

Creating Shared Value Activities in Japan



Message from the President and CEO

Nestlé is the world's largest food and beverage company. It is present in 190 countries around the world, and its 308,000 employees are committed to Nestlé's purpose of enhancing quality of life and contributing to a healthier future.

Nestlé's more than 150-year history can be traced back to our founder, Henri Nestlé, who developed an innovative infant cereal to address high levels of infant mortality due to malnutrition. Over the years, Nestlé has always been at the forefront of finding solutions to social issues.

Around ten years ago Nestlé began advocating an approach called Creating Shared Value (CSV), as a business strategy for bringing our purpose to life. Helping to find solutions to social issues through

business is both our mission and, at the same time, an opportunity for growth.

Today, Nestlé Japan is working to address various issues facing the mature Japanese market relating to its declining birth rate and aging population. Nestlé Japan pursues CSV through uncovering issues brought about by "new reality" and solves them through innovation.

As a company trusted by its stakeholders, we will continue to devote all of our efforts towards proposing valuable solutions for individuals and families, for our communities and for the planet, with our purpose of enhancing quality of life and contributing to a healthier future.

Kohzoh Takaoka

President and CEO
Nestlé Japan Ltd.



Nestlé. Enhancing quality of life and contributing to a healthier future.

Driven by our company purpose — enhancing quality of life and contributing to a healthier future — our 2030 ambitions align with those of the United Nations 2030 Agenda for Sustainable Development.

At Nestlé, we touch billions of lives worldwide: from the individuals and families who enjoy our products, to the communities in which we live, work and source our ingredients, and the natural environment upon which we all depend.

For individuals and families

Enabling healthier and happier lives



The Nescafé Ambassador programme is a service where participants use a coffee machine at their place of work or in their community.

This programme seeks to promote more active communication, through conversations over a cup of coffee.



Nescafé Ambassador

For our communities

Helping develop thriving, resilient communities



Nestlé Japan believes we have an important community within the company (employees). This is because growth amongst individual employees leads to the overall growth of our company. We introduced our Innovation Award to help our employees to develop further.



Innovation Award

For the planet

Stewarding resources for future generations



Nestlé is committed to make 100% of our packaging recyclable or reusable by 2025.



Fujisawa Beach Clean Project

Enabling healthier and happier lives

Consumer food habits are changing. In line with these evolving needs, we are transforming our products, making them even more nutritious and natural. We also help parents everyday through supportive services. The driving force is *Nestlé for Healthier Kids*, our flagship initiative to help 50 million children lead healthier lives by 2030.

Nestlé Japan always gives top priority to addressing social issues in its pursuit of CSV. This includes solutions relating to increased numbers of small households, reductions in local communities, and decreased workplace communication.

At a glance

- 1 More than **450,000** individuals have applied to become *Nescafé Ambassador* (as of March 2019).
- 2 **76 “Nursing Care Prevention Cafes”** have been opened in Kobe (as of March 2019).
- 3 In 2018, *Nestlé for Healthier Kids* programme was expanded to include more members of the local community (children, caregivers, and the elderly).

Nescafé Ambassador

In November 2012, we began to recruit *Nescafé Ambassador* to help promote the use of our *Nescafé Goldblend Barista* in the workplace, as well as in the home. In addition to the savings and convenience, the coffee served from these machines open conversation and spread smiles in the workplace. These benefits have led more than 450,000 individuals to apply the programme (as of March 2019).



Nescafé Ambassador : Helping to spread both conversation and smiles at the workplace.



Nescafé Goldblend Barista

Serves a variety of café-style beverages at the touch of a button.

Kobe Genki! Iki-Iki!! Project

In 2013, Nestlé Japan concluded a collaboration agreement with the City of Kobe in Hyogo Prefecture for the Kobe Genki! Iki-Iki!! Project. Through this project, we are helping to improve the quality of life of elderly people by capitalising on Nestlé's health and nutrition know-how. One part of this project is "Nursing Care Prevention Café" initiative. We support this initiative by providing *Nescafé Goldblend Barista* machines and other products to these community locations where people can meet and talk over a cup of *Nescafé*. As of March 2019, "Nursing Care Prevention Café" is run voluntarily by local community at cumulatively 76 locations in Kobe, contributing to the revitalisation of the communities.



"Nursing Care Prevention Café" is a place for the elderly to gather and chat while enjoying a cup of *Nescafé*.

