



Nestlé in society

Creating Shared Value and meeting our commitments

Activities in Japan 2014



Some **850,000**
children

Since the programme started in 2011, Nestlé Healthy Kids Programme materials have reached some 850,000 children at around 5,000 schools in Japan to date.



47 locations

The nursing care prevention café of the Kobe Genki! Iki-Iki!! Project is being held at 47 locations in Kobe (as of June 2015).



-24%

Despite a 109% increase in production volume at the company's factories, Nestlé Japan has been able to reduce water usage by 16% and water discharge by 24% from 2004 to 2014.

Creating Shared Value Initiatives in Japan



920 tons

Despite an overall increase in manufacturing volume in 2014, Nestlé Japan was able to use 920 fewer tons of packaging materials thanks to changes made in the shape of packaging.



20%

Nestlé Japan has set a target to increase the ratio of female managers to 20% by 2020.



Over **130**
employees

To date more than 130 male employees have taken paternity leave.

Message from the President and CEO

Nestlé is the world's leading Nutrition, Health and Wellness company. Nestlé's roots in Switzerland can be traced back to our founder, Henri Nestlé, who developed an innovative milk product for infants to address high levels of infant mortality due to malnutrition. Ever since the company was established in 1866, Nestlé's fundamental strategy of creating value for society and, at the same time, creating value for our shareholders, has not changed for nearly 150 years.

The Nestlé Corporate Business Principles, a document that outlines the fundamental values and principles which all employees should follow, clearly states that Creating Shared Value (CSV) is the basis of our business development. Thinking of ways to create value for the various stakeholders involved in our day-to-day business activities is both a responsibility and an honor for every employee.

Nestlé Japan, established in 1913, proudly celebrated the 100th anniversary in 2013. As "a developed country model" for Nestlé, our objective in Japan is to create value for all of our customers through our unique and innovative products, services and business models. Fully capitalizing on Nestlé's strengths as a global company and our experience of doing business in Japan for more than a century, we strive to improve consumers' quality of life and support the healthy lifestyles of everyone in Japan, a super aging society. We are determined to do our best to be a company that is deeply trusted by each and every one of our stakeholders in Japan.



Kohzoh Takaoka

President and CEO
Nestlé Japan Ltd.

From the time when Henri Nestlé developed a infant cereal that saved children’s lives until today, Nestlé’s business strategy has been focused on Nutrition, Health and Wellness. Using science-based solutions, we are striving to improve consumers’ quality of life through nutrition and dietary habits, with our main objective of producing tasty and nutritional food and beverages that have minimal impact on the environment. We also aim to generate greater awareness, knowledge and understanding among consumers about nutrition through clear, responsible communication in order to support their dietary habits.

Our commitment

Lead the industry in nutrition and health research through collaboration

Our perspective

Nestlé has the world’s largest nutritional research network as a private organization with more than 5,000 employees. This network is led by the Nestlé Research Center (NRC) in Switzerland and includes 34 research and development centers worldwide.

Nestlé Research Tokyo was opened in 2009 with the aim of bringing innovation and renovation to Nestlé products worldwide through science and technology. It collaborates with leading research institutions in health and nutrition, leading breakthrough innovations.

As well as engaging in joint research, it has led the annual “Food for Life” Science Forum since 2011, in order to gain better understanding on the relationship between nutrition and health. In November 2014, the fourth annual “Food for Life Science Forum”, jointly organized by the Nestlé Nutrition Council Japan, the Nestlé Research Tokyo, and the endowed chair of “Food for Life” Corporate Sponsored Research Programme at the University of Tokyo, focused on examining the results of health measures used to address childhood obesity and dietary education. The event attracted more than 200 participants, including universities, education experts, health and welfare centers, nutritionists, healthcare professionals, private sector companies and media outlets.

The Nestlé Nutrition Council Japan (NNCJ), which was established to develop nutritional science in Japan and distribute information on nutrition and health, has engaged in activities that contribute to the advancement of nutrition science. In addition to providing grants and awards for assisting researchers, the council’s major activities include holding lectures on health and nutrition, and publishing books by researchers from Japan and abroad. The council dates back more than two decades to 1993 when the predecessor of Nestlé Nutrition Council Japan – the Nestlé Science Promotion Committee – was established.

In 2014, seven grants were given to research projects and three awards were presented to young researchers. Additionally, NNCJ hosted a satellite symposium called “Nutrition and Obesity” at the 68th annual meeting of the Japan Society of Nutrition and Food Science.

