We are committed.

Since 1866 when Henri Nestlé launched his Farine Lactée—a combination of cow's milk, wheat flour and sugar—that saved the life of a neighbor's child, nutrition has been the cornerstone of Nestlé. From GERBER® infant foods and LEAN CUISINE® meals to BOOST® nutritional drinks and PURINA® pet foods, Nestlé is there for every part of the day and for all ages and members of the family.

From the beginning, we have focused on our core mission to enhance the quality of people's lives with science-based nutrition and health solutions—a promise conveyed by the sentiment that defines our company: Good Food, Good Life.

Paving a path toward improved health—through better diet and lifestyle—is one essential way we strive to create value for society. In the United States, we are working diligently to address public health priorities and to meet people's changing preferences through research, education and partnerships.

Our network of food and nutrition research centers fosters rapid and continuous innovation to improve the nutritional quality of our foods and beverages, a global priority for Nestlé.

We're working to create a better food environment for consumers striving for better health by gradually reducing sugar, fat and sodium without sacrificing flavor; strengthening our position on marketing to children; and using front-of-pack labeling.

We also are engaged in multiple efforts and partnerships focused on promoting positive behavior changes that support a healthier diet and physical activity. Here are some examples of how we are leading the way in helping consumers embrace healthier diets and lifestyles and improve their overall wellness.



Nestlé Nutrition Knowledge Leadership

Nestlé's new Kids Nutrition and Health Study (KNHS) builds on over 10 years of comprehensive infant and toddler nutrition research from Nestlé's groundbreaking Feeding Infants and Toddlers Study (FITS), the largest dietary survey of parents and caregivers of young children. These Nestlé studies form a consolidated body of research providing snapshots of eating patterns, nutrient intakes and lifestyle and behavioral factors among young children as well as healthy weight indicators of children from 0 to 12 years, a period thought to be critical for forming habits that impact health for a lifetime. FITS has been brought to life, informing product innovation and nutritional services for consumers and other key stakeholders. We are also using these findings to inform our Start Healthy, Stay Healthy Early Childhood Nutrition Program that we are rolling out in underserved communities.

By the end of 2016, this formative Nestlé research will be under way in 10 countries including the United States. Over time, the studies will provide important country-specific and global information on infant and child nutrition to inform solutions addressing their nutritional and wellness needs. We actively share our research findings with healthcare providers, government agencies, NGOs, community groups and scientific foundations to help inform public health communities around the world.

“Our journey started with a commitment to Nutrition, Health and Wellness across our portfolio. We've made significant progress in reimagining family-favorite foods, making them with less fat, sugar and sodium; reducing calories; and including portion guidance as we work with consumers to create healthier diets.”

— **Paul Grimwood**
Chairman and CEO of Nestlé USA



Nutrition, Health and Wellness

Nestlé Nutrition Research

Nestlé has the world's largest private food and nutrition research and development network in the industry—rapidly innovating and improving foods, beverages and services to meet nutrition, health and wellness needs. The Nestlé Research Center (NRC) is at the heart of fundamental scientific research and innovation within Nestlé. Its role is to drive science and technology, from basic nutrition and health research to applied research for food and beverage development and application. The NRC supports all Nestlé food and beverage categories with pioneering scientific and technological expertise.

Additionally, the R&D Nutrition Translation Network helps bring innovative technologies to life in the form of new food and beverage introductions. Nestlé has nine R&D centers across the United States, 34 R&D centers globally and more than 5,000 people involved in R&D around the world. To keep pace with U.S. consumers' demands for more choices, Nestlé opened a new food and beverage innovation center in Solon, Ohio. The \$50 million center will be testing new products by the end of 2015 and will help Nestlé respond to the growing diversity and nuances of food preferences in the U.S.

On the cutting edge of nutrition research, Nestlé Institute of Health Sciences is part of the Nestlé research group focusing on biomarkers, analytical platforms and sophisticated diagnostics building the scientific support for innovative nutritional solutions. This exciting research will take into account genetic, environmental and lifestyle factors, particularly in the areas of brain, metabolic and gastrointestinal health, positioning Nestlé to respond to the nutritional, dietary, health and wellness needs of a diverse population.



Additionally, Nestlé Purina is dedicated to improving the lives of cats and dogs through quality nutrition and care. We support work by veterinary universities as well as organizations that share our high standards of care and compassion for pets. We have a long history of providing strong support to the American Kennel Club (AKC) Canine Health Foundation and sharing its mission to help dogs live long, healthy lives. The AKC Foundation funds sound scientific health and genetic research, which helps educate dog breeders and enthusiasts by communicating discoveries and information to prevent, treat and cure canine disease. Nestlé Purina's own research and development experts are driving innovation that improves the lives of pets.



Since 1997, the support from Nestlé Purina to the AKC Canine Health Foundation has helped to provide remarkable exploration into the study of canine health issues. Our mission is to provide all dogs with the best opportunity for healthy lives, which steadfastly matches Nestlé Purina's goals. We have a long history together and hope to continue to seek prevention, treatment and cures for all dogs.

— Susan Lilly
CEO, AKC Canine Health Foundation

Case Study: Supporting a More Transparent Nutrition Label

In 2014, Nestlé updated its global Policy on Sugars to strengthen our company's commitment to continually reduce the level of sugars in our food and beverages, and to align with recommendations from the World Health Organization (WHO) on added sugars.

Nestlé supports the WHO guideline that people should limit consumption of added sugars to no more than 10% of their daily calorie intake, and we are committed to helping consumers achieve this target. We support the Food and Drug Administration's proposal to establish a Daily Reference Value of 10% for total energy intake from added sugars, and to mandate the declaration of added sugars as a percent of Daily Value on the Nutrition Facts Panel. The 2015 Dietary Guidelines Advisory Committee Scientific Report recommends the same 10% daily limit.

Nestlé believes in transparency to consumers and recognizes that consumers can't easily monitor their added sugar intake unless they can find this information on food labels, which enables them to compare products and make informed decisions.

We're encouraged to see these efforts to empower American consumers with information to make better food choices and choose a healthy, nutritionally adequate diet.





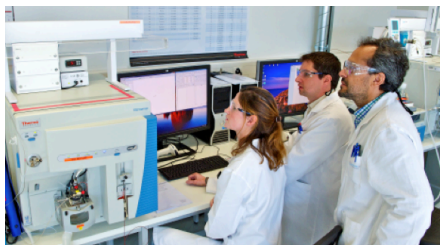
Nutrition, Health and Wellness

Continuing Education for Health Professionals

The Nestlé Nutrition Institute (NNI), headquartered in Switzerland, is the world's largest private publisher of nutrition information. Active in nearly 200 countries, including the United States, NNI engages with healthcare professionals, scientists and nutrition communities to share leading science-based nutrition education, resources and research. NNI has published more than 3,000 papers and organizes conferences and symposia covering topics including maternal and infant nutrition, geriatrics and obesity management.

Nestlé Health Science delivers nutrition science education to expand healthcare professionals' nutrition knowledge, with the shared goal of improving the quality of care and patient outcomes. Offerings include programs delivered by nationally recognized nutrition experts from outside of Nestlé, as well as accredited nutrition experts from within the company. In the United States in 2014, Nestlé Health Science:

- Conducted 12 national educational programs (attended by a total of 6,140 clinicians)
- Facilitated 99 speaker-related programs
- Generated 8,800 continuing education certifications through our accredited programs
- Graduated 14 registered dietitians from our Advanced Enteral Nutrition Program for Registered Dietitians
- Graduated six physicians from the Nestlé Nutrition Institute Clinical Nutrition Fellowship for Physicians



Also in 2014, Nestlé Health Science contributed \$600,000 in education and research grants to qualifying hospitals, healthcare institutions and professional organizations to help expand the body of clinical nutritional knowledge designed to improve patient care.

Improving Healthcare Quality through Nutrition

Healthcare quality standards are higher than ever, and nutrition has an essential role in delivering high-quality patient care. Nestlé Health Science has developed ENact™, a web-based program to equip healthcare professionals to adopt science-based, nutrition-focused improvement initiatives in hospital settings, with a focus on patients who are critically ill, undergoing surgery or malnourished. ENact provides free information and specialized resources to help improve and measure patient outcomes, allowing hospitals to achieve measurable benchmarks to demonstrate sustainable quality improvement. For further information, visit ENactNutrition.com.



Nutrition, Health and Wellness Policies

The Nestlé Nutritional Foundation criteria referenced in this report are based on nutrition science and public health dietary recommendations, such as those of the World Health Organization (WHO), the Institute of Medicine and other global or local authorities. We evaluate our products against the Nestlé Nutritional Profiling System to determine their nutritional value and whether they achieve the Nestlé Nutritional Foundation status. Nestlé has used this tool for more than 10 years to improve the nutritional profiles of thousands of foods and beverages worldwide. For more information on the specific criteria, please visit research.Nestle.com/nutritionhealth.



Principles of the Nestlé Nutritional Profiling System: How does a product achieve Nestlé Nutritional Foundation status?

1. Consider the product category and its role in the overall diet (e.g., larger meal components, smaller meal components or snacks).
2. Consider specific nutritional factors pertinent to public health (e.g., sodium and added sugars) and essential nutritional contributions (e.g., calcium in dairy products).
3. Consider maximum and minimum non-compensatory, rigorous thresholds.
4. Consider the portion likely to be consumed, and use reference values specific to children and adults.

Nestlé Skin Health Targets Global Skin Health Needs

In February 2014, Nestlé S.A. announced the creation of Nestlé Skin Health S.A., a worldwide leader in providing specialized products to respond to consumers' skin health needs.

The foundation of the business is Galderma Pharma S.A., a dermatology leader which was previously a joint-venture between Nestlé and L'Oréal S.A. Nestlé Skin Health focuses on science-based solutions for the health of skin, hair and nails, while Galderma provides medical solutions.

The Nestlé Skin Health Investigation, Education and Longevity Development (SHIELD) network of innovation hubs, announced in 2014, provides a platform to engage with healthcare professionals from the fields of dermatology, general medicine, aging, nursing and technology. The first location is planned to open in New York.

Additionally in 2014, Galderma acquired the rights to distribute its aesthetic solutions, which include RESTYLANE® and SCULPTRA® Aesthetic, in the U.S. and Canada, resulting in the addition of 250 new jobs.



Nestlé Skin Health



Nutrition, Health and Wellness

The following chart provides an overview of Nestlé global policies related to Nutrition, Health and Wellness and the progress we are making in the United States.

Updates on Key Global Policies and Nutrition Commitments in the United States

		 Global Nutrition, Health and Wellness Policies	 U.S. Policies/Commitments
	Nestlé Nutritional Profiling System	We assess all of our foods and beverages against the rigorous Nestlé Nutritional Foundation (NNF) criteria. ¹	Currently, 63% of Nestlé sales meet all NNF criteria.
	Reducing Sugars	Our Policy on Sugars targets further reduction of sugar content by an average of at least 10% from 2013 levels during a three-year period (2014–2016) in foods and beverages that do not meet the NNF criteria for sugar.	In 2014, 96% of children's food and beverage products ² were compliant with NNF criteria for sugar.
	Reducing Sodium	Our Policy on Sodium targets further reduction of sodium content by an average of at least 10% from 2012 levels during a four-year period (2013–2016) in foods and beverages that do not meet the NNF criteria for sodium.	In 2014, 100% of children's food and beverage products ² met the NNF sodium criteria.
	Reducing Trans Fat and Saturated Fat	In 2014, we strengthened our longstanding policy on trans fat reduction and have committed to remove trans fat originating from partially hydrogenated oils (PHOs) from all our food products by the end of 2016.	By 2016, we will remove trans fat originating from PHOs as functional ingredients from all our foods and beverages, ahead of FDA's 2018 deadline.
	Responsible Marketing to Children	Our Policy on Marketing Communication to Children, in place since 2006, bans marketing to children under age 6 through 12 to only those foods and beverages that meet our NNF criteria.	Nestlé USA is a member of the Better Business Bureau's Children's Food and Beverage Advertising Initiative (CFBAI). The CFBAI pledge restricts all product advertising in schools and product placement in media directed to children.
	Front of Pack Labeling	Guideline Daily Amount (GDA)-based labels inform consumers about the amount of calories, sugars, fat and other nutrients in a serving of food or beverage and how they compare to daily guidelines.	In 2013, Nestlé USA began labeling packages with Facts Up Front icons, which display key nutrition information from the Nutrition Facts Panel in a standardized format on the front of the package.

¹ The Nestlé Nutritional Foundation criteria are based on nutrition science and public health dietary recommendations, such as those of the World Health Organization (WHO), the Institute of Medicine and other global or U.S. authorities, such as the Food and Drug Administration and U.S. Dietary Guidelines Advisory Committee. Our products are evaluated against these criteria, using the Nestlé Nutritional Profiling System, which determines their nutritional value and whether they achieve the Nestlé Nutritional Foundation status.

² Products for which 50% or more of consumers are below 12 years of age, or are designed for or perceived as being designed for this age group.