Nestlé for Healthier Kids

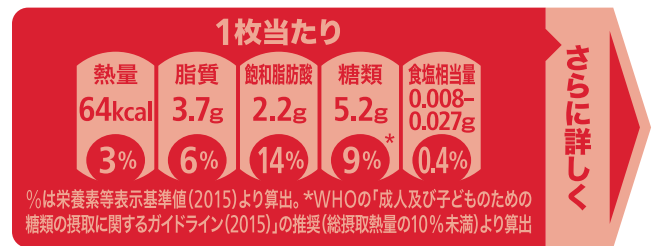
Good nutrition in the early years lays the foundation for lifelong health and well-being. Our flagship initiative *Nestlé for Healthier Kids* aims to educate and inspire parents and caregivers of children during the crucial period from conception to adolescence. Approximately 10,000 schools have applied to participate in the programme since it first started in Japan, with educational materials supplied to around 1.75 million children. From 2018, Nestlé Japan expanded the programme to include caregivers and the elderly, working closely with local governments and groups who are helping to vitalize communities.



We encourage collaboration throughout the world on the annual International Chefs Day, organized by the World Association of Chefs' Societies. In 2018, we provided a special class in the elementary school in Tokyo.

Nutritional information on packaging

Nestlé supports consumers and their families to live healthier and happier lives by providing them with delicious and healthy products / services. To ensure that consumers can make informed choices about our products, our packaging contains information about ingredients, nutritional benefits, health information, and portion sizes.



Guideline Daily Amounts (GDA) provide easy to understand information about ingredients such as fats, saturated fatty acids, sugar content, and salt, which may increase risk of lifestyle diseases. Icons are used to indicate amounts per-serving as well as intake percentages. (Example: GDA for KitKat Mini 14 pieces)



Nestlé Health Science

Rising medical expenses caused by increased aging and chronic disease are becoming a serious problem in Japanese society. Medical systems relied too much on medications and surgical procedures have reached to the point where these systems are no longer sustainable. Solving this issue requires a drastic shift in perspectives. Recent developments in nutrition and health science have been remarkable, while researchers around the world are making new discoveries every day.

Our nutritional products, introduced in Japan more than 30 years ago, have been used in more than 10,000 medical care facilities and home-based care. Nestlé is also contributing to the development of nutritional therapy in Japan by performing joint research with universities and medical facilities throughout Japan, as well as presenting research results at academic conferences.



“Cat Bus”

Nestlé Purina Petcare holds adoption events for abandoned cats in specially converted “Cat Bus”.

Helping develop thriving, resilient communities

We aim to develop thriving, resilient communities as part of a secure, long-term value chain, empowering our employees, supporting rural development, ensuring responsible sourcing and promoting human rights. Initiatives such as our *Nespresso AAA Sustainable Quality Program*, *Nescafé Plan*, *Nestlé Cocoa Plan* and *Farmer Connect* help ensure the resilience of thousands of suppliers and farmers around the world. To promote the concept of CSV, all of Nestlé Japan's employees work to solve customers' problems. Our yearly Innovation Award is a way to support this process. Nestlé Japan has also been putting effort into work-style innovations over the past several years to ensure that all of our employees can contribute to their fullest, as well as to realize an organization that produces successful results.

At a glance

- 1 In 2018, **5,085 ideas** were submitted for the Innovation Award that all of Nestlé Japan's employees participate in.
- 2 In 2018, our employees took an average of **15 days** of annual paid leave. Average monthly overtime* **decreased by 90%** (compared to 2010).
- 3 In 2018, Nestlé Japan used approximately **3,000 tons** of cacao beans of *Nestlé Cocoa Plan*.

*Does not include factories

Innovation Award

Nestlé Japan is working to address various societal problems in Japan with a declining birth-rate and aging population, through offering innovative products and services. Japanese society is becoming more complex, and the issues it is facing are becoming more diverse. As these problems continue to change, each of Nestlé's employees is tasked with providing value to our customers through innovation. To develop our employees' abilities to uncover and consider customers' problems, Nestlé Japan holds a yearly internal contest the Innovation Award. Employees are asked to consider who our customers are and what kinds of problems they are facing, come up with ideas to resolve these problems, and execute solutions.