Our commitment

Provide nutritionally sound products designed for children

Our perspective

NESTLÉ MILO is sold in more than 30 countries around the world. It is a delicious chocolate malt powder energy drink fortified with good nutritional value, thanks to the energy of wheat. Over the years, the taste and nutritional balance has undergone minor changes to ensure it continually supports the needs of children.



NESTLÉ MILO Asakatsu Cooking Class

The Nestlé Wellness Kitchen is a fun, on-site cooking class that provides helpful nutritional information and dietary tips. This programme comprises two courses. First, NESTLÉ MILO Asakatsu Cooking Class, which combines a food and nutrition class highlighting the popular theme of nutrition for breakfast and a balanced diet, plus a cooking lesson on recipes based on the class using Nestlé products. The second course is the Nestlé Coffee Class covering the basics about coffee and how best to enjoy it. In 2014, around 130 classes were held nationwide, and the total number of participants was around 5,000.

Our commitment

Deliver nutrition information and advice on all our labels

Our perspective

Food labels need to provide nutrition and health information that is practical and easy to understand to help consumers make the right choices. In 2005, the Nestlé Nutritional Compass was introduced to display nutritional contents, nutritional value and information for a more balanced diet. In 2013, we started a new initiative to provide detailed nutrition, health and corporate information using QR codes on some product packages.

Guideline Daily Amount (GDA) labeling displays easy-to-understand information on the energy amount (calories) contained in one serving (one packet, etc.) of a product, as well as the percentage of the daily recommended intake it represents. In order to support consumers in their efforts to choose the right foods to lead healthier lives, we have introduced GDA labeling on the front side of the product packaging of many Nestlé products. (According to the Nutritional Reference Value, the daily recommended target for a Japanese person is 2,100kcal.)

Our commitment

Promote healthy diets and lifestyles, including physical activity

Our perspective

In 2013, Nestlé Japan concluded a collaboration agreement with the City of Kobe for the Kobe Genki! Iki-Iki!! Project. Through this project, we are helping to improve the quality of life of elderly people by capitalizing on Nestlé's health and nutrition know-how.

One part of this project is the nursing care prevention café initiative, which seeks to reduce for nursing care among elderly people by encouraging them to lead a more active, vigorous lifestyle by walking a short distance to a café where they can enjoy some friendly conversation. We support this initiative by providing NESCAFÉ GOLDBLEND BARISTA machines and other products to these established community locations where people can meet and talk over a cup of NESCAFÉ. We also send instructors out to these locations to provide lectures on nutrition and easy exercises that can be done at home.

This project between a local government and a company for nursing care prevention is quite unique in Japan. Through this project, Nestlé hopes to widely promote the importance of nutrition and exercise among more elderly people, to contribute to a society where people live longer healthy lives.



Kobe Genki! Iki-Iki!! Project

Nestlé Japan hosts nursing care prevention cafés bringing together elderly people at 47 locations in Kobe (as of June 2015).

In 2009, Nestlé launched the global Nestlé Healthy Kids Programme, which is aimed at school age children to help them increase their knowledge and practical skills on Nutrition, Health and Wellness. In Japan, the programme for children in the lower grades of elementary school was launched in 2011. An improved version of the programme that also caters to upper grades of elementary school was launched in 2012. In 2014, we received applications from about 1,400 schools and distributed the programme's educational materials to about 260,000 children. Since the start of the programme, we have provided materials to some 850,000 children in Japan and received applications from around 5,000 schools. The nutrition programme teaches children about the relationship between food and the body. The exercise session encourages them to enjoy physical activity through fun games reminding them of what they have learned in the nutrition session.

Since 2014, we started a new exercise programme which can be played at home and in a small indoor space. Nestlé Japan factories also host the Nestlé Healthy Kids Programme for local elementary school students and the families of employees. The Nestlé Kids Challenge website also offers fun, useful content about health and dietary education that teaches children and their parents about correct nutritional knowledge. In December 2014, we published a digital picture book that focuses on bones and the importance of calcium.

<http://www.nestle.co.jp/nhw/child>



Nestlé Healthy Kids Programme

This programme is aimed at school age children to help them increase their knowledge and practical skills on Nutrition, Health and Wellness.

<http://www.ugokutaberu.com>

Stakeholder view

Fukushima Prefecture has been merging schools in various communities due to the declining number of school children, and Ogoe Elementary School is no exception. Our school was established three years ago after three elementary schools in the Ogoe district were merged. As a result, nearly one-third of our students ride a school bus to school. In 2014, we commenced work on a major remodeling project for our school building and gymnasium, which meant that nearly all of schoolyard could no longer be used. This is why finding limited space for exercise and preventing obesity among children riding the school bus are two of our most pressing issues. This is why we have continuously incorporated the Nestlé Healthy Kids Programme as part of our curriculum throughout the year. Special classes led by outside instructors have provided new discoveries and helped to raise the children's interest in their body. This programme has also helped the children become much more active, resulting in a very positive impact on our learning activities as a whole.

