

# Creating Shared Value Activities in Japan



# Message from the President and CEO

We are Nestlé, the *Good food, Good life* company.

*Good food, Good life* means good business. “Good” means to maintain high standards and strive at all times to improve ourselves. Today, everything, including society and the business environment, is changing at an unprecedented pace, and we have an important role and responsibility to provide safe, high-quality food and beverages to consumers, trade customers, pets, and society. We will

continue striving to ensure the delivery of products and services that are delicious, good for physical and mental health, convenient, and environmentally friendly.

As a *Good food, Good life* company, Nestlé Japan will continue pursuing innovation to realize food, beverages, nutritional products, petcare products and high value-added services to unlock the power of food to enhance the quality of life for everyone, today and for generations to come.

**Tatsuhiko Fukatani**  
Nestlé Japan Ltd.,  
President and CEO



# Nestlé. We unlock the power of food to enhance quality of life for everyone, today and for generations to come.

Our purpose is "We unlock the power of food to enhance quality of life for everyone, today and for generations to come." Driven by our company purpose, Nestlé is currently engaging in activities that will have a positive effect on the people of today and the future, as well as pets and the environment.

## For individuals and families

Enabling healthier and happier lives



Based on our idea that "people who drink three or more cups of coffee a day are physically, mentally and socially healthier," we are engaging in activities to educate consumers on the benefits of 3 Coffee a Day (recommendation for health habit of drinking three cups of coffee a day).



Recommendation for healthy coffee-drinking habit

## For our communities

Helping develop thriving, resilient communities



We engage in a variety of activities to support people in finding a moment of relaxation by having chocolate or coffee in these times of great anxiety.



Providing support through our products

## For the planet

Stewarding resources and the environment



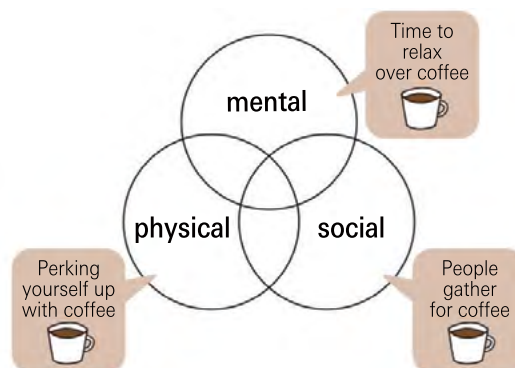
Nestlé is committed to making 100% of our packaging recyclable or reusable by 2025.



KITKAT paper packaging



## Recommendation for healthy coffee-drinking habit



Coffee is the biggest source of polyphenols for Japanese people. Based on our idea that “people who drink three or more cups of coffee a day are physically, mentally and socially healthier,” we are engaging in activities to educate consumers on the benefits of 3 Coffee a Day (recommendation for health habit of drinking three cups of coffee a day).

Last year, as more people choose to work remotely, we carried out our Coffee and Good Life Survey 2020, and proposed ways of drinking coffee in our effort to boost people’s work performance.

We also focused on lack of sleep, which has become a major social issue in Japan, and we have been operating NESCAFÉ Sleeping Café where people can experience a new style of sleeping by drinking different types of coffee with and without caffeine. Moreover, we have been promoting Coffee Naps in which people take short naps after drinking caffeinated coffee to boost their afternoon performance.





## NESCAFÉ Ambassador

The NESCAFÉ Ambassador program is a service in which NESCAFÉ coffee makers 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 490,000 (as of March 2021), thanks to its benefit of activating in-office communication through conversation and smile starting from a cup of coffee.



## 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 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 2021), 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 (photo taken in 2019).

## Providing healthy choices



Nestlé Health Science provides ISOCAL with a history of over 30 years in Japan, and other nutritional products to 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.

Starting in September 2020, we began providing the nutritional assessment app, MNA Plus, to people aged 65 and over.



The app allows users to easily check their nutritional status at home and receive advice on nutrition management and health maintenance.



We also provide MILO, a tasty malt drink that provide important nutrients not only for children but also for adults, and nesQino, launched in December 2020, realizing deliciousness and easy consumption of a superfood.



## 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 caretakers and the elderly, in aiming to stimulate local communities by working with local governments, Kids Café and other organizations.