The first prize of the 2018 Innovation Award was a home delivery service called "Machi Eco Bin" (see J-10) that aims to resolve issues surrounding a lack of workers, to contribute to the environment, and to assist in the creation of local communities.

Workplaces that support a variety of work-styles

Nestlé promotes diversity and enhance gender balance based on the belief that a workplace staffed with different employees is more conducive to producing new ideas and innovations.

Nestlé Japan is also promoting work-style innovations, ensuring that all of our employees can contribute to their fullest, and helping to realize an organization that achieves results. Enabling flexible work-styles that provide our employees with as much choice as possible regarding when and where they work, ensures that they can choose a style of work that allows them to maintain a work-life balance and achieve the greatest results.



International Women's Day: Nestlé holds yearly events throughout the world on the International Women's Day (March 8). As an initial trial, in 2019 we held a joint event with the pharmaceutical maker Eli Lilly Japan K.K., which also has its headquarters in Kobe, Hyogo Prefecture.

“Okinawa Coffee Project” – An industry-academia-government collaboration that is attempting to create large-scale coffee cultivation in Okinawa for the first time

Nestlé Japan and Okinawa SV Co., Ltd. are working in cooperation with Nago City (Okinawa Prefecture) and the University of the Ryukyus to create “Okinawa Coffee Project”, the first attempt at large-scale coffee cultivation in Okinawa.

Okinawa has been facing issues with its primary industries in recent years related to aging amongst its agricultural producers, a lack of successors, and abandoned cultivated land. Cultivating local coffee beans in previously abandoned lands in full-scale may therefore help to resolve these issues. Expanding the amount of coffee cultivated in Okinawa will allow for the creation of local speciality in Okinawa, including coffee beans and coffee products. The project also aims to foster new industry including development of new environment-friendly tourism resource, i.e. a coffee plantation affiliated with soccer field.



Nestlé Cocoa Plan

Through the *Nestlé Cocoa Plan*, Nestlé not only purchases cocoa beans at fair prices based on quality, but also provides disease-resilient, high quality and high-yield seedlings to farmers, hosts workshops to share knowledge and techniques for cocoa bean farming, and builds water systems, roads and schools. Through these initiatives, we are working to promote gender equality and address child labour issues.



Grown Respectfully

We launched *Grown Respectfully* to communicate the work of our *Nescafé Plan* by conveying real, inspiring experiences from coffee growers.



Stewarding resources for future generations

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

Nestlé Japan is also working towards our global commitment to move toward zero plastic waste. As well as continuing to reduce our emissions of greenhouse gases, we are also promoting a modal shift in our logistics. This switch towards rail and marine transport will help resolve issues relating to a lack of personnel, and reduce environmental impacts.

At a glance

- 1 By changing the specifications of our package materials in 2018, we achieved an **almost 300 ton** reduction in materials compared to the previous year.*
- 2 Production in our factories increased 78% between 2010 and 2018, while our total direct water withdrawal decreased by **18%**.
- 3 Production in our factories increased 78% between 2010 and 2018, while our total energy usage decreased by **34%**.

*From results of surveys performed by our company

Efforts to move toward zero plastic waste

Awareness of plastic pollution in our oceans is increasing worldwide. In 2018, Nestlé is committed to ensuring that 100% of our packaging is either reusable or recyclable by the year 2025.

We are committed to its 3R (reduce, reuse, and recycling) efforts, aiming for zero waste for disposal at our sites worldwide. We want none of our packaging ends up in landfill or as litter. We are determined to solve this complex challenge through focusing our efforts on pioneering alternative materials, shaping a waste-free future and driving new behaviour.



Fujisawa Beach Clean Project – In April 2019, approximately 80 employees, retirees and family members from Nestlé Japan worked to clean plastic waste from beaches in Fujisawa, Kanagawa Prefecture.

Methane fermentation water discharge treatment system

Our Shimada Factory (Shizuoka Prefecture) was the first of our 30 coffee factories around the world to introduce a methane fermentation-based water discharge treatment system. The system makes efficient use of anaerobic microorganisms (methane bacteria) to both break down and process high concentrations of organic matter in water we discharge. Since 2005, the factory has used biogas, mainly methane gas, generated by the methane fermentation water discharge treatment system as a supplementary fuel for the boiler.