Satomi Endo

Principal of Tamura Municipal Ogoe Elementary School



Our commitment

Provide education programmes for good nutrition and feeding practices

Our perspective

Nestlé Health Science provides dietary supplements to meet the diverse needs of consumers, and medical and nursing care professionals. Currently, it provides information on nutrition care to some 9,000 medical institutions and nursing facilities nationwide. Nestlé Health Science also conducts research jointly with medical and nursing care professionals from across Japan in order to make science-based proposals on the role and power of nutrition on the frontlines of medicine and nursing care. Nestlé Health Science also provides nutrition assessment tools to medical and nursing care professionals. The company has also been actively involved in efforts to spread the use of internationally developed and proven nutritional evaluation or assessment tools in Japan, such as the Mini Nutritional Assessment (MNA®) to evaluate risks among malnourished elderly people and EAT-10 to assess difficulty in swallowing.



Rural development

The stability and soundness of the communities from which we source our agricultural commodities and local labor are vital to our success as a business and to enhancing our value for our shareholders. By providing local employment through agricultural and rural development and encouraging sustainable production practices, we are looking to protect the supply and quality of our raw materials, and also have a positive and long-term impact on the local economy and local communities.

Our commitment

Roll out the Nestlé Cocoa Plan with cocoa farmers

Our perspective

Through the Nestlé Cocoa Plan, launched in 2009, 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, farmers in cocoa producing countries are able to lead better, healthier lives. For more information on the Nestlé Cocoa Plan, see page 20 of the global section.

Nestlé Japan also began full-fledged efforts in 2014 aimed at promoting the Nestlé Cocoa Plan. In 2015, all KIT KAT, NESTLÉ AERO, and NESTLÉ CRUNCH manufactured and sold in Japan by Nestlé Japan receive UTZ certification,* an international certification programme for sustainable farming.

Additionally, Nestlé Japan implemented a recruitment programme called the Nestlé Cocoa

Plan Internship. The aim of this programme is to find and develop global leaders with leadership skills to enhance our future operations and society at large. In February 2015, ten students on this internship programme traveled to Ecuador, a major cocoa producing country, where they gained hands-on experience otherwise unavailable to them through desk learning.



Stakeholder view

We are proud to be a partner to the Nestlé Cocoa Plan in various countries around the world. Nestlé was an important launch member of the UTZ Certified Cocoa Programme in 2009 and since then our partnership has expanded worldwide through the Nestlé Cocoa Plan. KIT KAT is also the first chocolate brand in Japan to gain UTZ certification.

Our ultimate goal is to make sustainable agriculture common. I believe this goal would be impossible to attain without the sincere efforts of a major manufacturer like Nestlé and our ongoing partnership.

Miyuki Ortiz Rivera

UTZ Certified Asia Business Development Manager



Stakeholder view

I was able to learn more about the situation on the ground in Ecuador as well as gain an understanding and awareness of cocoa farming that transcends mere knowledge. I also found that Nestlé products are engrained in the local people's way of life and was once again impressed by Nestlé's brand power, having watched everyone at Nestlé Ecuador take such great pride and satisfaction in their work. I am very thankful to have been given this extraordinary opportunity by Nestlé.

Sae Uenaka

Graduate Student of Tokyo University and Participant in the Nestlé Cocoa Plan Internship



* UTZ certification: UTZ certification specifies criteria such as adequate farming practices and farm management, safe and sound labor conditions, environmental protection and efforts to eliminate child labor. Certification is awarded only if all of these criteria have been fulfilled.

Nestlé's long-term success as a company depends on ensuring the sustainability of the water resources that supply our everyday business operations, and support the livelihoods and work of producers, consumers and other key stakeholders. To deliver high quality products to all of our customers around the world, Nestlé has adopted rigorous standards to reduce water consumption at our factories and facilities.

Our commitment

Work to achieve water efficiency and sustainability across our operations

Our perspective

The Non-Freon (CO₂/NH₃) cascade refrigeration system, which was introduced into our coffee freeze-drying process at the Himeji Factory in Hyogo and Shimada Factory in Shizuoka, requires less water than the previous system. Water usage in the refrigeration system at both factories has decreased by 19% a year after the system was introduced and this level is being maintained each year.

