

Creating Shared Value Activities in Japan



June 2020, Nestlé Japan Ltd., Marketing & Communications Division

Message from the President and CEO

Nestlé is the world largest food and beverage company. It is present in 187 countries around the world, and its about 300,000 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.

Nestlé Japan has an important role and responsibility to provide our consumers, pets and society with high quality safe food and beverages.

We are devoted every day to ensuring delivery of safe, delicious, good for physical and mental health, convenient and environmentally friendly products and services to our consumers.

In our endeavor to be a trusted company, Nestlé Japan is committed to enhancing quality of life and contributing to a healthier future through our products and high valueadded services.



Tatsuhiko Fukatani
Nestlé Japan Ltd.,
President and CEO

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 our coffee machines at their workplace or in their community.

This programme contributes to activating communication through conversation and smile starting from a cup of coffee.



NESCAFÉ Ambassador

For our communities

Helping develop thriving, resilient communities



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



Okinawa Coffee Project

For the planet

Stewarding resources and the environment



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



KITKAT paper packaging



Consumer preferences are evolving; we are developing our portfolio to reflect these changes. We are making our products more nutritious and natural. Our flagship initiative Nestlé for Healthier Kids is a driving force, guiding our efforts to help 50 million children lead healthier lives by 2030.

At a glance

The number of applicants for NESCAFÉ Ambassador has exceeded **480,000** (as of March 2020).

81 "Nursing Care Prevention Cafes" have opened in Kobe (as of March 2020).

NESCAFÉ Ambassador



The NESCAFÉ Ambassador program is a service in which NESCAFÉ coffee machines are rented out for free to workplaces and communities, and NESCAFÉ Ambassadors, representatives at the workplaces, regularly buy dedicated coffee cartridges and gather the fees from users.

The number of applicants has exceeded 480,000 (as of March 2020), thanks to its benefit of activating in-office communication through conversation and smile starting from a cup of coffee.

We improve constantly the service reflecting users' opinions and started a rental service of NESCAFÉ GOLDBLEND BARISTA Duo+, a dedicated rental machine that can make authentic café latte and coffee at offices and shops without human effort and time in November 2019.

NESCAFÉ GOLDBLEND BARISTA Duo+ is easy to use with its display.

As it accepts cashless payments, it helps solve troubles in collecting cash and preparing changes.

We also offer the NESTLÉ WELLNESS Ambassador program to encourage health habits suitable for individual users.



Nursing Care Prevention Café

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. The number of "Nursing Care Prevention Cafés" is cumulatively 81 in Kobe City (as of March 2020), and they contribute 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.

Starting in 2018, Nestlé Japan expanded its dietary education and exercise program from kids to their guardians and the elderly, in aiming to stimulate local communities by working with regional governments, Kids Café and other organizations.

In March 2019, the public-private "Kuwana Table Tennis Café Project" was launched in Kuwana City of Mie Prefecture with the aim of improving people's health and encouraging exchanges within the community through table tennis and the café. Efforts are underway to create a cheerful, energetic and healthy city through cooperation between the local government, medical centers, private enterprises, NPOs and local residents.



Photo provided by INAC Kobe Leonessa

In 2019, Nestlé Japan became an educational partner to the women's football club, INAC Kobe Leonessa based in Kobe, and began activities to provide extensive opportunities for both organizations to educate people on "nutrition" and "exercise," targeting mainly elementary school children and their guardians living in Kobe City.



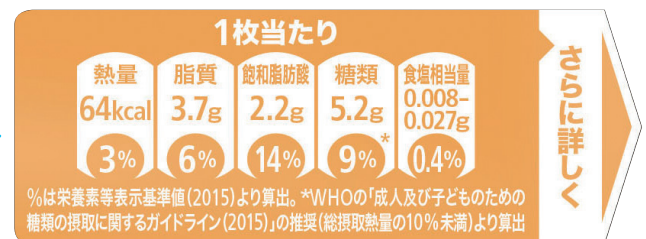
Nestlé Health Science

ISOCAL, with a history of over 30 years in Japan, and other nutritional supplementary foods are being used at more than 10,000 medical institutions and nursing facilities throughout Japan. High-calorie, small-packaged oral nutritional supplements, such as ISOCAL100 and ISOCAL Jelly High Calorie enable easy replenishment of nutrients, useful for maintaining the health of elderly people even when their appetite declines or they have difficulty swallowing.



Nutritional information on packaging

To promote understanding for our products by providing information on healthy eating habits, Nestlé displays easy-to-understand icons on product packages showing the amounts of calories, fats, saturated fatty acids, sugars and salts contained in a single serving, and their ratios (%) relative to the approximate amounts that should be consumed in a day. Detailed nutritional information is also provided on packages along with "Nestlé Nutritional Compass" offering a guide to users.



Guideline Daily Amounts (GDA): Easy-to-understand icons displaying the amounts of nutrients contained in single servings, and their ratios (%) relative to the approximate amounts that should be consumed in a day.

For our communities

Helping develop thriving,
resilient communities



We work with farmers and suppliers across the world, aiming to develop thriving communities, support rural development, and promote gender equality and respect for human rights.

Okinawa Coffee Project



Nestlé Japan and Okinawa SV Co., Ltd. are working in cooperation with Nago City, Okinawa Prefecture, and the University of the Ryukyus to launch "Okinawa Coffee Project", the first attempt at large-scale coffee cultivation in Okinawa in 2019.

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. Utilizing this abandoned cultivated land etc. to begin full scale cultivation of locally produced coffee beans may therefore help to resolve these issues.

