

Creating Shared Value and Sustainability Activities in Nestlé 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.

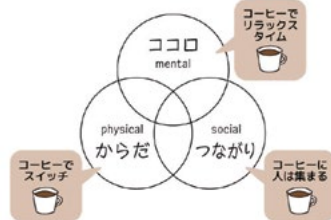
Our purpose is "We unlock the power of food to enhance quality of life for everyone, today and for generations to come." Driven by our company purpose, Nestlé is currently engaging in activities that will have a positive effect on the people of today and the future, as well as pets and the environment.

For individuals and families

Enabling healthier and happier lives



Coffee is known for being the biggest source of polyphenols for Japanese people. We encourage the habit of drinking three cups of coffee a day based on our key message, "Three Coffee a Day: The habit of drinking three cups of coffee a day will ensure a better life."



Encouraging a healthy coffee-drinking habit

For our communities

Helping develop thriving, resilient communities



Nestlé Purina PetCare aims to realize a prosperous society that people and pets can live together. As such, a variety of initiatives are being implemented by working with pets and pet lovers to solve social issues surrounding pets.



ペットに寄り添い
共に歩む未来へ

ピュリナは、保護犬・保護猫の
未来を支える活動をサポートしています
<http://p.nestle.jp/pet/>



Aiming to realize a prosperous society that people and pets can live together

For the planet

Stewarding resources and the environment



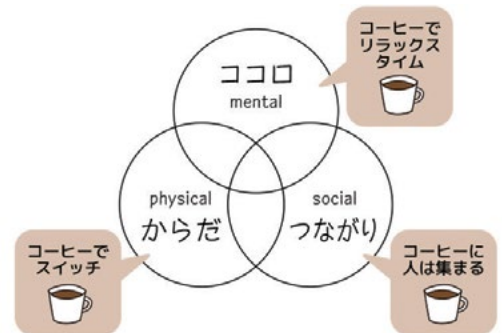
In 2019, the outer packages used for our regular-bag KITKAT products were switched from plastic to paper. This initiative was expanded to include almost all bag-type KITKAT products by 2020, cumulatively reducing 790 tons (as of the end of 2021) of plastic.



Improving the product packaging



Encouraging a healthy coffee-drinking habit



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In 2021, we conducted a dietary intake and lifestyle habits of approximately 300 Nestlé employees, as “sedentary” lifestyles increased due to voluntary restraint from going out and working remotely. They were examined for their state of health, stress and sedentary behavior, and how these were associated with their coffee drinking habits. The results revealed a new possibility of coffee breaks alleviating the stress of a lifestyle of sitting all day.

Coffee breaks at the office include not only the time taken to drink coffee, but also the act of preparing it, chatting with colleagues while drinking it, and the time taken to clean up afterwards. This may only amount to around five minutes, but drinking three cups a day creates three additional breaks. Walking away from the work desk is not only refreshing, but it is also believed to offer relief from sedentary behavior.



Our voices

“I would like to recommend people to make better use of coffee breaks if they feel their lifestyle is becoming increasingly sedentary. Enjoying the delicious taste and aroma of coffee will add a touch of color to your life.”

D. Harada,
Marketing & Communications Division



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 program has been adopted at a variety of workplaces, including not only general offices, but also hospitals, beauty parlors and schools, thanks to the benefits of stimulating in-office communication through conversations and smiles over 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 capitalizing 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 2022), and they contribute to the revitalization of the communities.



Nursing Care Prevention Café is a place for the elderly to gather and chat while enjoying a cup of NESCAFÉ



Café News is issued regularly focusing on Nursing Care Prevention Café

Providing healthier 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.



In March 2022, we began providing the Hyogo Prefecture Version of Health Check within MNA Plus, the nutritional evaluation app for people over 65, as part of our industry-government-academia initiative with Hyogo Prefecture.



MILO allows not only children, but also adults to enjoy consuming important nutrients. MILO BOX and Nestlé MILO OTONA-NO-AMASA with suppressed



sweetness, were launched in 2021. In October 2021, the kitchen car event, Nestlé MILO Iron Support Team, was planned in collaboration with Kagawa Nutrition University to further promote awareness for the importance of iron. The event was held to promote the intake of iron through MILO.



In March 2021, Nestlé Purina Petcare launched PURINA PROPLAN LIVECLEAR. This is a cat food containing egg-derived protein, which neutralizes the substance in saliva that causes cat allergies and reduces the attachment of cat allergens its fur and dandruff.

Our voices

"We will continue innovating to aim for a future allowing pets and their families to live happily through the power of food."

I. Kubo,
Marketing, Nestlé Purina PetCare



Nestlé for Healthier Kids

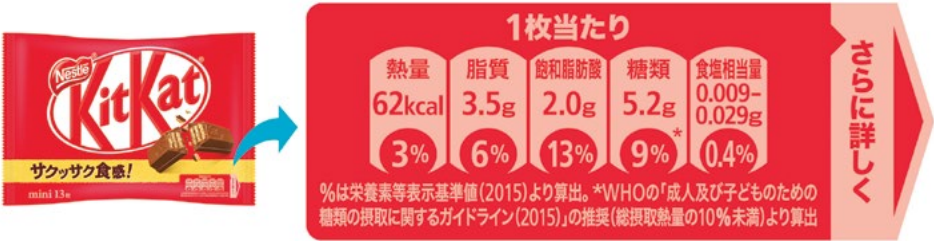
Good nutrition in the early years lays the foundation for lifelong health and well-being. Our flagship initiative Nestlé for Healthier Kids aims to educate and inspire parents and guardians of children during the crucial period from conception to adolescence. Starting in 2018, Nestlé Japan expanded its 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.