The bottled coffee manufacturing line of the Kasumigaura Factory in Ibaraki, completed in June 2012, uses an aseptic-filling process that requires less water compared to the more common UHT hot-pack filling. The line also features the latest machinery, which saves about 240 tons of water each day compared to Nestlé's conventional aseptic-filling process. This amounts to the total amount of water used by about 330 average households. Since the optimization of the cooling tower began in 2008, there was a 6% decrease in water used at our three factories in 2013 compared to 2008, despite an increase in production volume, and today, we continue to maintain this level.



Aseptic-filling process at the Kasumigaura Factory

The bottled coffee manufacturing line of the Kasumigaura Factory in Ibaraki uses an aseptic-filling process that requires less water compared to common UHT hot-pack filling.

Our commitment

Treat the water we discharge effectively

Our perspective

With an investment of about 300 million Yen, the Shimada Factory installed a methane fermentation wastewater treatment system in 2004, becoming the first factory among more than 30 Nestlé coffee factories worldwide to have such a system. This wastewater treatment method degrades organic matter in highly concentrated wastewater through the effective use of anaerobic microorganisms, or methane bacteria, making it possible to achieve our own clean water standards which are even more stringent than the law. This method also does not require energy such as steam. As a result, the factory's energy usage has actually decreased substantially, achieving a reduction in CO₂ emissions of around 12%. In addition, since 2005, the factory has used biogas, mainly methane gas, generated by the methane fermentation wastewater treatment system as a supplementary fuel for the boiler. The energy savings using this system is estimated to be about 70 liters of crude oil per hour.

Our commitment

Raise awareness on water conservation

Our perspective

The Project Water Education for Teachers (WET) is an international initiative designed to enhance awareness among children around the world about water issues using creative educational tools. Since 1992, Nestlé Waters, headquartered in France, has been the main sponsor of Project WET and supported the activities globally. In Japan, Project WET is promoted by the River Foundation. Nestlé Japan has been conducting such activities, mainly at our factories, since 2012. There are already 12 staff members qualified as "educators" who are able to teach children using WET tools. They are also working to help students in elementary schools close to our factories deepen their knowledge, understanding and sense of responsibility about water and water resources.

Stakeholder view

Our school district is located in a beautiful rural community with farmlands and verdant natural surroundings. Students here are able to thrive in this natural environment. However, because people say it is dangerous to play in rivers and ponds, the children have had few opportunities to get acquainted with them. Until now, we have held classes called *Minna no Tameike Kyoshitsu* (Learning about Our Ponds) to educate children about ponds and living organisms as an opportunity for them to learn about these ecosystems. As part of these classes, the activities of Project WET were introduced and fourth graders from our school took part. Project WET taught them about water environments and the importance that water plays in our lives in an easy-to-understand manner. They also learned about the role that ponds play. The students used nets and buckets to collect aquatic organisms from ponds in our school district, and they were excited and surprised at just how large the koi fish and frogs were. Through these valuable experiences, students now have a greater interest in water environments and protecting them.

Hiroshi Fujioka

Teacher at Himeji Municipal Koro Elementary School





Environmental sustainability

Nestlé is committed to protecting the environment and scarce resources, for now and future generations. We are accomplishing this by improving efficiency in our own operations and involving our partners to continuously optimize the environmental performance of our products across the value chain.

Our commitment

Improve resource efficiency in our operations

Our perspective

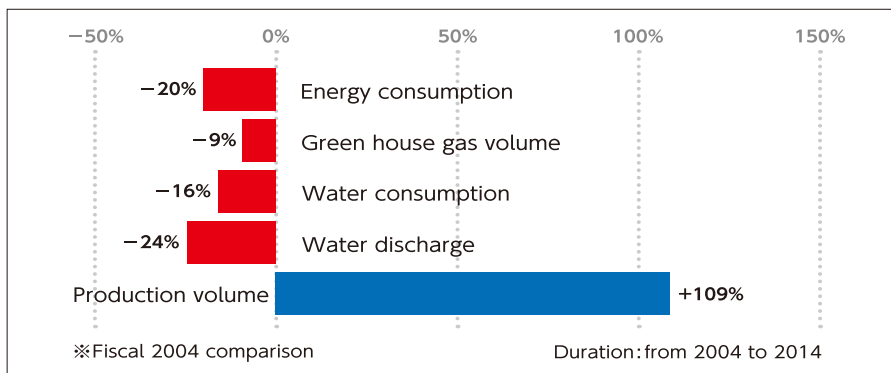
Production volume at factories increased 109% from 2004 to 2014, but during this same period Nestlé Japan reduced energy usage by 20%, greenhouse gas emissions by 9%, total water usage by 16%, and total water discharge by 24%.