Nestlé is implementing the "NESCAFÉ Plan," a program that aims to ensure the sustained improvement of the worldwide

raw coffee bean supply chain by providing coffee seeds and technical support in the cultivation of coffee. Around 1,500 coffee trees have been cultivated so far (as of May 2020), and there are plans to continue cultivation in the future. The beans from these trees will be harvested around 2022 to 2023, and if all goes well, they are expected to yield the equivalent of around 400,000 cups of coffee. Furthermore, Nestlé aims to cooperate with local residents and farmers to further expand the production of coffee beans in Okinawa, and turn coffee beans and other coffee products into specialty products of the region. There are also plans in the future to develop a coffee farm with a football field as a new, environmentally friendly tourist attraction in Okinawa, with the aim of fostering a new industry through the cultivation of coffee beans.



At a glance

Around **1,500** coffee trees are being cultivated (as of May 2020) in the "Okinawa Coffee Project."

The percentage of paid holidays used by employees was **80.8%** (2019).

Cat Bus

Nestlé Purina PetCare contributes to the enlightenment and placement of sheltered cats by organizing handover events using a fully refurbished bus vehicle, the "Cat Bus".

Since beginning in April 2018, we have held these events in more than 15 cities, including Kobe, Osaka and Nagoya. We will continue cooperating with local governments and animal protection societies to engage in "Cat Bus" activities and implement other proactive measures, contributing to the realization of a society in which people and pets can coexist.



The interior of the "Cat Bus" is designed to make it suitable for giving up sheltered cats for adoption.

Innovation Award

Nestlé Japan is working to address various societal problems in Japan with a declining birthrate 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 find and consider customers' problems, Nestlé Japan holds a yearly internal contest the "Innovation Award". All employees think about who their customers are and what kinds of problems they are facing, and apply for the Innovation Award with their own solutions and achievements.

In 2019, "Purina Pro Plan Vets Support" won the Gold Award for the service providing integrated management for recommending, supervising, managing, purchasing and delivering therapeutic food by connecting pet owners with veterinary clinics.



Diversity & Inclusion and Employee-Friendly Workplaces

We believe that an organization with diverse employees is more conducive to the birth of new ideas and innovation, and Nestlé Japan is striving to promote diversity and inclusion (to acknowledge, accept and make use of diversity). In 2019, we held workshops to raise awareness for unconscious biases (discrimination and prejudices that people are unaware of), and classes for employees to teach them easy recipes using MAGGI seasoning.

Furthermore, the entire company has been striving to streamline operations and implement work-style reforms with the aim of realizing an employee-friendly organization that is more conducive to achieving results. This has realized not only working from home, but also flexible work-styles with maximum freedom to choose where and when employees work, allowing them to maintain their work-life balance. We are also encouraging the use of paid holidays, and the percentage of their use by those eligible in 2019 was 80.8%.



Unconscious Biases Training



MAGGI Cooking Class



Compliance

Nestlé operates throughout the world based on The Nestlé Corporate Business Principles and the Code of Business Conduct. We invited an external instructor to hold a workshop for all managers on harassment, in 2019.

Furthermore, the dedicated system, "Tell Us," was set up on our corporate website allowing all external stakeholders to contact us on any matters that may be in violation of Nestlé's compliance.

< Nestlé's corporate website, Tell Us >

<https://www.nestle.co.jp/aboutus/principles/report-your-concerns>

For the planet

Stewarding resources
and the environment



We want to be a more sustainable business, for a more sustainable society. This means protecting biodiversity and natural resources, while encouraging others to act responsibly. Our ambition is to strive for zero environmental impact in our operations. We have public commitments to use sustainably-managed and renewable resources, operate more efficiently, achieve zero waste for disposal and improve water management.

At a glance

As of the end of 2019, **94.7%** of the materials used for packaging by Nestlé Japan are recyclable or reusable.

We achieved **zero combustible and landfill waste** at our three domestic plants in 2016, and this has been maintained to this day.

Improve the environmental performance of our packaging

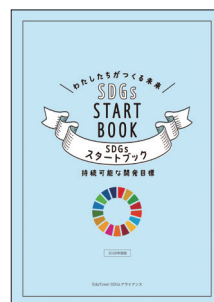


Nestlé announced its commitment to make 100% of its packaging recyclable or reusable by 2025. In Japan, we have also been striving to improve the environmental performance of product packages, including those for NESCAFÉ and KITKAT.

In 2019, the outer packages used for our five main KITKAT products were switched from plastic to paper. Expanding this initiative in 2020, we expect to reduce the annual use of plastic by 450 tons.

Furthermore, we continue to improve the packaging materials used in NESCAFÉ Eco & System Pack since its launch in 2008.

As the result of these initiatives, 94.7% of the packaging materials used in Nestlé Japan are now recyclable or reusable as of the end of 2019.



Nestlé engages in a variety of activities to educate consumers on reducing plastic waste. The use of paper for the KITKAT packaging has been introduced as an initiative to reduce plastic waste in a SDGs textbook at elementary and junior high schools.



SDGs Start Book
(published by EduTown SDGs Alliance)

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 Shimada factory in Shizuoka Prefecture and Himeji factory in Hyogo Prefecture, 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



Employees took part in beach cleanup activities in various regions, including around Kobe and Shonan.

Changing the Behavior of Employees Beach Cleanup Activities and Reducing In-House Use of Single-Use Plastic

We believe in the importance of changing the attitudes of each and every employee to reduce plastic waste, and Nestlé employees around the world have been engaging in beach cleanup activities.

Nestlé Japan has also been striving to reduce the use of single-use plastic (disposable straws, cups, and other plastic items that are thrown away after single use). From January 2020, we have stopped the use of disposable plastic items such as cups and muddlers at all Nestlé Japan offices.

Nestlé Japan materiality matrix 2019

Our materiality analysis is carried out every two years to identify and prioritize issues that matter most to our business and our stakeholders

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