Nutrition, Health and Wellness

Promoting Positive Behaviors for Healthier Lives

At Nestlé, we are uniquely positioned to help improve the diet and lifestyle of consumers and contribute to improved health outcomes. We strive to promote positive changes in behavior through improvements to our foods and beverages and through various initiatives, partnerships and commitments.

Providing Appropriate Nutrition for Mothers, Infants and Toddlers

There is scientific evidence that nutrition during the first 1,000 days—starting at pregnancy and continuing through the child's first two years—has a vital and lifelong impact. Here are some examples of how we are continuously improving and demonstrating nutritional leadership and guidance during this critical development stage.

Breastfeeding: Nestlé fully supports the recommendation of the World Health Organization that babies should be exclusively breastfed for six months followed by the introduction of nutritious and appropriate complementary foods along with sustained breastfeeding up to two years of age and beyond. However, there are still numerous barriers to breastfeeding. When, in consultation with their healthcare providers, mothers and families decide that breastfeeding is not possible, infant formula—the only suitable breast-milk substitute recognized by the WHO—plays a vital role in providing essential nutrients to infants. We are committed to the highest standards of responsible marketing of breast-milk substitutes and have been included in the FTSE4Good Index since 2011, the only global responsible investment index with clear criteria on the marketing of breast-milk substitutes.

GERBER® Start Healthy, Stay Healthy™: Nestlé Nutrition developed this stage-based nutrition system of products, educational materials and easy-to-use tools for its Gerber brand. This system, which is based on the latest peer-reviewed nutrition science, is designed to help guide healthy growth and development from ages 0–4. It also helps promote the early establishment of healthy eating habits in the critical early years. Breastfeeding is at the heart of the Gerber Start Healthy, Stay Healthy Nutrition System, and Gerber recommends breastfeeding as the ideal nutrition for babies. To learn more about these resources, visit www.gerber.com.



Supporting Families—Nestlé Parental Support Policy

The first 1,000 days offer a unique window of opportunity to shape a healthier future. During this formative period, infants require appropriate nutrition, stimulation and a caring setting to develop to their full potential. To foster a supportive environment for employees and their families, in 2015 Nestlé established global minimum standards for maternity leave in Nestlé S.A.'s Maternity Protection Policy, one of the most progressive programs of its kind in the food and beverage industry. In the United States, Nestlé is implementing this new policy as the Parental Support Policy. Effective January 1, 2016, the policy grants eligible employees up to 14 weeks paid parental leave, with the ability to extend their leave on an unpaid basis up to a total of six months. The policy will be applicable to all primary caregivers of newborns, including male employees and adoptive parents. In addition, the policy also includes flexible working arrangements and guaranteed access to breastfeeding rooms during working hours in head offices and sites with more than 50 female employees. More broadly, the Maternity Protection Policy will be implemented at Nestlé workplaces across the world by 2018.



Photo by Markus Bühler-Rasom

Continuous Improvement Through Innovation

More than ever before, consumers are expecting more from food and beverage companies. Understandably, they want the products they buy to provide sound nutrition, great taste and convenience. Nestlé is continuously innovating to improve the flavor and nutritional profile of our foods and beverages by featuring positive nutrients and ingredients; gradually reducing sugar and sodium; and helping consumers adapt their taste preferences toward a healthier diet.

Boosting the Nutrition Profile of our Products:

Our efforts to reduce and remove nutrients of public health concern are grounded in rigorous criteria established by the Nestlé Nutritional Foundation. These criteria reflect nutrition science and public health recommendations established by the world's leading health and medical authorities. We are on a continuous journey to reduce sodium and sugar and to remove trans fat from our portfolio, and we are making significant progress:

- Nestlé is reducing sodium by an average of 10% compared to 2013 levels, in 250 products across our most popular frozen pizza and snack brands including DIGIORNO® Pizza, TOMBSTONE® Pizza, CALIFORNIA PIZZA KITCHEN® Oven Ready Pizza, JACK'S® Pizza, HOT POCKETS® brand sandwiches and LEAN POCKETS® brand sandwiches by the end of 2015.
- NESQUIK® powder and ready-to-drink reduced added sugar in 2015 to a maximum of 10.6 grams per serving of 2 tablespoons of powder or 8 fluid ounces of NESQUIK ready-to-drink.
- By the end of 2016, Nestlé will have zero foods and beverages containing trans fats originating from PHOs used as functional ingredients, ahead of FDA's 2018 deadline.

We know whole grains, fruits and vegetables are vital for a healthy diet. The 2010 Dietary Guidelines for Americans recommend we fill half of our plates with fruits and vegetables, but most Americans aren't eating enough of either. At Nestlé, we're adding more fruits and vegetables and other high-quality ingredients to make healthier choices easier and more delicious.

- Nestlé's BUITONI® brand introduced a new line of pastas that we make by folding real vegetables, such as sweet red pepper and spinach, right into the dough.
- Nestlé's LEAN CUISINE® brand now offers five meal options that contain 1 cup of vegetables per serving and over 50 varieties with 13 or more grams of protein per serving.



Nutrition, Health and Wellness



- Nestlé OUTSHINE® brand launched Fruit and Veggie bars made with real fruit and vegetables. In fact, 25% of each bar is fruit and/or vegetable puree and/or juice.
- Nestlé Health Science's CARNATION® BREAKFAST ESSENTIALS® brand launched Grab 'n Go! Smoothies, made with yogurt and fruit.
- Nestlé's STOUFFER'S® brand launched its new Fit Kitchen line, which offers 25 or more grams of protein per serving complemented with complex carbohydrates and crisp vegetables.

Adapting to Meet Changing Preferences:

At Nestlé, we are developing new recipes to respond to increasing demand for products that are gluten-free, organic and free from artificial flavors and FDA-certified colors.

By the end of 2015, the following brands and products will contain no artificial flavors or FDA-certified colors:

- Baking ingredients, including the majority of the NESTLÉ® TOLL HOUSE® line. These changes will complement Nestlé's other baking and culinary brands, LIBBY'S® Pumpkin and CARNATION®, which already contain no artificial flavors, FDA-certified colors or preservatives.
- All chocolate candy products: 250 products and 10 brands including NESTLÉ® BUTTERFINGER®, NESTLÉ® CRUNCH®, and BABY RUTH®.

We're also removing artificial flavors from 250 products across our most popular frozen pizza and snack brands including DIGIORNO® Pizza, TOMBSTONE® Pizza, CALIFORNIA PIZZA KITCHEN® Oven Ready Pizza, JACK'S® Pizza, HOT POCKETS® brand sandwiches and LEAN POCKETS® brand sandwiches.

- We are striving to simplify ingredient lists over time by renovating and developing recipes using familiar ingredients. Without compromising on taste, brands like Stouffer's, LEAN CUISINE® and California Pizza Kitchen are working to deliver shorter and more recognizable ingredient lists.
- The NESQUIK® brand has removed artificial colors and flavors from its chocolate and strawberry powders and is working to remove them from ready-to-drink as well.
- The California Pizza Kitchen brand has introduced Gluten-Free Crispy Thin Crust pizzas.
- The Lean Cuisine brand is now offering meal options that are gluten-free as well as varieties that are made with organic ingredients and contain no genetically modified ingredients (GMOs).

Providing Innovative Solutions for

Distinctive Nutritional Needs: When we're in good health, we take for granted the fact that we are able to satisfy our daily nutrition requirements by eating a balanced diet. There are people for whom this seemingly simple proposition is difficult or even impossible. Nestlé Health Science specializes in developing products to meet the distinctive needs of patients who can't get the nutrition they need through the normal diet alone.

- Our pediatrics portfolio includes nutrition interventions for children who experience gastrointestinal impairment, growth delay, neurological disorders and congenital metabolic disorders. Inborn errors of metabolism are rare genetic disorders that result in the body not being able to properly metabolize food into energy. For example, children born with Phenylketonuria (PKU) lack the enzyme that breaks down the amino acid phenylalanine, which can build up to toxic levels in the blood. PKU affects one in 15,000 newborns in the United States and demands complying with a severely protein-restricted diet. VitaFlo®, a subsidiary of Nestlé Health Science, develops treatments

and nutritional solutions that serve as a "diet for life," allowing affected children and their families to live an otherwise normal life.

- We developed BOOST® COMPACT® Complete Nutritional Drink, a groundbreaking solution that provides complete nutrition in half the volume of a full-size nutritional drink (4 fluid ounces vs. 8 fluid ounces in BOOST® Original Drink). Each serving provides 10 grams of protein and 26 vitamins and minerals to help adults meet daily nutritional needs. We also developed BOOST® CALORIE SMART® Drink, a 4 ounce balanced nutritional drink with 10 grams of protein, 25 vitamins and minerals, and 100 calories. With its smaller volume, the BOOST Compact and BOOST Calorie Smart formulations make it easier to incorporate supplemental nutrition into an everyday or special diet.

Healthy Hydration: We continue to raise awareness of the importance of healthy hydration in healthy lifestyles through communications in the United States and other countries. We know, for example, that replacing one 12-ounce, 140-calorie soft drink with water each day for a year would cut some 50,000 calories and about 65 cups of sugar out of an individual's diet in that year. The 2010 Dietary Guidelines for Americans recommends that people drink water instead of sugary drinks. Nestlé Waters North America is committed to providing access to great tasting, high-quality water through a wide variety of outlets. Small, 8-ounce bottles of NESTLÉ® PURE LIFE® Purified Water sporting colorful, fun graphics are designed to make it easier for parents to encourage their children to choose water. Nestlé Waters expanded the reach of Project WET, a global water education program, to include modules on healthy hydration, which in 2014 reached over 15,000 teachers and approximately 500,000 K-12 students and community members in the United States. Nestlé Waters North America is also a proud supporter of the Partnership for a Healthier America (PHA) Drink Up initiative, a program that guides people to drink more water, still or carbonated, tap or bottled.





Nutrition, Health and Wellness

Nutritious Choices for Pets: Nestlé Purina has been on the cutting edge of pet nutrition and advocacy for many years. We make some of the most recognized and trusted brands in the United States, including DOG CHOW®, PURINA® PRO PLAN®, CAT CHOW® and FRISKIES®. Every Purina dog and cat food product is formulated to provide 100% complete and balanced nutrition for the pet's life stage. In addition to providing balanced nutrition for pets, some of our pet formulas provide additional benefits. For example, our PRO PLAN® SPORT® line and PRIME® and REFUEL® bars for canine athletes and PRO PLAN® BRIGHT MIND® for senior dogs (aged 7 years or older). Nestlé Purina research has shown we can make a visible difference and promote healthy cognition for aging dogs by formulating medium-chain triglycerides (MCTs) into a senior pet's food. MCTs are sourced from enhanced botanical oils, such as coconut oil, and can provide an additional source of energy for the brain to help maintain its structure and function.



In addition, Nestlé Purina develops pet food specifically designed for weight management, sensitive skin and stomachs, urinary tract health and indoor cats, as well as grain-free and therapeutic diets for pets under the care of a veterinarian.

Supporting Balance and Moderation

It is our philosophy that enjoyment, balance and moderation are essential for a nutritious and balanced diet. Our aim is to help consumers make thoughtful food and beverage choices through communication that encourages moderation in consumption and portion sizes appropriate to the target audience and social context.

Balance Your Plate: Our Balance Your Plate nutrition education campaign, launched in 2013, helps consumers build meals that are well-balanced, enjoyable, convenient and aligned with the 2010 Dietary Guidelines for Americans. The initiative includes recommendations for pairing our prepared meals and pizzas, such as STOUFFER'S® entrees, with fruits, vegetables, whole grains and low-fat dairy. Through this initiative,

Nestlé also offers "Balance Your Plate on a Budget," which provides 14 daily meal plans, enabling a family of four to eat healthfully for less than \$180 per week, consistent with the U.S. Department of Agriculture's "Healthy Eating on a Budget" tool.

Portion Guidance: A recent assessment on overcoming worldwide obesity by the McKinsey Global Institute found that the single highest-impact intervention area for reducing obesity is reducing the size of portions in packaged foods and fast food restaurants.¹ In 2014, we made a commitment in the U.S. to support our consumers in achieving a balanced, varied diet and encourage moderation by helping them make informed decisions about the portions they eat and drink. This includes the introduction of on-pack communication in the Nestlé NUTRITIONAL COMPASS® to help consumers more easily choose thoughtful portions of our food and beverages. In 2015, the Nutritional Compass has begun to include a Thoughtful Portion™ box with a suggested per-eating-occasion portion and a simple visual representation of that portion. This will be offered on all packaging that has a full NUTRITIONAL COMPASS® section. On-pack communication will include tips on meal and snack pairings, calorie guidance, serving suggestions and links to additional resources. We're also promoting portion guidance through innovative packaging solutions and product design, along with tips on brand websites and portion guidance information on our corporate website. For additional information on this initiative, visit Nestleusa.com/nutrition/portion-guidance.



Case Study: Making Tough Business Decisions to Meet Our Commitments

Nestlé is passionate about living out our commitment to Nutrition, Health and Wellness, and our sweet treats are no exception.

We're on a continuous Nutrition, Health and Wellness journey across our entire food and beverage portfolio. Our goal is to help people enjoy candy in moderation as part of a balanced and active lifestyle.