A cogeneration system has been introduced at the Himeji Factory and at the Shimada Factory. Cogeneration, which combines heat and power, is a new energy supply system that utilizes energy discharged during electrical power generation, increasing total energy efficiency. The Himeji Factory has achieved an extremely high total energy efficiency rate, reaching a maximum of 92% (usually between 70 and 80%), by introducing a fuel supply system where liquid natural gas (LNG) is transported by a tanker and stored in an LNG satellite base in the factory. Compared with heavy oil, LNG can reduce emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) that cause air pollution and carbon dioxide emissions, which could lead to global warming. These cutting-edge technologies have been highly acclaimed as pioneering innovations. In fact, Nestlé received the Chairman's Award from the New Energy Foundation at the 9th New Energy Awards. With this new system, we achieved about 19% energy savings and an approximate 30% reduction of CO₂ emissions compared to the previous system.

At the Shimada Factory, conventional heavy fuel oil has been replaced with utility gas to reduce the environmental impact from the cogeneration system and other combustion equipment, such as deodorizing equipment and air heaters. At the Kasumigaura Factory, we have also shifted fuel sources to natural gas and in 2014 the factory managed to source 100% of its fuel from natural gas.

At the Himeji 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. This thermal energy recovery system using fluidized bed boiler technology was installed at the Shimada Factory for the first time in Japan in 1983 and at the Himeji Factory in 1986.

About 20% of the annual energy consumed at the Himeji Factory is sourced from the thermal recycling of coffee grounds (biomass). This system was recognized as a pioneering case of biomass utilization and registered as No. 31 Hyogo Biomass Eco Model by Hyogo Prefecture. With the introduction of fluidized bed boiler technology and other energy saving measures, in 2013 the Shimada Factory was nominated as a showcase facility in Shizuoka Prefecture's Fuji no Kuni Shizuoka Next-Generation Energy Park Project, which is part of a nationwide project led by the Ministry of Economy, Trade, and Industry (METI).



Improving environmental performance during manufacturing

Production volume at factories increased 109% from 2004 to 2014, but during this same period Nestlé Japan reduced energy usage by 20%, greenhouse gas emissions by 9%, total water usage by 16%, and total water discharge by 24%.

As part of our global commitment to zero waste, Nestlé Japan's factories are trying to reduce not only the waste from the production processes, but also all waste in general.

Since 2010, the Shimada Factory has been recycling some parts of the coffee grounds produced during the coffee manufacturing process into soil. Coffee grounds are fermented and donated to the Rose Hill Park, as well as elementary and junior high schools in Shimada city. The Kasumigaura Factory, which manufactures KIT KAT, recycles all food waste into animal feed. The Kasumigaura Factory achieved zero waste in 2014 thanks to the introduction of new machinery that separates chocolate and packaging materials, and the greater efficiencies achieved in sorting and resource utilization in post-packaging processes. Food waste such as wafers is transported to ostrich farms, hog farms, or cow farms nearby and used as animal feed.

In addition to our factories, Nestlé Japan is also implementing a paperless office initiative under which it is proactively reviewing workflow and digitizing documents. In addition to cutting down on the use of paper, this initiative also enables us to work more efficiently. In 2014, this initiative resulted in a 57% reduction in company-wide paper usage compared to 2011. Of particular note, our Kobe head office achieved a reduction of 71%.

EMS certification

All three of Nestlé Japan's factories obtained ISO 14001 certification for their environmental management systems and ISO 22000 certification for their quality management systems by December 2008. Third-party institutions have been regularly auditing and carrying out renewal screenings for these factories with regard to both international certifications, the results of which confirm that each factory continues to be in compliance with the rigorous demands of these standards, and that further improvements are constantly being made.

Our commitment

Assess and optimize the environmental impact of our products

Our perspective

Nestlé Japan has been moving towards a transport shift (modal shift). This involves shifting to marine transport and rail transport, which enable mass transportation. Compared to truck transport, rail transport imposes less of a burden on the environment and produces only one-ninth the CO₂ emissions, which are believed to be a major factor behind global warming.

In terms of in-house logistics, we began shipping some products by rail in 2009 and started using marine shipping to send products from our three factories in Japan to Hokkaido in 2010. For each of these products, we received authorization to display the Eco Rail Mark (currently a company certification) and certification as an excellent supporter of eco-ship modal shift.