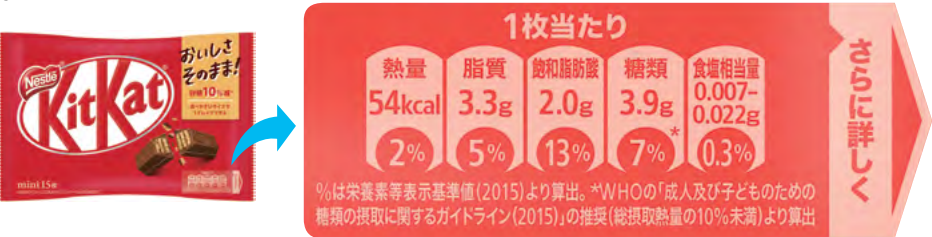
In 2019, Nestlé became an educational partner of INAC Kobe Leonessa, the women’s football club based in Kobe, and activities were begun at both companies to provide extensive opportunities for education in “nutrition” and “exercise” targeting mainly elementary school kids and their caregivers living in Kobe City.



In January 2021, an initiative was launched to provide an online movie of a picture story to elementary schools throughout Japan, with INAC Kobe players acting as Nestlé for Healthier Kids instructors. (Photo: taken in November 2020)

## 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 consumers.



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.





## Providing support through products



We engage in a variety of activities to support people in finding a moment of relaxation by having chocolate or coffee in these times of great anxiety with the spread of COVID-19.

To support people affected by the spread of COVID-19, we donated KITKAT and NESCAFÉ products to the Japanese Red Cross Society, NPO Musubie - the National Children's Shokudo (Cafeteria) Support Center, and the local governments of various regions in May 2020. This has been followed by continued donating of our products to food banks and medical institutions throughout the country.

Furthermore, with fewer tourists visiting sightseeing spots around the country, Nestlé Japan launched Regional KITKAT products that a part of the money from sales could be donated to support tourist spots throughout the country. The price includes 10 yen in donations per product, and the money is being used to support activities at tourist spots around Japan through the Japan Travel and Tourism Association network.

## Promoting a new style of work

Using the remote work system that had been in place before the pandemic, we encouraged employees who could work from home to telecommute. Since the health and safety of our employees is our top priority, we distributed masks to them and implemented infection prevention measures in all workplaces. In addition, the management team sent out a message on the internal social networking site to express their gratitude to employees who need to come to work, such as those at factories and call centers.

Moreover, Nestlé Health Science set up a new Inside Sales Department to ensure the safe and secure delivery of products and information to people involved in medical and nursing care. We have quickly put in place a system that enables us to provide information smoothly using various digital tools and online, without requiring employees to come to the office or visit medical and nursing care facilities.





## Okinawa Coffee Project



Around 6,000 coffee trees have been planted so far (as of May 2021), and through this project, the first and earliest harvest of coffee beans is expected to be sometime after the end of 2022.

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.

Utilizing abandoned farmland and other land in Okinawa Prefecture, we have begun full-scale cultivation of domestic coffee beans based in Okinawa, aiming to solve the problems of the primary industry.

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.

Furthermore, as part of classes and practical training for the Tropical Farming Course at Okinawa Prefectural North Agricultural High School, we began an initiative in January 2021 to plant and cultivate coffee trees in the high school farm.

## 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.

With the difficulty of holding these handover events inside the buses since November 2020, we began live streaming of programs centered on online handovers of sheltered cats making use of the "Cat Bus" in collaboration with Nagoya City and the NAGOYA Veterinary Medical Association.

We will continue our activities to realize a society in which people and pets can coexist.



## 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 October 2020, we adopted the Parental Support Policy in Japan in accordance with our global policy, making all employees who become parents regardless of their sex, for example through adoption, eligible for childcare support.

Furthermore, in March 2021, a joint online session was held with Eli Lilly Japan to coincide with International Women's Day on March 8, targeting the employees of both companies, to support the smiles and success of all the people around women.