While it may seem counterintuitive to mention candy when we talk about our commitment to nutrition, here's why it's not. One of the ways in which we are supporting moderation is through right-sizing portions and including portion guidance messaging on our packages. That journey has led us to making tough decisions for our business.

In last year's report, we made a commitment that by 2014, 100% of our foods and beverages that are more often consumed by children will meet the Nestlé Nutritional Foundation (NNF) criteria. When we looked at our portfolio, there were some items that didn't make the cut, including GIANT PIXY STIX®.

While we wanted to keep offering this beloved brand to our consumers, we had to make the tough decision to change the 1.0- and 0.5-ounce Giant Pixy Stix to a smaller portion and risk losing sales. Being a treat primarily enjoyed by kids, the sugar content was too high to meet NNF criteria.

To solve this dilemma, we relied on leading consumer behavior scientist Brian Wansink's research¹ and our packaging experts to design a new straw to ensure that PIXY STIX® straws meet our NNF criteria, while still being an enjoyable treat. We achieved our commitment by creating a new 0.42-ounce serving, which also meant that we reduced the amount of sugar in Pixy Stix straws from 26 grams to 10 grams per serving. Confectionery will always be a category of foods consumers enjoy, and our ambition is to help them enjoy sweet treats responsibly and with the right portion in mind.

Discontinuing the 1.0- and 0.5-ounce Giant Pixy Stix offerings and replacing them with smaller packaging was a decision with real business impact. However, it is the right thing to do for our consumers and it is these kinds of decisions that will help us achieve our global Nutrition, Health and Wellness vision.

We knew that these changes to improve our performance on nutrition would be disruptive to our business. And they have been. But when we make a commitment to improve the nutritional profile of our products, we do what we can to keep that promise.



¹ Institute MG. Overcoming obesity: An initial economic analysis. 2014. http://www.mckinsey.com/insights/economic_studies/how_the_world_could_better_fight_obesity.

² Wansink, B., & van Ittersum, K. (2005). Amount of Alcohol Poured: Comparative Study of Effect of Practice and Concentration. *BMJ British Medical Journal*, 331:7531, 1512–1514. doi: 10.1136/bmj.331.7531.1512.



Nutrition, Health and Wellness



Reducing Childhood Obesity

Nestlé has a long history of working with advocacy groups, community organizations and local agencies to support physical activity and healthy eating among school-age children. We are involved with a wide range of public-private sponsorships in the United States and around the world. While driving behavior change toward healthier diets and lifestyles is a global challenge, we are developing initiatives that are contributing to the health of local communities and their kids right here in the United States.

Healthy Steps for Healthy Lives: Healthy Steps for Healthy Lives, created by Nestlé in the United States in partnership with the National Education Association, is part of the Nestlé Healthy Kids Global Program, a larger global commitment by Nestlé to create shared value through Nutrition, Health and Wellness awareness among school-age children. This program continues to provide educators with free innovative tools to educate students about good nutrition and physical activity. Materials are available online at Nestleusa.com/healthysteps.

Encouraging Healthy Eating for Infants and Toddlers

The Start Healthy, Stay Healthy Early Childhood Nutrition Program tackles childhood obesity rates in local communities by teaching parents and caregivers of children 0 to 3 years simple ways of improving the diets of infants, toddlers and preschoolers. We're partnering with academic institutions and community organizations to deliver an unbranded, peer-reviewed curriculum and training for local residents who then act as advocates and peer educators in their communities. This program covers topics including the importance of breastfeeding, how to increase fruit and vegetable consumption, healthy snacking, dealing with fussy eaters and recognizing hunger and fullness cues. Building on our previous obesity prevention work in Newark, New Jersey, in 2014 we unveiled a partnership with Rutgers University-Newark and Program for Parents, Inc. to serve expectant mothers and families with young children in the Newark Fairmount Promise Neighborhood. We launched a similar partnership in the Woodland neighborhood of Birmingham, Alabama, where we are working with the University of Alabama at Birmingham School of Health Professions and Woodlawn Foundation to educate parents, caregivers and students about preventing obesity through early childhood nutrition.

Healthy Weight Commitment Foundation

(HWCF): Nestlé is a founding member of the HWCF, a CEO-led coalition of over 300 organizations helping families and schools fight childhood obesity since 2009. In 2015, the HWCF entered into an academic research partnership with City University of New York to implement the Commitment to Healthy Communities program, an initiative to catalog and assess community programs sponsored by food and beverage companies designed to combat hunger and obesity. The results, which will be publicly available in 2016, will document program impact, provide aggregate reporting on common metrics and inform best practices for governance, program design and community engagement.

Demonstrating Leadership on Obesity Solutions

Nestlé is leading the CEO Innovation Collaborative, a sub-group of the Institute of Medicine's (IOM) Roundtable on Obesity Solutions, established in 2014. The Roundtable on Obesity Solutions engages leadership from multiple sectors in a dialogue on critical and emerging issues in obesity prevention, treatment, and weight maintenance. As leader of the CEO Innovation Collaborative, we are bringing together CEOs from diverse public and private sectors to collaborate with the public health community to increase and foster health promoting behaviors in several communities across the U.S. and at the national level.



Environmental Sustainability

Topic Areas

- Water Efficiency and Water Stewardship
- Production and Responsible Packaging
- Climate Change
- Responsible Sourcing
- Zero Waste to Landfill
- Food Loss and Waste
- Advocating for EPA's Clean Power Plan

We are committed.

Environmental sustainability means protecting our future in a world where water is increasingly scarce, natural resources are constrained, biodiversity is declining and climate change may exacerbate these challenges. Our goal at Nestlé is to make our products not only tastier and more nutritious, but also more environmentally sustainable along our entire value chain. We are strongly committed to environmental sustainability across all of our operations and living up to our external stakeholders' and employees' expectations that we are working to ensure that our practices are responsible and sustainable for the long term. We understand that environmental sustainability along our value chain is important to many of our consumers and that our continued progress in this area gives them another reason to trust our company.

Water Efficiency and Water Stewardship

Water, more than any other substance, is essential for human survival. Responsible water stewardship is critical to the future of our business, and we strive for sustainable water management, from the fields from which we source our crops to our facilities and the communities where our suppliers, consumers and employees live.

Nestlé Waters North America, the largest bottled-water company in the United States, is one of the most efficient producers in the beverage industry. While production volume continues to rise due to high demand, we are finding ways to achieve water savings per bottle produced. We are committed to protecting and ensuring the sustainability of high-quality sources of water and to responsibly managing water to ensure its availability and quality for future generations. In the United States, our 11 on-staff natural resource managers oversee and monitor our spring sources for long-term sustainability and are committed to community engagement at the source and partnering with other organizations on watershed improvement. Our facilities are in line with the global Nestlé Commitment on Water Stewardship and working to continuously improve water use efficiency across all of our operations.



Assessing Investment Opportunities

We monitor the actual costs of the water we purchase and off-site treated water for all plants. However, we believe global water prices do not adequately represent the environmental and social impacts that are a result of water supply.

When we evaluate opportunities to invest in technology or equipment that will improve water use efficiency, we place a notional cost on water ranging from one to five Swiss Francs per m³, depending on a factory's physical risk score. Generated by the Nestlé Combined Water Stress Index, the physical risk score takes into account water availability and the fact that water savings deliver different benefits in different locations.

This approach enables us to convert environmental and social benefits into a notional payback, helping us to prioritize resource allocation. We are continuing to extend our acceptable return on investment period for equipment funding that delivers water savings, recognizing that such activities often require longer-term investment.

“We will strive to become the food and beverage producer with the lowest environmental impact. It doesn't matter what your job is at Nestlé. Doing what's right for the environment and embracing sustainability is important to all of us, and there is a role for everyone on this journey.”

— **Tim Brown**
CEO, Nestlé Waters North America

Addressing California's Drought

Like everyone, we see the effects of the drought in California on families, communities, farms and businesses—and we are doing our part to manage and conserve our water use. In fact, with nine factories and 7,000 employees in the state, we know we must do more with less. It's not business as usual for us—and hasn't been for some time.

Today, we are putting into place new technology and innovations across all our California operations—from our dairy operations in Modesto to our ice cream operations in Bakersfield and Tulare. These efforts are projected to save 144 million gallons each year compared to 2014 usage levels, more than a third of which will come from water conservation projects at our five bottled-water plants.

We also bottle water locally, which means nearly 80% of the water we bottle in California we sell in California.

We are bringing together water stakeholders to broadly engage in constructive community dialogue about local and regional water issues. We also continue to partner with community groups in California, including the Southern California Mountains Foundation, the Urban Conservation Corps, the Cucamonga Foothills Preservation Alliance and the Inland Empire Waterkeeper, as part of our "Crest to Coast" project to help restore and protect California's Santa Ana River watershed.

In California and globally, Nestlé continues to look for ways, big and small, to conserve. It is part of our operational philosophy across all of our businesses and a hallmark of our mission of Creating Shared Value.

Consumers can learn more about our progress to conserve within and near our facilities in California at Nestleusa.com/csv.



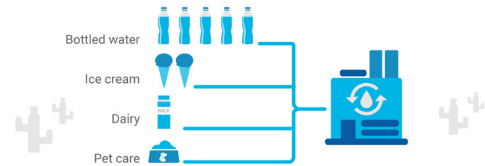
These efforts will add up to a **total saving of 144 million gallons** of water a year. For more information about our commitments to responsible water stewardship visit www.nestle.com/csv/water



5 ways we're conserving water in California



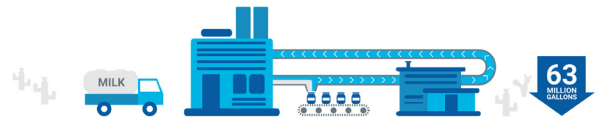
We have nine factories in California. We're further improving water management across all of them.



1. Creating a 'zero water' factory

A zero water factory is one that extracts water from raw materials and then recycles it, reducing the need for groundwater or freshwater supplies.

We are transforming our dairy factory in Modesto into a zero water factory. By 2016 this should save nearly **63 million gallons** of water a year.



2. Reducing water use

We use 'Water Target Setting' methodology to identify opportunities to further reduce our water use, as well as the technology we need to achieve this. It's already helped us identify ways to reduce water use by 10-30% in 80 of our factories worldwide.

At our ice cream factories in Bakersfield and Tulare in California, we're improving our cleaning processes to use as little water as possible. We're also starting to use advanced technology to treat water for use in our refrigeration systems. This will save more than **26 million gallons** of water a year.



3. Recycling water

Recycling wastewater for use in cleaning, rinsing and cooling processes in our factories is one effective way of saving drinkable water.

By upgrading cooling tower technology in all our water bottling factories in California, so they use treated water instead of drinkable water, we expect to save **55 million gallons** a year.



4. Implementing strict standards

The Alliance for Water Stewardship (AWS) International standard sets rigorous criteria for managing water in a way that is environmentally, socially, and economically beneficial.

In California our water stewardship efforts include diversifying the springs we use in all our operations to avoid over reliance on a single source.

We will implement the AWS standard in all nine of our factories in California within two years.



5. Working in partnership

We support collective action to find solutions to water scarcity, working together with governments, UN bodies and other stakeholders to help address local and global water issues.

We're starting work with the World Resources Institute to help us better understand the water risks across our operations in California and to identify additional water stewardship opportunities.

We are a founding signatory of the UN Global Compact CEO Water Mandate, which helps companies develop, implement and disclose their water sustainability policies and practices.





Environmental Sustainability

Environmental Metrics

Nestlé uses a number of key performance indicators to measure our environmental footprint. Nestlé's facilities in the United States aim to produce our food, bottled water and pet food products while improving our water and energy use efficiency.