As for outbound logistics, we began using rail transport in 2010 and have been promoting a full-scale modal shift since 2012. This initiative earned us certification as part of the 2013 national modal shift promotion project. We also received the 2014 Ministry of Land, Infrastructure, Transport and Tourism (MLIT) Deputy Vice-Minister for Logistics Award under the Excellent Green Logistics Commendation Programme run by the Ministry of Economy, Trade and Industry, and MLIT in cooperation with the industrial sector.

In June 2014, we prepared a declaration and confirmation concerning modal shift initiatives together with the JR Freight Group and reached an agreement to more actively promote a shift to rail.

Nestlé Japan is committed to pursuing logistics processes that have an even lesser impact on the environment.



Modal Shift Promotion

Nestlé Japan has been promoting a full-scale modal shift. The photograph above shows specially designed shipping containers for transporting Nestlé Japan products nationwide. Both containers are temperature controlled for shipping products at fixed temperatures.

Top: NESCAFÉ container (December 2014 departure ceremony for dedicated rail transport arranged jointly with major retailer)

Bottom: KIT KAT container (pictured in April 2015 at Miyako Station on the one-year anniversary of the full reopening of the Sanriku Railway in Iwate Prefecture)



Environmental sustainability

Our commitment

Improve the environmental performance of our packaging

Our perspective

In 2014, Nestlé Japan lowered the use of packaging materials by 920 tons by changing the shape of our product packages. Reductions in each main segment are presented below.

- Paper packaging: 335 tons**
- Glass containers: 165.5 tons**
- Plastics and laminated films: 48 tons**
- Metal containers: 372 tons**

Our commitment

Provide climate change leadership

Our perspective

Nestlé was the first company in the world to develop the Non-Freon (CO₂/NH₃) cascade refrigeration system, which was introduced into our coffee freeze-drying process at the Himeji Factory and Shimada Factory. Since both carbon dioxide and ammonia are natural catalysts and circulate within the system, and are typically not released into the air, they have little to no effect on global warming or ozone depletion.

Nestlé has promoted a 15-year plan to phase out Freon refrigerants at factories that produce freeze-dried coffee including products such as NESCAFÉ GOLD BLEND. While Nestlé's global goal for achieving complete removal of such refrigerants is five years ahead of the target date set by the Montreal Protocol, Nestlé Japan achieved removal in 2013, a further five years in advance of the deadline.

Stakeholder view

The modal shift to railways and ferries being undertaken by Nestlé Japan was recognized by MLIT with the Deputy Vice-Minister for Logistics Policy Award under the Excellent Green Logistics Commendation Programme in December 2014. Nestlé Japan was selected for this honor after a screening by the Green Logistics Partnership Conference for its excellent initiatives in partnering with shippers and logistics providers to make logistics more efficient and reduce CO₂ emissions. Promoting a modal shift for environmental protection represents one of MLIT's most important logistics policies and for this reason I sincerely look forward to Nestlé Japan's further efforts to reduce its environmental impacts.

Ichiro Hao

Deputy Vice-Minister for Logistics Policy
Ministry of Land, Infrastructure, Transport and Tourism (MLIT)



Stakeholder view

Japan's railways are among the most efficient in the world and the on-time departure and arrival rate of rail freight is envied by many countries. Every day JR Freight Railway, through the company's nationwide network, covers a distance equivalent to five trips around the world. One of the greatest advantages of railway freight transport is our high throughput capabilities. Moreover, we are environmentally friendly. We can carry the equivalent of 65 10-ton trucks at a single time, while our CO₂ emissions are only one-ninth of a similar load carried by trucks and half that of ships.

Logistics represent an important lifeline for individual companies and the nation as a whole. Recently, Japan has seen a severe shortage of truck drivers, making a modal shift to railways and other modes of transport an urgent issue. Amidst this backdrop, Nestlé Japan was among the first in Japan to make logistics improvements and usher in a plan to double its use of railway freight. It also obtained authorization to use the Eco Rail Mark, demonstrating it has become a driver in Japan's modal shift. JR Freight Railway is highly appreciative of this leadership and forward thinking. We look forward to working with Nestlé Japan to reduce environmental impact and contribute to society, including through joint transport proposals with other sectors in the future.

Tadamasa Ishida

Chairman
JR Freight Railway Company



Our people, human rights and compliance

Nestlé believes that success depends on our people. With respect and dignity, we aim to promote a sense of personal responsibility across our whole company. We recruit competent and motivated people who respect our values and principles, seek to boost equal opportunities, protect our employees' privacy, and never tolerate any form of harassment or discrimination in the workplace.