Shimada Factory: Methane fermentation water discharge treatment system

All three of our factories in Japan achieved zero net emissions of waste bound for incinerators and landfills

In 2016 all three of our factories in Japan achieved zero net emissions of waste bound for incinerators and landfills, and this level is maintained through to the present. At the Himeji in Hyogo Prefecture and Shimada factories, almost 100% of the coffee grounds produced during coffee extraction are recycled and reused as renewable energy fuel, while the steam generated by the combustion energy is used as a heat source in the factories. Also, the Shimada Factory has continued with efforts to recycle part of the coffee grounds produced during the manufacturing process as planting soil since 2010.

The Kasumigaura Factory in Ibaraki Prefecture, which produces *Kitkat*, recycles all food residues in animal feed. The factory has also introduced sorting machines to separate chocolate and packaging after the packaging process is complete, which increases the efficiency of its waste sorting and recycling efforts.



Himeji Factory: Thermal energy recovery system



Kasumigaura Factory: Confectionery production line and the surrounding facilities

“Machi Eco Bin”

In October 2018, Nestlé Japan began working in conjunction with the Sagawa Express Co., Ltd. to create a new delivery service called “Machi Eco Bin”.

This new environment-friendly delivery service is based on the concept of CSV, aiming to resolve environmental issues and problems due to a lack of personnel caused by rapid growth in the e-commerce sector.

By cooperating with the local community, stock points known as Eco Hubs have been established to foster connections between locals, as well as the creation of a community that transcends age groups.



“Machi Eco Bin” is a new delivery service that aims to resolve environmental issues and problems due to a lack of personnel, as well as promote connections amongst the local community.



A coloured shipping container produced jointly with a major retailer

Promoting a modal shift

Nestlé Japan has been promoting a transport shift (modal shift) that involves shifting to marine transport and rail transport, which enable mass transportation with fewer environmental impacts compared to truck-based solutions. Emissions of carbon dioxide are believed to be one of the major factors behind global warming. Using rail transport over truck transport produces only an eleventh of these emissions, with marine transport producing just one-sixth.

For internal logistics, certain products were switched to rail transport in 2009, with marine transport of shipments from our three factories to Hokkaido beginning in 2010.

Going forward, we will continue working with our partners and other organisations to improve environmental performance across the entire value chain.

Nestlé Japan materiality matrix 2019

Importance to external stakeholders	Very important		<ul style="list-style-type: none"> Respect for human rights 	<ul style="list-style-type: none"> Reduction of product packaging and plastic
	Important	<ul style="list-style-type: none"> Irradiated foods Response to natural disasters Realization of a sustainable agriculture, forestry, and fishery industry Climate change Conservation of water resources Pollution prevention 	<ul style="list-style-type: none"> Ensuring traceability Addressing food allergies/gluten-free/Halal and other needs Extension of a healthy life expectancy Residual pesticides Disclosure of health information Consumer protection Ensuring transparency and providing information in a timely manner on corporate activities Fostering work-life balance Diversity Increased resource utilization efficiency 	<ul style="list-style-type: none"> Elderly health Information security Safety and hygiene control in the food manufacturing and distribution process, etc. Ensuring the health and safety of employees Business ethics Providing a fair and rewarding work environment
	Slightly important	<ul style="list-style-type: none"> Overnutrition 	<ul style="list-style-type: none"> Changes in dietary habits Fair marketing and advertising Aging and support for the elderly Responsible use of new technologies Securing business continuity 	
		Slightly important	Important	Very important
		Importance to internal stakeholders		

For individual and families 	For our communities 	For the planet 
<ul style="list-style-type: none"> Information security Elderly health Ensuring traceability Safety and hygiene control in the food manufacturing and distribution process, etc. Extension of a healthy life expectancy Addressing food allergies/gluten-free/Halal and other needs Residual pesticides Irradiated foods Disclosure of health information Consumer protection Changes in dietary habits Aging and support for the elderly Overnutrition Fair marketing and advertising 	<ul style="list-style-type: none"> Respect for human rights Ensuring the health and safety of employees Business ethics Providing a fair and rewarding work environment Ensuring transparency and providing information in a timely manner on corporate activities Diversity Fostering work-life balance Realization of a sustainable agriculture, forestry, and fishery industry Response to natural disasters Securing business continuity Responsible use of new technologies 	<ul style="list-style-type: none"> Reduction of product packaging and plastic Climate change Conservation of water resources Pollution prevention Increased resource utilization efficiency