Indicator	Units	Nestlé in the United States					% Change 2010–2014	% Change 2011–2014	% Change 2012–2014	% Change 2013–2014
		2010	2011	2012	2013	2014				
Production volume	10 ⁶ metric tons	17.3	17.5	18.1	18.3	19.2	11%	10%	6%	5%
Inputs										
Total water withdrawal	10 ⁶ m ³ per year	35.0	36.3	36.0	34.6	35.5	1%	-2%	-1%	3%
	m ³ per metric ton product	2.02	2.07	1.98	1.89	1.85	-9%	-11%	-7%	-2%
Total water discharged	10 ⁶ m ³ per year	19.71	20.66	18.01	17.50	17.94	-9%	-13%	0%	3%
	m ³ per metric ton product	1.14	1.18	0.99	0.96	0.94	-18%	-21%	-6%	-2%
Total on-site energy consumption	10 ¹⁵ Joules (PJ) per year	19.98	20.5	20.4	20.9	21.3	7%	4%	4%	2%
	10 ⁹ Joules (GJ) per metric ton product	1.15	1.17	1.12	1.14	1.11	-4%	-5%	-1%	-3%
Total on-site energy consumption from renewable sources	% total	4.89%	5.49%	5.34%	4.99%	6.06%	24%	10%	14%	22%
Total direct energy consumption	10 ¹⁵ Joules (PJ) per year	11.53	12.30	11.93	12.37	12.64	10%	3%	6%	2%
	10 ⁹ Joules (GJ) per metric ton product	0.67	0.70	0.66	0.68	0.66	-1%	-6%	0%	-3%
Total direct energy consumption from renewable sources	% of direct	1.3%	2.3%	1.9%	1.4%	1.4%	11%	-37%	-23%	3%
Total indirect energy consumption	10 ¹⁵ Joules (PJ) per year	24.84	24.09	24.91	24.80	25.07	1%	4%	1%	1%
	10 ⁹ Joules (GJ) per metric ton product	1.43	1.38	1.37	1.36	1.31	-9%	-5%	-5%	-4%
Raw materials used	million metric tons	6.87	7.07	6.85	6.72	7.15	4%	1%	4%	6%
Materials for packaging purposes	million metric tons	1.18	1.09	1.14	1.07	1.11	-6%	2%	-3%	3%
Outputs										
Greenhouse gas emissions (direct, scope 1)	10 ⁶ metric tons CO ₂ per year	0.66	0.68	0.67	0.69	0.71	7%	3%	6%	2%
	kg CO ₂ per metric ton product	38.1	39.1	36.7	38.0	36.9	-3%	-6%	0%	-3%
Greenhouse gas emissions (indirect)	10 ⁶ metric tons CO ₂ per year	1.31	1.28	1.33	1.33	1.34	2%	4%	1%	0%
	kg CO ₂ per metric ton product	75.9	73.2	73.1	73.0	69.8	-8%	-5%	-5%	-4%
Total direct and indirect greenhouse gas emissions	10 ⁶ metric tons CO ₂ eq	1.97	1.96	1.99	2.03	2.04	4%	4%	3%	1%
By-products (for recovery)	10 ⁶ metric tons per year	0.311	0.350	0.333	0.405	0.360	16%	3%	8%	-11%
	kg per metric ton product	18.0	20.0	18.4	22.2	18.8	4%	-6%	2%	-15%
Waste (for disposal)	10 ⁶ metric tons per year	0.153	0.120	0.113	0.091	0.083	-46%	-31%	-27%	-9%
	kg per metric ton product	8.82	6.86	6.25	4.98	4.33	-51%	-37%	-31%	-13%

Production and Responsible Packaging

Smart packaging design helps us reduce food waste, guarantee the quality of our products and communicate with consumers. We're working to improve the environmental performance of our packaging by optimizing packaging design and materials. We take a holistic approach, assessing the impacts of raw materials and processes across a product's life cycle, and making the best choice for a particular product, whether it's baby food, frozen pizza or pet food. Our package designers figure out how to deliver performance and functionality while optimizing weight and volume. We also continue our efforts to develop solutions that promote recovery and recycling and the use of materials from renewable sources, where there's an environmental benefit and it's appropriate. Improving the resource efficiency and environmental performance of our packaging is an ongoing priority across all of Nestlé's operations in the United States and around the globe. Our work in packaging now will help us to deliver on our 2020 commitment to develop the next generation of our recyclable water bottles, with a lighter environmental footprint, made from post consumer recycled or renewable materials.

Collaborating to Collect: Nespresso

As part of our new sustainability strategy, Nespresso is expanding its capacity to collect all used aluminum capsules wherever we do business and to give capsules a second life after consumer use. In the United States, Nespresso Club Members have three different recycling options to conveniently return their capsules, consisting of collection bins at Nespresso Boutiques across the country, drop-off locations at select retail partner locations and via UPS using Nespresso's Mail Back Program. In total, we currently have 500 collection points across the country, with plans to further expand and make capsule recycling as convenient and accessible as possible.



Nestlé understands the unique role that a company of our size can play when it comes to environmental issues. We are using sustainably managed renewable energy sources and optimizing our distribution networks to help bring about the change needed for the health of our planet and all of its inhabitants.

— **Gary Tickle**
CEO, Nestlé Nutrition North America

Climate Change

Nestlé's success ultimately depends on our ability to source high-quality crops and other raw materials. Agricultural supply chains are becoming increasingly vulnerable to climate change, and we're not just talking about a longer-term prediction. We're seeing how these realities impact the farmers who supply us today. Crop quality and yields are becoming less predictable due to shifting weather patterns, decreasing water availability and increasing pest problems. The challenges our farmers face reverberate along the entire supply chain, affecting our vast network of suppliers, distributors and partners.

We know that we have to be innovative to adapt to the effects of climate change now and in the future. But we also recognize our responsibility to mitigate its advance, through a combination of reducing our own impact and raising our voice to advocate for broader change. Here in the United States, Nestlé has reduced direct GHG emissions per ton of product by 6% since 2011. Indirect GHG emissions were also reduced by 5% during the same timeframe. Underscoring our commitment, Nestlé signed the CERES Climate Declaration in 2014, publicly committing to tackling climate change through coordinated efforts of business, government and society at large.

Nestlé joins other leaders in acknowledging the risks of carbon pollution from power plants as well as the economic benefits associated with improving energy efficiency and upgrading to renewable energy.

Nestlé Waters North America is also a founding member of the Business Renewables Center (BRC), a collaborative organization helping corporations find ways to reach clean energy and climate targets by advancing a shift to renewable energy profiles.

Responsible Sourcing

With consumers and other stakeholders increasingly looking for information about where their food comes from and how it was produced, responsible sourcing is an important investment in both Nestlé's future and that of the producers and suppliers on whom we rely. We have made steady progress by encouraging adoption of best practices, engaging in capacity building, sharing knowledge and training, and encouraging our suppliers to move toward higher levels of sustainability. Our Responsible Sourcing Guideline focuses on critical social, environmental and farm animal welfare challenges, with specific requirements for supply chains of our highest-risk ingredients, including cocoa, coffee, palm oil, seafood, milk, sugar and paper. The guideline, which complements the mandatory, group-wide Nestlé Supplier Code, follows four general principles.

- Suppliers are expected to engage in a process of continual improvement.
- Suppliers should conduct their business with us openly and transparently.
- We will support suppliers not yet able to comply with all aspects of the guideline if they are committed to compliance and progress over time.
- Suppliers must continually monitor and verify performance and progress.

The "4 Pillar" areas assessed in the Responsible Sourcing audits



A cornerstone of our commitment to responsible sourcing is measuring our progress through our annual supplier audits. In 2014, Nestlé in the United States exceeded our goals, contributing the following results toward Nestlé's global targets:

- **Completed Audits:** 619, 113% of our 550 target
- **Compliant Audits:** 503, 131% of our 385 target

Environmental Sustainability

Farm Animal Welfare

As Nestlé uses dairy, eggs, meat and poultry as ingredients in a range of products, farm animal welfare is incredibly important to our business, and we are committed to ensuring the highest possible levels of farm animal health, care and welfare along our global supply chain. In 2014, Nestlé became the first major food company to form a global partnership with an international animal welfare NGO, World Animal Protection. Through this partnership, World Animal Protection shares its expertise on farm animal health, care and welfare. In turn, Nestlé, through its Responsible Sourcing activities, provides World Animal Protection with the opportunity to further engage with suppliers and to promote good farm animal welfare practices within the food industry. In 2014, our company also strengthened its global Commitment on Farm Animal Welfare, which serves as the basis of our Responsible Sourcing requirements on meat, poultry, eggs and dairy products. They form part of our broader Responsible Sourcing Guideline (RSG). In 2014, Nestlé commissioned an independent third-party audit firm, SGS, to ensure that our suppliers are demonstrating continuous improvement in meeting our RSG requirements. This included farm-level assessments in North America, as well as Europe, New Zealand and China, using our Responsible Sourcing Protocol. This protocol was developed with the expertise of World Animal Protection and includes specific requirements on farm animal welfare.



Sustainable Seafood

Nestlé Purina uses fish to create high-quality pet food products. Nestlé has specific requirements for fish and seafood, which complement our general Responsible Sourcing principles and requirements. We continually work to better understand our seafood supply chain and to identify areas for improvement. In collaboration with Sustainable Fisheries Partnership (SFP) in 2014, we were able to identify 123 wild-source fisheries from which we sourced seafood raw materials globally on behalf of Nestlé Purina. Of these 123 fisheries, 74 were either certified

by the Marine Stewardship Council, were designated low or medium risk, or were engaged in a Fishery Improvement Project, meaning they comply with Nestlé's Responsible Sourcing Guideline. We continue to collect more information about the remaining fisheries to be able to properly characterize them. From here, we will prioritize projects to increase the percentage of seafood that is responsibly sourced.

At the end of 2014, SFP praised Nestlé Purina for our progress:

Nestlé Purina demonstrated a strong commitment to its Responsible Sourcing Guideline in the seafood sector in 2014. Since launching a partnership with SFP in January 2014, Nestlé Purina worked closely with their suppliers to identify wild fishery sources, assess these fisheries and engage in improvement efforts for high-risk supplies. This effort established a solid foundation to build upon in 2015.

— Sustainable Fisheries Partnership,
praising Nestlé Purina's progress

Nestlé Cocoa Plan

The Nestlé Cocoa Plan, active in six countries, aims to improve the lives of cocoa farming communities and the quality of their crops. This work is essential to our goal to secure a long-term supply of high-quality, sustainable cocoa, the most important ingredient of chocolate, whose worldwide consumption has doubled in the past 20 years. The Nestlé Cocoa Plan focuses on increasing farm profitability by implementing farmer field schools and donating high-yield plantlets; improving social conditions by providing access to education; and developing a sustainable supply chain through our third-party verification partners. Through the Nestlé Cocoa Plan, we are aiming to make cocoa production a livelihood of choice leading to higher incomes and improved social conditions.

Here in the United States, we aim to increase the share of cocoa sourced through the Nestlé Cocoa Plan and from plantations that meet the UTZ certification Code of Conduct for Cocoa standard. Our ultimate goal is to source cocoa for all domestic production via the Nestlé Cocoa Plan. From 2013 to 2014, we increased our share of sustainable cocoa purchasing from 7% to 30% of our total U.S. cocoa needs. In 2014, Nestlé sourced sustainable cocoa beans equal to the amount needed to supply the majority of NESTLÉ® TOLL HOUSE® Milk Chocolate and Dark Chocolate Morsels and the entire lines of the following brands: NESTLÉ® BUNCHA CRUNCH™, NESTLÉ® CRUNCH® everyday bars, NESTLÉ® CRUNCH® Girl Scout™ Candy Bars, NESTLÉ® BUTTERFINGER® Peanut Butter Cups and NESTLÉ® Hot Cocoa Mix. We announced in 2015 that we will continue to expand sourcing through the Nestlé Cocoa Plan to supply UTZ-certified, sustainable cocoa equal to the amount needed to produce 100% of the 2015 Easter confections line of chocolates and NESQUIK® Ready-to-Drink. By 2016, we will purchase enough to produce 100% of Nesquik powder. For more information, visit NestleCocoaPlan.com.



By working closely with farmers, Nespresso ensures high-quality, sustainable coffees for our consumers while also securing long-term supply. The Nespresso AAA Sustainable Quality™ Program, launched in 2003 in collaboration with environmental NGO—the Rainforest Alliance, combines Nespresso's commitment to sourcing quality coffee with the Rainforest Alliance's sustainability expertise. Through the AAA program, Nespresso is able to directly source from over 63,000 farmers in 11 countries while providing technical assistance through a network of over 300 agronomists. Innovative projects in South Sudan and continuing our focus on Kenya and Ethiopia will help us meet our 2020 AAA goals, such as obtaining 100% of our Grand Cru coffee from sustainable sources.

Environmental Sustainability

NESCAFÉ® Plan

The Nescafé Plan is a global initiative that brings together our commitments and activities that support the responsible farming, production, supply and consumption of coffee. Through the Nescafé Plan, we seek to improve the living standards of coffee farmers; increase the quality and quantity of the coffee they produce; ensure Common Code for Coffee Community (4C)¹ verification; promote the responsible farming production supply and consumption of coffee; and empower women and young people to become leaders in the coffee sector.

Now active in 14 countries, the Nescafé Plan's three pillars are responsible farming, responsible production, and responsible consumption. In 2014, the Nescafé Plan achieved key milestones, including visits to more than 50,000 farms, training more than 134,078 farmers and distributing more than 29.8 million young coffee plants. We sourced 130,500 metric tons, or 70%, of coffee from 4C-verified/Farmer Connect farmers. In 2015, we plan to source 100% of our beans from 4C-verified coffee farmers. For additional information, visit Nescafe.com/sustainability.



Palm Oil

Nestlé is opposed to deforestation of rainforests and peatlands in all parts of the world. We view it as one of the most serious environmental issues we are facing today. In 2010, Nestlé made a commitment that our products will not be associated with deforestation. Our "no deforestation" commitment covers all of our raw materials. As part of our commitment to protecting biodiversity and ecosystems, we have continued our efforts in tackling deforestation, particularly in the production of palm oil. Globally, we bought around 445,000 tons of palm oil in 2014—about 1% of global production—from a number of processing companies that source oil from Malaysia, Indonesia and other countries. Of that 445,000 tons, 35,000 tons were sourced for products made in the United States. By the end of 2014, 96% of our palm oil was traceable, and 10% was responsibly sourced

based on our Responsible Sourcing Guideline. In 2013, we met our ambition to source 100% Roundtable on Sustainable Palm Oil-certified palm oil, two years ahead of our public commitment. We continue to work with our suppliers and partners, The Forest Trust and Conservation International, to source credible data and carry out field assessments to increase the traceability of our palm oil supply chain. Additionally, as part of the UN's 2014 Climate Week, Nestlé joined governments, advocacy groups and other multinational companies in signing the New York Declaration on Forests by 2030 and to halve the rate of deforestation by 2020.