Our commitment

Ensure all Nestlé units have basic safety and health protection systems for all employees

Our perspective

Nestlé Japan's three factories have been certified with the OHSAS 18001 accreditation (Occupational Health and Safety Management System). Information on 'accident-free' days, or the number of days without injuries, is posted on our intranet to increase workplace safety awareness. Nestlé's independent CARE (the Compliance Assessment of Human Resources, Occupational Health and Safety, Environment, and Business Integrity) programme based on an external audit network has also been implemented in the respective five areas of Human Rights and Labor Practices, Business Integrity, Safety and Health, Environmental Sustainability, and Security to cover all Nestlé locations in Japan since 2007.

Compliance at Nestlé means adhering to the Nestlé Corporate Business Principles, which of course include compliance with all laws and regulations. To help our employees understand and follow these principles, and practice them confidently in interactions with stakeholders and people in the workplace, we hold compliance training and awareness activities. During training sessions, which are organized for new employees, second year employees, third year employees, newly appointed section-chiefs and managers, and department heads, participants are actively encouraged to join in discussions to think and raise their awareness about the fair and honest behavior of individuals as well as organizations.

Our commitment

Enhance gender balance in our workforce

Our perspective

Nestlé promotes diversity based on the belief that a workplace staffed with different employees is more conducive to producing new ideas and innovations. Nestlé Japan has established the goal to increase the ratio of women managers to 20% by 2020 as part of its commitment to enhance the gender balance of its workforce.

To promote the career development of female employees and encourage male employees to participate in childcare, Nestlé Japan opened a company daycare center called Nesurekko House at its Kasumigaura Factory in April 2012 and another daycare center called Nestlé Kids Room at its Kobe Head Office in April 2014. Both male and female employees are eligible to take up to ten days of paid maternity or paternity leave. In 2010, we launched a system to allow employees, who are eligible to take prenatal maternity leave, childcare leave and family-care leave, to work from home for up to six months at a time. So far, more than 130 male employees have taken up this opportunity. We also hold seminars for employees on childcare leave to help ease and facilitate their transition back to work after their leave is over.



Acquired authorization to use the Platinum Kurumin mark

Nestlé received authorization to use the next-generation certification mark (Kurumin mark) in 2011 in recognition of its action plan and related initiatives under the Act for Measures to Support the Development of the Next Generation.

In June 2015, we received authorization to use the special certification mark (Platinum Kurumin) as a company that has introduced and uses highly advanced systems to achieve work-life balance.



Promoting diversity

In 2013, we launched a personnel exchange programme with other Nestlé offices around the world. Employees from Nestlé Japan have worked in Africa, Australia, and ASEAN countries, while Nestlé Japan hosted Nestlé employees from these countries as well. Employees with disabilities are also contributing members of various Nestlé departments and no restrictions are placed on what work they are assigned to.

Our people, human rights and compliance

Our commitment

Offer job opportunities for young people

Our perspective

In 2011, Nestlé Japan introduced Nestlé Pass, a new year-round recruitment process focusing on internships. This new format for hiring students from diverse backgrounds enables students to choose the timing and method of recruitment, giving them multiple opportunities to apply. In March 2012, we introduced the Nestlé Associate System, which offers prospective recruits, or associates, support in proactively creating a career plan. Based on the Progress and Development Guide used for all Nestlé employees worldwide, this new system allows students the opportunity to experience training the “Nestlé Way,” while getting them prepared for joining the company and enhancing their student life.

Moreover, in 2015, we introduced the NESCAFÉ AMBASSADOR Internship Course to identify and develop human resources with innovative ideas and the leadership ability to make these ideas a reality. Through this course, students are hired based on their innovative ideas and passion for Nestlé’s business model, instead of conventional aptitude testing or job application screenings.



Nestlé Cocoa Plan Internship

This recruitment programme aims to find and develop global leaders with leadership skills to enhance our future operations and society.

Our commitment

Provide nutrition (NQ) training for our employees

Our perspective

NQ (Nutrition Quotient) Nutrition Training, which was launched globally in 2007 with the aim of educating employees about nutrition and health, has been attended by some 310,000 employees worldwide at the end of 2014 and 51,000 employees have attended NQ refresher trainings. All employees in Japan have also completed NQ Training. We continue to hold training for new employees, and marketing and development staff members to enhance employee knowledge on nutrition using various learning tools.



NQ Training

All employees have taken part in this programme, which aims to educate employees about nutrition and health.

Stakeholder view

At the age of 10 months I was diagnosed with spinal muscular atrophy (SMA), a condition said to affect 1 in 100,000.