International Women's Day joint event collage

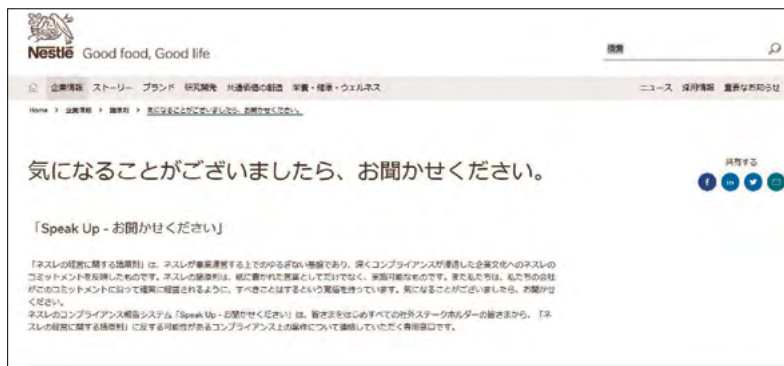


## Innovation Award

In Japan, a mature, developed country with a declining birthrate and an aging population, each employee must provide value to customers through innovation and offer solution to the ever-changing problems. 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.

## Compliance

Nestlé operate the business in compliance with The Nestlé Corporate Business Principles and the Code of Business Conduct. We invited an external instructor to hold a workshop on leadership for all managers, in 2020. Furthermore, the dedicated system "SpeakUp" 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, SpeakUp

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



## For the planet

Stewarding resources  
and the environment



## Improving the product 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 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 have cumulatively reduced 420 tons of plastic.

In October 2020, our efforts to use paper for the outer packages of bag-type KITKAT products won the 44th Kinoshita Award for Paper Packaging sponsored by the Japan Packaging Institute.

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

Moreover, in January 2021, the material used for straws in Nestlé Health Science ISOCAL products was switched from plastic to paper for the first time in the industry. The use of paper straws is expected to reduce the annual use of plastic by 5.5 tons.





## Aiming to shape a circular economy

We are working to build a circular economy with the aim of reducing waste.

In March 2020, Nestlé Japan and Kobe City launched the nation's first joint effort to raise awareness of plastic waste reduction. At a total of two stores in Kobe City, AEON and Daiei, points were given to those who cooperated in the collection of used packages of Nestlé products using likoto Guruguru, a “Kobe eco-action support app.”

In August 2020, Nestlé Nespresso began collecting used NESPRESSO capsules at boutiques in an effort to recycle the main capsule materials of aluminum and coffee grounds.

We have started collecting used sachets of nesQino.



In-store recovery box for Nestlé product packages

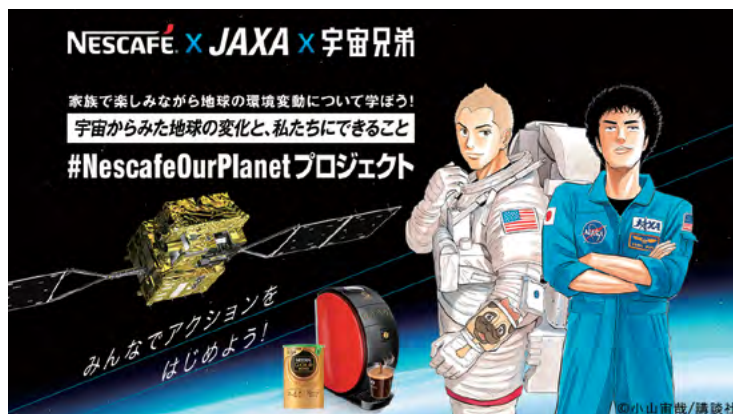


## Driving new behavior

To shape a waste-free future, each and every one of us must change our mindsets.

In the #NescafeOurPlanet Project, we began collaborating with JAXA to think about the global environment.

Furthermore, with the use of paper for the outer packages of KITKAT, we launched the #KitZuttoProject to enlighten people on the environment through YouTube movies. In addition to these projects, we gave lectures at elementary, junior high and senior high schools throughout the country in 2020, to draw attention to the issue of plastic waste.





## Improving the efficiency of logistics

Nestlé Japan is promoting modal shift (a shift to rail and marine transportation, which can transport large volumes of goods), which has less environmental impact than truck transportation. In terms of CO<sub>2</sub> emissions, which is one of the causes of global warming, transport by rail emits around one-thirteenth, or one-sixth in the case of marine transport, of the amount emitted by trucks. In a joint project with Japan Freight Railway Company and All Japan Express Company, we began a new initiative in 2020 to make effective use of empty containers when transporting rice from Niigata Prefecture. In the past, empty containers were transported to the Niigata Kamotsu Terminal Station during the rice harvesting season. These empty containers were loaded with Nestlé products realizing an efficient logistics network. This initiative is expected to reduce CO<sub>2</sub> emissions by 21 tons a year compared to truck transportation.

## 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