Responsible Cat Litter

In 2015, in partnership with Ecologic Brands, Nestlé Purina announced that its new PRO PLAN® RENEW™ premium natural cat litter packaging uses 93% recycled materials. The package is a rigid container made from recyclable molded paper pulp with a closure made from the same material and can be recycled in curbside programs. In addition, the product itself is an eco-friendly, clumping litter made from 100% natural corncob and cedar, and contains no artificial fragrance.



Zero Waste to Landfill

Nestlé's overall ambition is to work toward zero waste for disposal, where no factory waste goes to landfill or is incinerated without energy recovered, and to maximize the value of remaining by-products. As of 2014, 12 of Nestlé's facilities in the United States achieved zero waste to landfill status, and we're continuing to make improvements. Beginning in May 2015, all 23 factories for Nestlé USA reached landfill-free status. By the end of 2015, 30% of all our factories in the U.S. will achieve landfill-free status. This important milestone supports Nestlé's commitment to environmentally sustainable business practices to protect future generations and helps Nestlé meet its 2015 global commitment of 10% of facilities achieving zero waste to landfill status ahead of schedule. We encourage employees to look for different ways to reduce, recycle or recover energy when disposing of manufacturing by-products. Additionally, we work with reputable waste vendors to support us in our efforts to dispose, recycle and compost in line with Nestlé's environmental sustainability guidelines and standards. All of this work ladders up to our U.S.-wide goal to achieve zero waste to landfill status in all factories by 2020.



Food Loss and Waste

About one-third of all food produced worldwide is lost or wasted at some point along the supply chain, often before it reaches the end consumer. Aside from the tragedy of food wasted while millions go hungry around the world, food loss places a tremendous burden on the environment.

Nestlé pledged to reduce food loss and waste in a new initiative launched at a SAVE FOOD event at our global headquarters in Switzerland, attended by industry, research, government and civil society representatives. SAVE FOOD works closely with the Food and Agriculture Organization of the United Nations and the United Nations Environment Programme to create awareness of and help prevent food loss. Our efforts include responsible sourcing and educating our consumers about food waste, as well as working closely with the World Resources Institute to develop a global standard to measure and to evaluate food loss and waste in the food supply chain. These efforts complement our global commitment to achieve zero waste to landfill in all of our manufacturing sites globally by 2020, further reducing our waste from farm to table.



Advocating for EPA's Clean Power Plan

In December 2014, Nestlé joined a coalition of 223 companies to support the Environmental Protection Agency's Clean Power Plan. The nonprofit sustainability advocacy organization Ceres assembled the coalition. In a joint letter to the EPA, we expressed our concern about the immediate and long-term implications of climate change and our strong support for the principles behind the Carbon Pollution Standard for existing power plants. Nestlé focuses on efficiency and incorporating renewable energy, just as the Clean Power Plan does. Supporting policies that reduce carbon pollution aligns with our mission to create long-term value for our consumers, society and shareholders.

¹ The Common Code for the Coffee Community (4C) Association is a multi-stakeholder group with members across trade and industry, producers, civil society and companies active in the coffee supply chain.



Social Impact: Creating Shared Value in Our Communities

Topic Areas

- Our People
- Supplier Diversity
- Volunteer Efforts and Outreach
- Employee and Charitable Giving
- Pet Welfare
- Looking Ahead

We are committed.

Our community efforts date back many years. Some examples are our partnership with Feeding America, Nestlé's Adopt-A-School Program, our support for disaster relief and local charities, and our commitment to pet welfare. We're also committed to maintaining a workplace environment that promotes safety, health and equal opportunity.

Our People

At Nestlé, we pride ourselves on our diverse workforce and recognize that our employees are a key source of our company's competitive advantage. Each year at Nestlé USA, our Diversity Leadership Symposium and Marketing Brand Boot Camp recruit talented undergraduates and first-year MBA students from around the United States for one-of-a-kind training focused on business leadership and professional development, and we interview them for internship opportunities.

Our commitment to gender balance is expressed both globally and in the United States through our Women's Leadership Network, International Dual Career Network, support of the Network of Executive Women, LeanIn Circles and ongoing efforts to increase our percentage of women managers and senior leaders. As of 2014, 25% of our senior leaders and 34% of our managers around the world were women. We believe that diversity in our business and in our supply chain is a real asset and something that should be encouraged and nurtured. What's more, the changing roles of women and men in society has emphasized the importance of improving

Our Workforce by the Numbers

Full-time/Male	Full-time/Female	Total Part-time, Contract, Other	Total Workforce
31,000	14,500	5,500	51,000



gender balance at all levels of business. At Nestlé we are committed to having a diverse workforce that is reflective of our consumer base and one that fosters an inclusive culture that helps drive success.

Supplier Diversity

Nestlé is committed to its Supplier Diversity program because it strengthens our supply chain by connecting the North America Procurement Team and our key suppliers with qualified small businesses and minority-, women- and veteran-owned suppliers. We sponsor a wide range of events with

organizations including the National Minority Supplier Development Council, the Department of Veteran Affairs and the Women's Business Enterprise National Council to continue engaging minority, women and veteran business owners in outreach, education and relationship building so that the best of these suppliers are included in our sourcing events. Our executive procurement team met with top-performing minority and women business owners to identify strategies to maximize our impact and our diversity spend.

In 2014, Nestlé contributed more than \$1.5 billion to 5,000 small, minority-, women- and veteran-owned businesses and helped sustain jobs across the country. According to Bloomberg Business Report standards, every \$35,239 corporations spend with diverse suppliers sustains a job. Using this metric, Nestlé's payments to small suppliers helped employ more than 42,000 people. Our largest suppliers have begun supporting efforts in this area, and, by the end of 2014, 42 of them reported paying diverse suppliers more than \$210 million to perform work supporting the Nestlé business. Through their efforts they helped employ an additional 5,000 people across the United States.

Safety, Health and Wellness

We believe that safety and health are important for everyone at Nestlé, regardless of what they do or where they work. As stated by our Corporate Business Principles, we are committed to preventing accidents, injuries and illnesses related to work, and to protect employees, contractors and others involved along the value chain. We monitor key environmental performance indicators at a factory level using our Safety, Health and Environmental Sustainability – Performance Management (SHE-PM) system. We report on our progress in the table below.

	Jan to Dec 2010	Jan to Dec 2014	% Change	Jan to Dec 2013	Jan to Dec 2014	% Change
Total recordable injury and illness rate (Employees+Contractors+Public) per million hours worked	10.5	6.3	-40%	6.9	6.3	-10%
Total lost-time injury and illness rate (Employees+Contractors+Public) per million hours worked	2.6	1.4	-49%	1.6	1.4	-15%
Total number of fatalities (Employees+On-site Contractors+On-site Members of Public)	0	0	0%	0	0	0%



Social Impact: Creating Shared Value in Our Communities



Volunteer Efforts and Outreach

Each year, thousands of Nestlé employees are making a difference in the communities where they live and work by offering support to local organizations, schools, food banks, pet shelters and other groups.

Nestlé Employee Volunteering Program

Across Nestlé's businesses in the United States, we encourage our employees to participate in community volunteering opportunities either individually or as part of a company team, and they receive paid time off to do so. In 2014, we continued to support the Boys & Girls Clubs of America and Adopt-a-School. Other examples of employee-organized volunteering activities include delivering meals through Meals on Wheels, assisting at local community food banks and soup kitchens, helping Feed My Starving Children prepare and pack food for local families in need, and organizing a group to buy, wrap and deliver holiday gifts to nursing home patients who have little or no family contact.

Nestlé Purina Green Paws Team

Associates who are part of Nestlé Purina's *Green Paws* team at its headquarters in St. Louis are environmental stewards for their community in the workplace and at home. In 2014, *Green Paws* volunteers collected recyclables at St. Louis Cardinals games, hosted sustainability speaker programs and increased environmental awareness with efforts to improve community gardens. The passionate team also helped get single-stream recycling off the ground at headquarters in 2011 and began a pilot program in 2014 to reduce paper waste by making double-sided, grayscale printing the default on all of the company's printers in the United States. In 2015, this effort was rolled out to all printers at our headquarters.

In addition to *Green Paws*, each year Nestlé Purina devotes a day of community service, called PetCare Pride Day, where associates in St. Louis log more than 1,500 volunteer hours. Employees visit nursing homes with

registered pet therapy dogs, perform a makeover at a pet shelter, build doghouses and cat-scratching posts for animal shelters, prepare 6,500 ready-to-eat meal kits and 1,000 toiletry kits for homeless people, and more.

Watershed and Roadway Cleanups

In 2014, Nestlé Waters North America partnered with local communities, organizations and NGOs in watershed, stream and roadway cleanup efforts as well as reforestation days in locations from coast to coast. In an effort to address the 80% of ocean debris stemming from land-based sources, Nestlé Waters sponsored a series of cleanups in watersheds across the country, including our participation in the Ocean Conservancy's International Coastal Cleanup Day. During the cleanup, more than 4,500 volunteers, including Nestlé Waters employees, participated in projects in Florida, California and Washington, D.C., picking up over 62,000 pounds of debris. We have continued these projects through 2015, and our project on the Hillsborough River has evolved to the Hillsborough River Trash Free Waters Partnership and is part of the EPA's strategy for Trash Free Waters in the Gulf of Mexico.



Employee and Charitable Giving

Giving back to the community is at the heart of our "Good Food, Good Life" philosophy. Our employees continually demonstrate their generosity and support of community efforts in gifts of time and financial contributions.

For more than 25 years, Nestlé has partnered with Feeding America, the nation's leading hunger-relief organization, in the fight against hunger. As a Leadership Level partner, we support the nutrition of the 46.5 million people Feeding America serves annually. We have donated more than 90 million pounds of food and beverages in the last five years alone.



Patient Assistance Program

In 2014, the U.S. Nestlé Health Science business donated nearly \$175,000 in products to qualifying individuals who needed one of our products as their sole or primary source of nutrition, such as people with gastrointestinal conditions, but were unable to pay for it themselves or receive reimbursement from insurance or a third-party payer.



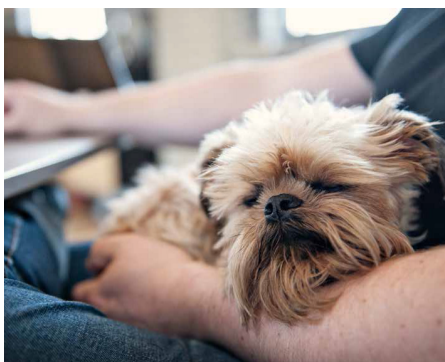
Disaster Relief

In times of need, Nestlé provides both product and donation support to help rebuild areas impacted by natural disasters. In 2014, in conjunction with the American Red Cross and AmeriCares, we donated more than 896,000 bottles of water and millions of dollars more in food and beverages to disaster relief organizations.





Social Impact: Creating Shared Value in Our Communities



Pet Welfare

Nestlé aims to create a better world for pets and the people who love them, and part of that mission is connecting loving families with pets needing homes. Guided by a passion for pets and with more than 20 partner pet welfare organizations, we're committed to do more than just donate. We are dedicated to working shoulder to shoulder with pet welfare organizations, changing perceptions of shelter pets and advocating for pet adoption nationally. Our shelter partners continue to create innovative programs around pet adoption; training, spaying and neutering; outreach to schools; and pet welfare.

Meet the Real Me is a tool Purina originally developed as a research-based and insight-driven marketing resource for shelters to use as they look for ways to break down barriers for people considering pet adoption. Working with partners at Shelter Me Photography and the Shelter Arts Foundation, we've crafted solutions that shelter workers and volunteers can easily implement to increase the chances of adoption for pets in their care. The annual e-magazine and free toolkits provide expert advice to all shelters. In addition to helping shelters showcase their pets, in 2014 we created the *Meet the Real Me* consumer campaign in St. Louis, where Nestlé Purina headquarters is located, to help increase awareness of the incredible pets in our shelters and help their chances for adoption. In the St. Louis market, [Petfinder.com](#) traffic increased by 27% during the campaign, and the local community responded with overwhelming support for both Nestlé Purina and our shelter partners. These efforts and many more help to touch the lives of countless homeless pets, bringing to life our true belief that pets and people are better together.

Nestlé employees have been active volunteers and supporters of Boys & Girls Clubs for many years. This partnership marks an exciting, increased commitment from the company that will inspire our club kids to achieve their physical fitness goals.