This disease causes problems in the nerves that move muscles, resulting in a gradual withering of muscle. I am only able to move the tips of my fingers slightly and talk without assistance. However, despite my bedridden condition, I could never throw away my dream of wanting to work. Due to my condition, I decided to establish my own company with a childhood friend who has the same condition. We founded a website development company called Sentaku. I recently started working for Nestlé Japan as an advisor. They provided me with a role no different than any other healthy person. I believe that Nestlé Japan can help change the situation for the employment of persons with a disability.

Hisamu Sato

Representative Director and President
Sentaku Co., Ltd



Materiality

For more information about material issues, please refer to page 38 of the global section.

Assessment of material issues

Nestlé began identifying material issues for our business and stakeholders from a global perspective several years ago, and since then we have continually re-evaluated these issues. In 2015, Nestlé Japan evaluated our own unique material issues for the first time while taking into account issues and contexts that are characteristic of Japan.

Nestlé Japan, working with Caux Round Table (CRT) Japan, identified 49 material issues believed to be of the most importance from a social perspective.

These 49 issues were further examined based on the relationship and impact they have on Nestlé Japan's business operations and the degree of interest held in them by stakeholders with expert knowledge. In turn, these were narrowed to 26 issues believed to impact Nestlé Japan the most and to be of the greatest interest to our stakeholders. Please see the materiality matrix below for further details.

In Japan, the materiality of the following matters was confirmed.

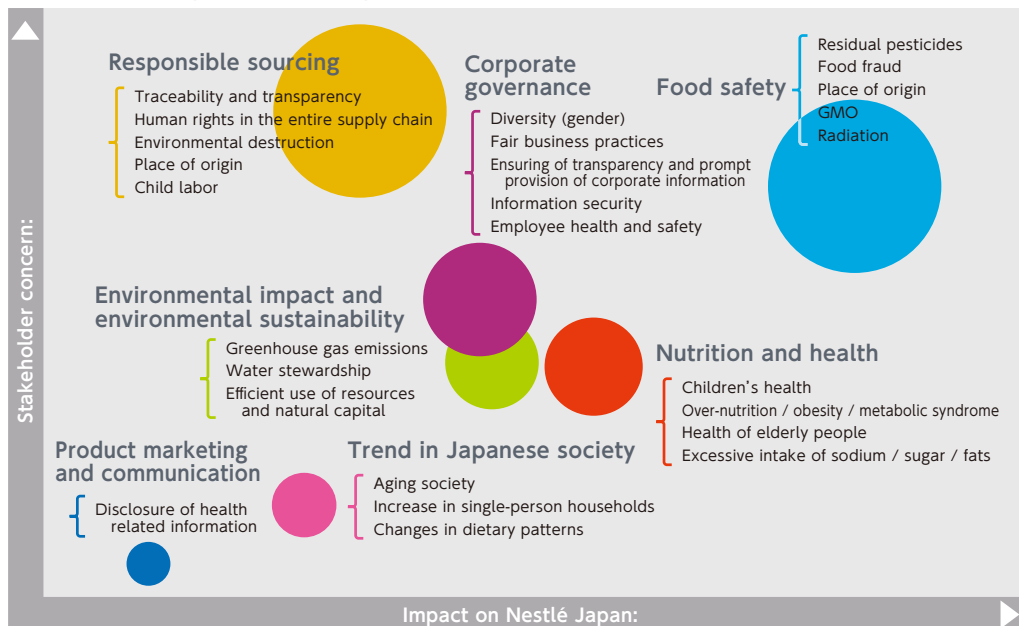
- Food safety, such as residual pesticides, food fraud, securing food safety in the production area, GMO, and radiation
- Disclosure of health related information in product marketing and communications
- Aging population, health of elderly people, increase in single-person households, and changing food customs
- Information security, ensuring of transparency and quick provision of corporate information

The following matters were confirmed as having the same high materiality globally and in Japan. For global information, please refer to page 38 of the global section.

- Traceability and transparency
- Efficient use of resources and responsible management of water resources (water stewardship)
- Children's health and over-nutrition
- Improvement of women's rights and diversity (gender balance)
- Employee safety and health

Going forward, Nestlé Japan will evaluate the impact of each issue in our value chain and work to address each issue identified as material through direct dialogue with stakeholders.

2015 Nestlé Japan materiality matrix



- (Responsible sourcing) place of origin = Are producers and workers engaged in safe production, manufacturing and labor conditions at the place of origin?
- (Food safety) place of origin = Is a safe production system in place for consumers in the place of origin? Is food produced with consideration given to safety?