— **Jim Clark**
President & CEO,
Boys & Girls Clubs of America

Looking Ahead

Boys & Girls Clubs of America Partnership

At Nestlé, promoting healthier lifestyles starts with leading by example. We have worked with many partners to address childhood obesity in the United States and are committed to being part of the solution. In 2015, we announced a three-year partnership with the Boys & Girls Clubs of America as part of our commitment to creating a healthier young generation. The partnership's objective is to inspire kids to achieve short-term tangible fitness goals and expand to 100 clubs by the fall of 2015. By 2017, our goal is to reach 50,000 young people in hundreds of clubs. Each spring and fall, clubs will host local fitness competitions for their members to include activities broken out by age group and gender, along with three levels of competition—individual, among peers and against other clubs—to encourage a competitive spirit. In keeping with Nestlé's emphasis on community volunteerism, the program will also include an emphasis on employee engagement.



Project Opportunity

Attracting and retaining the best talent is critical for gaining a competitive advantage. As we grow, we also the chance to support both the economy and the next wave of employees with training opportunities and jobs. Nestlé in the United States has launched

3 FOCUS AREAS

Launch
136
apprenticeships
by 2017

Hire
1,000
paid interns
and trainees
by 2017

Reach
300,000
through "readiness
for work" activities
by 2017



project
opportunity

BUILDING SKILLS, TOGETHER.

a new career acceleration initiative—called **Project Opportunity**—to help people of all ages gain work experience and strengthen their professional development skills. We have undertaken an effort to expand our apprenticeship program to 31 Nestlé factories in the United States, hire 1,000 paid interns and trainees by 2017, and reach 300,000 people with "readiness for work" activities annually, such as job fairs, information sessions and résumé workshops. Project **Opportunity** will expand the number of Nestlé apprenticeships from 20 to 136 across our operations in the United States by 2017, offering an up to three-year program that combines on-the-job and coursework-based training to develop critical manufacturing job skills. These apprenticeships will be hosted by Nestlé USA, Nestlé Waters North America and Nestlé Purina PetCare factories.

As Nestlé continues to bring new technologies, processes and equipment into our factories, we have realized the need to continually build the skill set of our operators and skilled trades. Nestlé Purina PetCare's Maintenance, IS, and Controls (MIC) program, a development program consisting of technical training for maintenance and electrical technicians, will also expand from 41 participants to more than 200 by 2016. This year, Project **Opportunity**'s apprenticeship program will launch for electrical and controls technicians, and in 2016, Nestlé will begin the Maintenance Mechanic apprenticeship program.

Project **Opportunity** is part of Nestlé's broader efforts, launched in 2015, to develop talent for the company and help tackle the global unemployment crisis. In Europe and other countries outside of the U.S., the efforts have focused on the Global Youth Initiative, which has already been a success in several European countries.

Stakeholder Engagement and Materiality Aspects Defined

Stakeholder Engagement

A fundamental aspect of Creating Shared Value within the communities where we work is effective communication and dialogue with our stakeholders. Here in the United States, we have a vast network of people, organizations, communities and influencers whose input helps us better understand the issues that are important to our business. We identify the following groups as important to our continuing business success (in alphabetical order):

Key External Stakeholder Groups

- Academia
- Communities
- Consumers
- Industry and trade associations
- International organizations
- Non-governmental organizations (NGOs)
- Shareholders and the financial community
- State, local and federal government
- Suppliers



A Note on Our Value Chain

As the world's largest food and beverage company, our value chain is impacted both internally and externally by a complex and diverse set of influences, such as climate change, government policies and consumer choice. We take into account feedback from our stakeholders including our suppliers, our communities and our employees when determining management decisions and company initiatives. For a more detailed list of how we define our boundaries, please visit Nestle.com/csv to download Nestlé in Society—our global Creating Shared Value report.

Materiality

Materiality is about identifying the issues that matter most to our business and our stakeholders. We plot economic, social and environmental issues that are of most concern to our external stakeholders against those that pose risks or present opportunities to Nestlé in the United States. Conducting a thorough materiality analysis helps us to identify issues that stakeholders want to see us cover in our reporting.

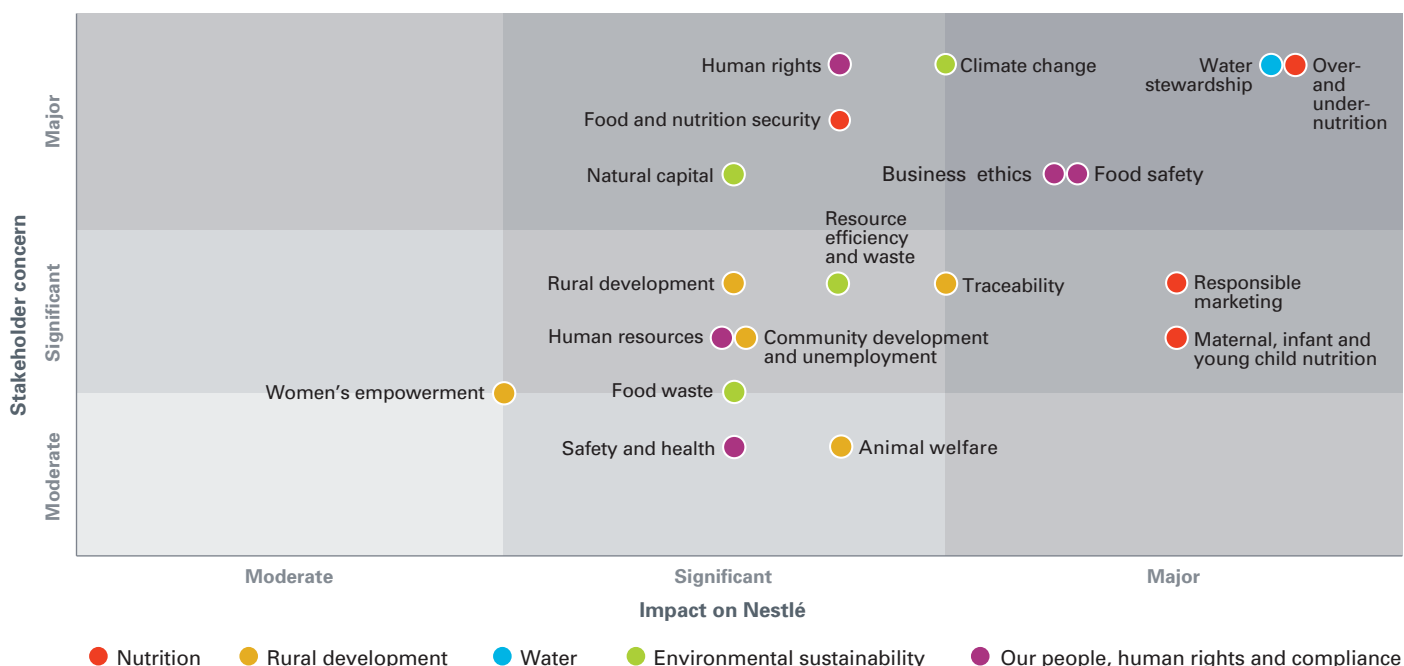
This past year, we conducted our first Nestlé in the U.S. Stakeholder Engagement survey to determine which issues are most material to our internal and external stakeholders here in the United States. We established a formalized, anonymous, transparent and engaging stakeholder process, modeled after the Nestlé Global Stakeholder Survey, to discuss relevant environmental, social and community topics specific to the United States.

As a result of this exercise, we determined the following results:

- Consistent with global findings, food safety, business ethics and water stewardship were found to be the top three social issues for our stakeholders in the United States.
- Community development, rural development and women's empowerment ranked lowest in the United States. Although respondents considered these issues to be of lower priority, they continue to play a part in Nestlé's Creating Shared Value strategy globally and in the United States.

Our goal is to continue to foster a transparent process to engage our stakeholders in discussing relevant environmental, social and community topics identified as unique to the United States. As we continue to grow and develop as a business, it is vital that we keep open lines of communication with our stakeholders, working continuously toward our stated commitments. We remain committed to all key topic areas for Nestlé and will continue to report and deliver against our stated objectives now and in the years to come.

2014 Nestlé Materiality Matrix



Partnerships and Alliances

As we work to determine a full inventory of partners and alliances, below you will find a sample of our global partnerships, all of which we support here locally in the United States where applicable. Other specific partnerships based in the United States can be found throughout the report with further detail on specific partner initiatives.

Global Partnerships and Alliances

2030 Water Resources Group	Memberships in multi-stakeholder platforms and alliances
Alliance for Water Stewardship	Proforest
Caring for Climate	Project WET Foundation
Climate Disclosure Standards Board	Solidaridad
Clinton Global Initiative	Sustainable Fisheries Partnership
Danish Institute for Human Rights	Sustainable Food Lab
EPODE International Network	United Nations Global Compact
Every Woman Every Child	CEO Water Mandate
Fair Labor Association	United Nations Global Compact LEAD
The Forest Trust	Water Benefit Partners
Global Education First Initiative	Water Footprint Network
Global Good	World Animal Protection
Global Reporting Initiative	World Business Council for Sustainable Development
Global Road Safety Partnership	World Cocoa Foundation and Cocoa Action
International Association of Athletics Federation	World Economic Forum
International Cocoa Initiative	
International Dual Career Network	
International Federation of Red Cross and Red Crescent Societies	

Industry Alliances

Bioplastic Feedstock Alliance	Sustainable Agriculture Initiative Platform
Bonsucro	Tropical Forest Alliance 2020
CAOBISCO	UTZ Certified
Common Code for the Coffee Community (4C Association)	
Consumer Goods Forum	
Fairtrade International	
Global Business Coalition for Education	
Global Shea Alliance	
IDH Sustainable Coffee Program (SCP)	
International Food and Beverage Alliance	
International Special Dietary Foods Industries	
International Union of Food Workers	
Rainforest Alliance	
Roundtable on Sustainable Palm Oil	

Our Commitments



Our Commitments

At Nestlé, we aim to provide transparency in our commitments and progress toward reaching our goals so that we remain accountable and work with our stakeholders to achieve continuous improvements. All forward-looking dates should assume that the objective will be completed by December 31 of the corresponding year.



Commitments	2014 U.S. Progress	Forward-Looking U.S. Objectives
Build knowledge leadership in children's nutrition	In 2014, Nestlé expanded research beyond infants and toddlers (0–4) to children ages 4 to 12 with the Kids Nutrition and Health Study (KNHS).	Ongoing – Field FITS and KNHS research on children's (ages 0–12) dietary intake and lifestyle habits in the United States. Ongoing – Share findings from FITS and KNHS research in key scientific forums.
Provide education programs to promote good nutrition and feeding practices	Nestlé employs certified lactation educators whom families can access 24/7 through our Parent Resource Center for Breastfeeding. Nestlé also employs an International Board Certified Lactation Consultant who is available for families with additional breastfeeding needs. For mothers who choose not to or cannot breastfeed, we offer the same level of support through our around-the-clock Parent Resource Center.	Ongoing – Through the Start Healthy, Stay Healthy Early Childhood Nutrition program, we educate caregivers based on research learnings to improve the diets and lifestyles of infants and toddlers.
Provide nutritionally sound products designed for children ¹	By the end of 2014, 96% of children's products were compliant with the Nestlé Nutritional Foundation (NNF) criteria ² for sugar. We identified the most difficult hurdles to renovate the remaining products to meet the NNF criteria. - In 2014, 100% of Nestlé products for infants, toddlers and preschoolers met the NNF criteria for sugar. 100% of children's products met NNF sodium criteria.	By 2015 – 100% of children's products will meet NNF criteria for sugar. Ongoing – Maintain 100% of children's products meeting all NNF criteria.
Ensure responsible marketing communication to children	Our global Policy on Marketing Communication to Children, which has been in place since 2006, bans marketing to children under age 6 and restricts marketing to children age 6 through 12 to only foods and beverages that meet our NNF criteria. We worked toward strengthening this policy to introduce stricter nutritional criteria for foods and beverages marketed to children age six through 12, cover a broader range of communication channels, and ensure all foods and beverages sold in schools meet these same criteria.	By 2015 – Implement a strengthened policy on Marketing Communication to Children.
Reduce sugar in our products	By the end of 2014, the NESQUIK® brand had reformulated all powder and ready-to-drink products to further reduce added sugar to 10.6 grams per serving. 100% of Nestlé products for infants, toddlers and preschoolers met the NNF criteria ² for sugar.	Between 2014 and 2016 – Reduce sugar content by an average of 10% from 2013 levels in all relevant products ³ that do not meet the NNF criteria for sugar.
Reduce sodium in our products	STOUFFER'S® and LEAN CUISINE® meals contain an average of 800 mg and 600 mg respectively, as a result of our steady work to reduce sodium in our products. We're reducing sodium in existing products that exceed our NNF criteria ² for sodium and ensuring that new products are less than or equal to the criteria. 100% of children's products ¹ met NNF sodium criteria.	Between 2013 and 2016 – Reduce salt content by an average of 10% from 2012 levels in all relevant products ³ that do not meet the NNF criteria for salt.
Remove trans fat originating from partially hydrogenated oils used as functional ingredients in our products	Nestlé products for infants, toddlers and preschoolers had zero active SKUs with trans fat originating from partially hydrogenated oils (PHOs).	By 2016 – Zero foods and beverages will have trans fat originating from PHOs used as functional ingredients, ahead of FDA's 2018 deadline.

¹ Products for which 50% or more of consumers are below 12 years old, or are designed for or perceived as being designed for this age group.

² The Nestlé Nutritional Foundation criteria are based on nutrition science and public health dietary recommendations, such as those of the World Health Organization (WHO), the Institute of Medicine and other global or U.S. authorities, such as the Food and Drug Administration and U.S. Dietary Guidelines Advisory Committee. Our products are evaluated against these criteria, using the Nestlé Nutritional Profiling System, which determines their nutritional value and whether they achieve the Nestlé Nutritional Foundation status.

³ Relevant products means to exclude exemptions (Nestlé Nutrition, Nestlé Health Science, Nestlé Professional, Nestlé Purina Petcare, plain water/coffee/tea, Confectionery gifting, Culinary free-dosing and table-top seasonings, and products designed for children below four years of age as other legal considerations are relevant) and where regulations are not allowed.

Commitments	2014 U.S. Progress	Forward-Looking U.S. Objectives
Provide choices to meet consumers' evolving expectations of foods and beverages	100% of Nestlé products for infants, toddlers and preschoolers are artificial color-free.	By 2016 – Expand the number of organic, non-GMO and gluten-free choices across our most popular product categories and brands.
Promote healthy hydration as part of healthy lifestyles	We continued our partnership with the Partnership for Healthier America (PHA) Drink Up initiative, designed to encourage people to drink more water more often and help prevent childhood obesity. Project WET USA reached over 15,000 teachers and approximately 500,000 K–12 students and community members with water education materials containing the On Track with Hydration activity.	By 2016 – Continue to raise awareness of the importance of healthy hydration through our participation in the Partnership for America's Drink Up initiative. By 2016 – Continue to share the Healthy Hydration Toolkit, a compilation of scientific research, trends and tools developed by registered dietitians (R.D.s) for R.D.s. Reach more than 25,000 R.D.s with the Toolkit as a resource for helping to educate their clients and communities about healthy beverage choices.
Support balance, variety and moderation in dietary habits ¹	Introduced portion guidance with on-pack messaging, pack concept, serving device and pack form to deliver a thoughtful portion.	By 2017 – Provide portion guidance on 100% of relevant food and beverage products ² . Ongoing – Encourage healthy eating patterns and consumption of nutrient-rich foods (e.g., whole grains, vegetables, fruits, no-/low-fat dairy, lean meats) through Start Healthy, Stay Healthy and Balance Your Plate nutrition education programs.
Deliver clear nutrition and ingredient information on all labels	Placed Facts Up Front nutrition information on 93% of Nestlé USA food and beverage labels.	By 2017 – Expand Facts Up Front or Clear on Calories labeling to include all relevant products ³ . By 2017 – Lead industry effort by implementing SmartLabel™ initiative to provide full Product Information Transparency enabling consumers to make healthy choices.
Promote healthy diets and lifestyles, including physical activity, through nutrition education and intervention programs and community-based partnerships	In 2014, supporting the Nestlé Healthy Kids Global Program, Healthy Steps for Healthy Lives reached 125,000 students (grades K-6) in classrooms across the country.	By 2017 – Engage in Boys & Girls Clubs of America programs to promote healthy diets and physical activity, reaching 50,000 kids in hundreds of clubs. By 2017 – Expand Healthy Steps for Healthy Lives to reach 200,000 students.
Implement nutrition education programs for healthcare professionals	125,000 healthcare professionals viewed Nestlé-created content including: • How to effectively communicate with parents about preventing pediatric obesity; • An implementation guide offering tips on assessing patient weight; and • Communication tips on healthy living.	By 2015 – Continue to assist Nestlé Nutrition Institute's global goal of reaching over 1 million healthcare professionals via its online educational services. By 2017 – Institute a structured internship program to provide mentorship to nutrition and dietetics students. Ongoing – Continue to provide science-based nutrition education programs for healthcare professionals addressing non-communicable diseases and under- and over-nutrition.
Lead the industry in nutrition and health research, and apply findings to improve the lives of people of all ages and health conditions	Enhanced our research-based Start Healthy, Stay Healthy Early Childhood Nutrition Program. Originally started as a pilot program in Newark, we expanded and launched a similar partnership with the University of Alabama at Birmingham School of Health Professions and the Woodlawn Foundation.	In 2015 and 2016 – Expand the Start Healthy, Stay Healthy Early Childhood Nutrition Program to other communities across the country. Ongoing – Develop and apply new technologies that support our work to reduce nutrients of public health concern such as sodium, sugar and saturated fat, in line with our policies on their reduction.

¹ In our 2013 report, we committed to "Provide portion guidance." While we updated the language of our commitment in 2014 to reflect our broader focus on dietary habits, we report our progress and forward-looking objectives related to portion guidance here. This does not apply to petcare products.

² Relevant products means to exclude exemptions (Nestlé Nutrition, Nestlé Health Science, Nestlé Professional, Nestlé Purina Petcare, plain water/coffee/tea, Confectionery gifting, Culinary free-dosing and table-top seasonings, and products designed for children below four years of age as other legal considerations are relevant) and where regulations are not allowed.

³ Products with significant everyday usage, by humans (not pets), that deliver calories, and have sufficient pack surface to feature a Facts Up Front or Clear on Calories label.



Environmental Impact

Commitments	2014 U.S. Progress	Forward-Looking U.S. Objectives
Improve resource efficiency	Nestlé in the United States has reduced waste for disposal by 51% per metric ton of product since 2010.	By 2016 – Develop a plan and methodology to contribute to our global resolution to halve food waste by 2025 compared to a 2016 baseline. By 2020 – Achieve zero waste for disposal in 100% of our factories.
Assess and optimize the environmental impact of our products	Implemented a global EcodEX ecodesign tool in the United States in support of global objectives.	By 2015 – Complete a corporate life cycle assessment of our U.S. pet food business to identify the largest contributors to our environmental footprint.
Improve the environmental performance of packaging	Applied the EcodEX ecodesign tool in the United States to analyze and improve measurement of packaging performance. We increased the reach of our Nespresso recycling systems to cover more than 75% of Club Members in the United States.	By 2020 – Develop the next generation of our recyclable water bottles, with a lighter environmental footprint, made from post-consumer recycled or renewable materials. Ongoing – Continue efforts to improve our packaging systems by developing solutions that optimize the use of material, and promote recovery and recycling and the use of materials from renewable sources, where there's an environmental benefit and it's appropriate.
Provide climate change leadership	We signed Ceres' Business for Innovative Climate and Energy Policy (BICEP) platform. Increased our on-site energy consumption from renewable sources by 24% compared to 2010.	By 2015 – Continue to advocate for sound climate policy as a food and beverage industry leader. By 2016 – Develop a low-carbon energy plan for each Nestlé operating facility in the United States that takes advantage of renewable energy where possible and encourages utilities where we operate to migrate to a low-carbon energy mix.
Preserve natural capital, including forests	At the 2014 UN Climate Summit, Nestlé signed the New York Declaration on Forests, a petition to halve deforestation by 2020 and end it by 2030. We manage 40 spring sites and maintain more than 14,000 acres of watershed land as open space, helping to safeguard the local ecosystems. Spring sites are visited and observed regularly, and local environmental surveys are conducted at least every five years to monitor the long-term health of the habitats.	Ongoing – Continue to assess and procure products according to Nestlé Global's Responsible Sourcing Guideline across all lines of Nestlé's business.
Provide meaningful and accurate environmental information and dialogue	Used relevant contact points to inform consumers of environmental improvements and challenges. Performed first stakeholder and materiality assessments in the United States to better understand the importance of the environmental impact of our products to our stakeholders.	By 2015 – Increase engagement with stakeholders in the environmental community to advance our U.S. commitment to environmental sustainability.

Our People, Human Rights and Compliance

Commitments	2014 U.S. Progress	Forward-Looking U.S. Objectives
Ensure all Nestlé units have basic safety and health protection systems for all employees	Completed an average of 36 safety observations per employee in Nestlé USA, Nestlé Professional and Nestlé Nutrition combined.	Ongoing – Continue to manage and monitor employee safety through e-learning tools, safety observations and trainings.
Enhance gender balance in our workforce	Began work to implement new Nestlé Maternity Protection Policy in the United States.	By 2016 – Implement the new Parental Support Policy in the U.S., effective January 1, 2016, offering up to 14 weeks of paid leave for primary caregivers of newborns with the option of extending unpaid leave up to six months.
Offer expanded apprenticeship and other career training opportunities in the United States	Began process and strategy for implementation of Project Opportunity launch in 2015.	By 2017 – Increase the number of existing apprenticeships to 136 across 31 factories. By 2017 – Hire 1,000 paid interns and trainees in manufacturing, supply chain, sales, finance, marketing, audit, IT and human resources. Ongoing – Enhance “readiness for work” activities (e.g. participation in job fairs, information sessions, résumé workshops, etc.) to reach 300,000 people annually and continue our efforts to hire military veterans across all of our U.S. operations.
Provide training and education for employees on CSV, Nutrition Quotient (NQ) and environmental sustainability	Creating Shared Value is fully embedded in all courses at our international training center in Switzerland (reaching approximately 3,000 current and future leaders annually), e-learning designed and made available to all employees, and a new leadership course piloted.	Ongoing – Drive employee CSV, NQ and environmental sustainability knowledge and access to resources across all Nestlé locations.

Responsible Sourcing

Commitments	2014 U.S. Progress	Forward-Looking U.S. Objectives
Implement responsible sourcing	Nestlé in the United States exceeded the goal of 550 Tier 1 Supplier Audits by completing 619 audits in the United States in support of Nestlé Global's commitment to complete 10,000 responsible sourcing audits. Of the audits completed, 503 suppliers were in compliance with the Nestlé Supplier Code, exceeding our target of 385 compliant audits. Nestlé Purina PetCare is implementing specific Responsible Sourcing Guideline for soy and seafood. We are working with not-for-profit experts to track our suppliers and contribute to healthier ecosystems.	By 2015 – Complete 1,350 responsible sourcing audits in North America, with 945 of all audits completed in compliance.
Roll out Nestlé Cocoa Plan	Expanded the Nestlé Cocoa Plan to supply certified, sustainable cocoa equal to the amount needed to produce the following U.S. Nestlé brands: NESTLÉ® BUNCHA CRUNCH™, NESTLÉ® CRUNCH® everyday bars, NESTLÉ® CRUNCH® Girl Scout™ Candy Bars, NESTLÉ® BUTTERFINGER® Peanut Butter Cups, NESTLÉ® Hot Cocoa Mix. We also sourced the quantities needed to produce the majority of NESTLÉ® TOLL HOUSE® Milk Chocolate and Dark Chocolate Morsels and 27% of NESQUIK® powder.	By 2015 – Expand sourcing through the Nestlé Cocoa Plan in the United States to supply UTZ-certified, sustainable cocoa equal to the amount needed to produce 100% of the 2015 Easter confections line of chocolates and 100% of Nesquik ready-to-drink. By 2016 – Expand the Nestlé Cocoa Plan to include the cocoa amount needed to produce 100% of Nesquik powder.
Roll out Nescafé Plan	Achieved our goal of sourcing 70% 4C-verified ¹ coffee beans in NESCAFÉ® products produced and sold in the United States.	By 2015 – Source 100% 4C-verified coffee beans for NESCAFÉ products produced and sold in the United States.

¹ The Common Code for the Coffee Community (4C) Association is a multi-stakeholder group with members across trade and industry, producers, civil society and companies active in the coffee supply chain.

Commitments	2014 U.S. Progress	Forward-Looking U.S. Objectives
Work to achieve water efficiency and sustainability across our operations	Reduced water withdrawals per metric ton of product by 9% compared to 2010.	By 2016 – Implement projects in our California facilities that will save 144 million gallons of water per year. By 2018 – Commit to conducting a water resources review at six of our priority sites across the United States. By 2017 – Implement the Alliance for Water Stewardship (AWS) International standard in our water bottling and food manufacturing factories in California.
Raise awareness of water access and conservation	We partnered with 28 local communities, organizations and NGOs in watershed, stream and roadway clean-up efforts, as well as reforestation days in locations from coast to coast.	By 2017 – Continue to support two watershed improvement projects per year through 2017. By 2018 – Implement Healthy Waterways collective action to improve watersheds and mitigate water risks at our bottled water facilities.
Advocate for effective water policies and stewardship	We publicly supported the Bottled Water Quality Information Act. Advocated for California state legislation to strengthen management and monitoring of the state's most critical groundwater basins, which successfully passed in September 2014.	By 2015 – Better understand potential climate change scenarios in regions where we source water for our beverage products, based on research. Share findings with stakeholders. Ongoing – Continue to communicate, advocate and lead water stewardship practices in the United States. Ongoing – Continue to advocate for federal standards on public disclosure of bottled water product quality information. Ongoing – Compile, review and share water availability research at potential new spring sources with stakeholders.
Engage with suppliers, especially in agriculture	We build stakeholder awareness and provide quarterly updates on progress against targets and developments. Nestlé also provides farmers regular one-on-one and group trainings informed by research with our partnering universities.	Ongoing – Continue supplier audits against North American Responsible Sourcing targets, and facilitate trainings and engage farmers in up-to-date research and best practices.

A Note on Our Commitments:

In addition to the commitments listed on pages 28–32, our parent company Nestlé S.A. has made and reports against additional commitments as they relate to our company's global portfolio of products and our global operations and supply chain, including related nutrition, environmental and social considerations. Nestlé sets all commitments at the global level, and we adapt them as they relate to the U.S. market. We continue to actively support the following global commitments and contribute to making continued progress through our actions in the U.S. market. For example, we remain committed to:

- Responsibly marketing breast-milk substitutes in compliance with the recommendations of the World Health Organization (WHO) International Code of Marketing of Breast-Milk Substitutes
- Continually renovating our portfolio to improve the nutrition profile of our products
- Encouraging consumption of whole grains and vegetables through consumer education initiatives like Balance Your Plate
- Supporting global efforts to roll out the Rural Development Framework, address human rights issues in our supply chains and eliminate child labor by increasing our procurement through the Nescafé Plan and Nestlé Cocoa Plan
- Treating discharged water effectively
- Ensuring employees and stakeholders can easily report concerns about possible compliance violations and maintaining zero tolerance for corruption and bribery

We continue to examine opportunities for making additional forward-looking commitments specific to the U.S. market.

GRI Content Index



GRI Indicator		2014 Performance or Reason for Omission	Page
G4-1	Message from CEO	A Message from Chairman and CEO of Nestlé USA	p. 5
G4-4	Primary Brands of the Organization	Billion-dollar brands: FRISKIES® COFFEE-MATE® STOUFFER'S® DIGIORNO® NESTLÉ® PURE LIFE® GERBER®	Nestlé in the United States, p. 7
G4-5	Organization Headquarters	Vevey, Switzerland	GRI Content Index, p. 33
G4-6	Number of countries where organization operates, and names of countries where organization has signature operations	This report covers operations in the United States, unless otherwise indicated	GRI Content Index, p. 33
G4-7	Nature of ownership and legal form	Nestlé	GRI Content Index, p. 33
G4-8	Report the markets served (including geographic breakdown, sectors served and types of customers and beneficiaries)	This report covers operations in the United States, unless otherwise indicated	GRI Content Index, p. 33
G4-9	Scale of organization: number of employees, number of operations, net sales, total capitalization (including debt and equity), quantity of products	Nestlé in the United States: 51,000 employees 8 operating companies \$26 billion in revenue in 2014 For more information, see: Nestlé Annual Report	Nestlé in the United States, p. 7
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	Full-time male: 31,000 Full-time female: 14,500 Total part-time and contract: 5,500	Our People, p. 22
G4-11	Report the percentage of total employees covered by collective bargaining agreements	In 2014, around 51% of our employees worldwide were covered by collective bargaining agreements (2013: 51%)	GRI Content Index, p. 33
G4-12	Describe the organization's supply chain, discuss supplier code of conduct	Nestlé Supplier Code of Conduct	GRI Content Index, p. 33
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain	No significant changes	GRI Content Index, p. 33
G4-14	Report whether and how the precautionary approach or principle is addressed	The Nestlé Policy on Environmental Sustainability incorporates the United Nations Global Compact (UNGC) environmental principles, which state that businesses should: support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of technologies with a better environmental performance. The policy is complemented by more detailed commitments on key environmental issues, including: • The Nestlé Commitment on Climate Change • The Nestlé Commitment on Biofuels • The Nestlé Commitment on Water Stewardship • The Nestlé Commitment on Deforestation and Forest Stewardship	GRI Content Index, p. 33
G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses		Partnerships and Alliances, p. 26
G4-16	List membership associations and advocacy organizations in which the organization holds a position on the governance body, participates in projects, provides substantive funding, views membership as strategic		Partnerships and Alliances, p. 26
G4-17	List all entities included in the organization's consolidated financial statements. Report if any entities are not included in this	For financial information, please visit the Nestlé Annual Report	Nestlé in the United States, p. 7 , GRI Content Index
G4-18	Explain process for defining the report content and Aspect Boundaries, explain how the organization has implemented the reporting principles for defining report content		Stakeholder Engagement and Materiality Aspects Defined, p. 25

GRI Indicator		2014 Performance or Reason for Omission	Page
G4-19	List all the material Aspects identified in the process for defining report content	We provide performance metrics for these issues in this report, aligning with the Global Reporting Initiative (GRI) G4 Reporting Guidelines covering material Aspects on the top three identified topics listed on pages 32 – 34	Stakeholder Engagement and Materiality Aspects Defined, p. 25
G4-20	For each Aspect, report the Aspect Boundary within the organization		Stakeholder Engagement and Materiality Aspects Defined, p. 25
G4-21	For each Aspect, report the Aspect Boundary outside the organization		Stakeholder Engagement and Materiality Aspects Defined, p. 25
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for restatements	This report does not contain any restatements of information in previous reports	GRI Content Index, p. 34
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant changes from previous reporting periods	GRI Content Index, p. 34
G4-24	Provide a list of stakeholder groups engaged by the organization	Academia, communities, consumers, industry and trade associations, international organizations, non-governmental organizations, shareholders and the financial community, state, local and federal government, suppliers	Stakeholder Engagement and Materiality Aspects Defined, p. 25
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	We engage in collective activities with partners and like-minded stakeholders at a global and a local level, which include multilateral agencies, international organizations, governments, academia and NGOs and industry. Our involvement helps us to listen and learn from different opinions, share experiences and contribute positively to the implementation of best practices.	Stakeholder Engagement and Materiality Aspects Defined, p. 25
G4-26	Report the organization's approach to stakeholder engagement, including frequency, and whether this engagement was undertaken specifically for this report	In 2014, we engaged a third-party provider to execute our first stakeholder engagement survey. We used the results to better define and understand what is material in the United States for this report.	Stakeholder Engagement and Materiality Aspects Defined, p. 25
G4-27	Report key topics and concerns found, how the organization is responding	Food safety, business ethics, and water stewardship were found to be the top three social issues to Nestlé stakeholders in the United States	Stakeholder Engagement and Materiality Aspects Defined, p. 25
G4-28	Reporting period	January 1, 2014 – December 31, 2014 unless otherwise indicated	About the Report, Inside Cover
G4-29	Date of most recent report (if any)	Calendar Year 2013	About the Report, Inside Cover
G4-30	Reporting cycle	This report covers Nestlé in the United States operations for calendar year ending December 31, 2014.	About the Report, Inside Cover
G4-31	Provide the point of contact for any questions	For any questions, please contact Corporate.Affairs@us.Nestle.com .	GRI Content Index, p. 34
G4-32	Report the "in accordance" option the organization has chosen, the content index number for each material aspect and if any external assurance has been provided	This report was prepared in accordance with the G4 Core option. No external assurance was provided for this report	GRI Content Index, p. 34
G4-33	Report organization's policy and current external assurance practice for the report, report relationship between assurers and organization, report highest governing body or execs involved in seeking assurance for the organization	No external assurance was provided for this report	GRI Content Index, p. 34
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental or social impacts	For more information, please see p. 20 of Nestlé in Society, 2014 Creating Shared Value report .	Business Principles and Governance, p. 36
G4-56	Describe organization's values, principles, standards and norms of behavior, i.e., codes of conduct, codes of ethics	• Nestlé Corporate Business Principles • Nestlé Management and Leadership Principles • Nestlé Code of Business Conduct • Nestlé Policy on Safety and Health at Work • Nestlé Human Resources and Employee Relations Policy • Nestlé Supplier Code • Annual Report	GRI Content Index, p. 34
Economic			
G4-EC1	Sales (USD)	\$26 billion USD	Nestlé in the United States, p. 7
G4-EC1	Community investments (cash and in-kind)	For more information on global charitable giving, please see Nestlé in Society, 2014 Creating Shared Value report .	GRI Content Index, p. 34

GRI Indicator		2014 Performance or Reason for Omission	Page
Environmental Impact			
G4-EN1	Raw materials used (million metric tons), total production volume: optional	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN1	Materials for packaging purposes (million metric tons)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN3	Total on-site energy consumption (petajoules)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN3	Total on-site energy consumption (gigajoules per metric ton of product)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN3	Total on-site energy consumption from renewable sources (% total)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN3	Total direct energy consumption (petajoules)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN3	Total direct energy consumption from renewable sources (% total direct)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN4	Total indirect energy consumption (petajoules)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN8	Total water withdrawal (million m ³)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN8	Total water withdrawal (m ³ per metric ton of product)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN15	Direct GHG emissions (million metric tons CO ₂ eq)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN15	Direct GHG emissions (kg CO ₂ eq per metric ton of product)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN16	Indirect GHG emissions (million metric tons CO ₂ eq)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN16	Indirect GHG emissions (kg CO ₂ eq per metric ton of product)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN22	Total water discharge (million m ³)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN22	Total water discharge (m ³ per metric ton of product)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN23	By-products (kg per metric ton of product)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
G4-EN23	Waste for disposal (kg per metric ton of product)	Please see Environmental Metrics table, p. 18	Environmental Metrics, p. 18
Labor			
G4-LA6	Total recordable injuries and illnesses rate (per million hours worked)		Our People, p. 22
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities by region and by gender		Our People, p. 22
G4-LA9	Average hours of training per year per employee per category (I)	28.8 hours	For more information, please see the Nestlé in Society , Nestlé S.A.'s global CSV report .
Product Responsibility			
G4-PR3	Products with specific portion guidance		Reducing Sugars, Sodium, and Saturated Fats, p. 10
G4-PR7	Voluntary codes concerning marketing communications including advertising		Meeting our U.S. Commitments, p. 11 Providing Appropriate Nutrition, p. 12
Food Processing Sector-Specific			
G4-FP6	Products with reduction of sodium, sugars, trans fat, total fat, calories or artificial colorings		Meeting our U.S. Commitments, p. 11
G4-FP7	Renovated products for nutrition or health considerations or increase in nutritional ingredients		Highlights, p. 3

Business Principles and Governance

It is essential that we build our business on clear principles and sound governance. It helps us to maintain trust in the Nestlé brand and reduces risk throughout our value chain. The Nestlé Corporate Business Principles regulate the way we do business, and they form the basis of our culture, our values and our Creating Shared Value strategy. They are regularly reviewed by our executive board and aligned with international best practice, incorporating global standards such as the United Nations (UN) Global Compact Principles.

Nestlé Corporate Business Principles

All of our employees are required to comply with Nestlé's Corporate Business Principles, and we continuously monitor their application and effectiveness. Our principles are implemented every day, across the company, through relevant business codes, policies, processes and tools.

The Nestlé Corporate Business Principles		
Consumers	1. Nutrition, Health and Wellness	We aim to enhance the quality of consumers' lives by offering tastier, healthier food and drinks and encouraging a healthy lifestyle.
	2. Quality assurance and product safety	We want to ensure that, everywhere in the world, the Nestlé name represents the highest levels of product safety and quality.
	3. Consumer communication	We are committed to responsible, reliable communication that informs consumers and promotes healthier diets. We respect consumer privacy.
Human rights and labor practices	4. Human rights in our business activities	We fully support the United Nations Guiding Principles on Business and Human Rights, and aim to set an example of good human rights and labor practices throughout our business activities.
Our people	5. Leadership and personal responsibility	While fostering a culture of respect and dignity, we provide our people with equal opportunities for development, protect their privacy and do not tolerate any form of harassment or discrimination against them. At the same time, we expect our employees to be responsible, motivated and respect our values.
	6. Safety and health at work	We are committed to preventing work-related accidents, injuries and illnesses, and to protecting employees, contractors and others involved along the value chain.
	7. Supplier and customer relations	We require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards.
Suppliers and customers	8. Agriculture and rural development	We aim to help rural communities become more environmentally sustainable by contributing to improvements in agricultural production and the social and economic status of farmers.
	9. Environmental sustainability	We are committed to environmentally sustainable business practices and strive to use natural resources efficiently, achieve zero waste and use sustainably managed renewable resources.
The environment	10. Water	The world faces a growing water challenge, and we are committed to using water sustainably and improving our water management.

Resources

Websites:

Nestlé S.A. – [Nestle.com](https://www.nestle.com)
Creating Shared Value (Global) – [Nestle.com/CSV](https://www.nestle.com/CSV)

Nestlé USA – [NestleUSA.com](https://www.nestleusa.com)
Creating Shared Value (U.S.) – [NestleUSA.com/CSV](https://www.nestleusa.com/CSV)

Nespresso USA, Inc. – [Nestle-Nespresso.com](https://www.nestle-nespresso.com)

Nestlé Health Science – [NestleHealthScience.us](https://www.nestlehealthscience.us)

Nestlé Nutrition – [Medical.Gerber.com](https://www.medical.gerber.com)

Nestlé Skin Health – [NestleSkinHealth.com](https://www.nestleskinhealth.com)

Nestlé Professional – [NestleProfessional.com](https://www.nestleprofessional.com)

Nestlé Purina PetCare Company – [Purina.com](https://www.purina.com)

Nestlé Waters North America – [Nestle-WatersNA.com](https://www.nestle-watersna.com)

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