Nestlé for Healthier Kids dietary educational materials:
All materials can be downloaded from the website (<https://www.nestle.co.jp/nhw/healthier-kids>).

Nutritional information on packaging

To promote understanding for our products by providing information on healthy eating habits, Nestlé presents 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



Aiming to realize a prosperous society that people and pets can live together



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Nestlé Purina PetCare aims to realize a prosperous society that people and pets can live together. As such, a variety of initiatives are being implemented by working with pets and pet lovers to solve social issues surrounding pets.

Purina Cat Bus contributes to the enlightenment and placement of sheltered cats by organizing handover events using the fully refurbished bus vehicle. Since beginning in April 2018, we have held these events in more than 15 cities, including Kobe, Osaka, Nagoya and Tokyo. Since 2021, we have continued providing opportunities for people and pets to come together by responding with flexibility to the spread of COVID-19 through dispatch-style online handovers of sheltered cats, and hybrid handover events fusing online and offline meetings.



Providing support through products

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 February 2021, we called on people through our official KITKAT Twitter account to send in messages of encouragement and gratitude to medical workers. KITKAT products were delivered along with the messages to medical workers throughout the country through the initiative, “Kitto Todoku E-ru-no Omoi (Our Messages of Encouragement Will No Doubt Get Through).”

The Japanese Red Cross Society and Nestlé Japan concluded the Agreement to Cooperate in Providing Support in Disasters in 2017, and products are being provided based on the idea of “supporting those who provide support.” In addition to donating bottled coffee and chocolate to emergency management headquarters and first-aid stations manned by Red Cross staff after the heavy rainfall disasters that struck between July and August in 2021, chocolate and coffee sticks were donated to Red Cross hospitals and Red Cross blood centers to support communities affected badly by the spread of COVID-19.



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. Utilizing the abandoned cultivated land 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 green coffee bean supply chain by providing coffee seeds and technical support in the cultivation of coffee.

Around 6,500 coffee trees have been planted so far (as of the end of April 2022), and through this Okinawa Coffee Project, the first and earliest harvest of coffee beans is expected to be sometime after the winter of 2022.

To further accelerate the Okinawa Coffee Project, we began collaborating with Uruma City in May 2022, as the second municipality following Nago City.

Aiming to stimulate local communities

We are supporting the stimulation of local communities through our products and services.

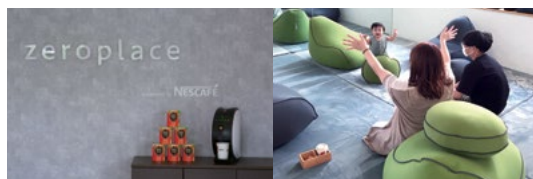
The new ASHIYA cafe supported by NESCAFÉ, opened in Ashiya City of Hyogo Prefecture in collaboration with the Ashiya City Office, offers a place for locals to get together. It also aims to provide employment opportunities for people with disabilities. Disabled people employed by the NPO, Hozana House, work as staff at the café, e.g., preparing the menus, and serving customers.

In October 2021, we assisted the establishment of Zeroplac supported by NESCAFÉ in Urasoe City, Okinawa Prefecture. It is a postnatal care facility with a lounge permanently staffed by midwives to prevent isolation during child-rearing. The facility provides counselling services for raising children, as well as support to local families before and after childbirth.

In November 2021, we took part in the establishment of a resource collection station within Futaba Gakusha of Nagata Ward in Kobe City. We provided a coffee maker, creating a community where citizens can come and go as they please, and relax over coffee, chocolate, etc., while promoting awareness for recycling plastic and sustainability.



ASHIYA cafe supported by NESCAFÉ (Ashiya City)



Zeroplac supported by NESCAFÉ (Urasoe City)



Resource collection station (Kobe City)

Stakeholders' voices

"It was with great pleasure that we were able to open ASHIYA cafe supported by NESCAFÉ within the city hall to commemorate the 80th anniversary of the establishment of the municipal system of Ashiya City. It has also won high appraisal from users, and I hope it will become the foundation for an inclusive society, providing employment opportunities for the disabled, greater convenience for citizens, and a place for disseminating local government information; a place where people of all generations will gather, mingle, take a break and mutually respect one another."

Ms. Mai Ito,
Ashiya City Mayor



Diversity & inclusion and employee-friendly workplaces



生産本部
ダイバーシティ&
インクルージョン ビジョン

Diversity & Inclusion Vision of Production Division

ポジションや性別、年齢、国籍、子育てや介護の有無に関わらず
お互いをリスペクト、ケアし、そしてチャレンジすることで
D&Iを推進し、One teamのマインドセットをより強固なものとする
そして全従業員一人ひとりが成長すること

By "Respect", "Caring" and "Challenge" each other,
PROD drives Diversity & Inclusion to strengthen
"ONE TEAM mind set" and to enable each and every employee to thrive regardless of
Position, Gender, Age, Nationality, Child/Family care, etc.

H. Takada
H. TAKADA 人事部長

Nestlé considers diversity and inclusion to be the source of our competitiveness in the future, and we implement a variety of initiatives to ensure the penetration and promotion of this concept.

We have promoted the taking of childcare leave by male employees, and the ratio rose to 46 % in 2021. An online talk session was held in March 2022 to further promote it, with male employees who took childcare leave talking about their experience.

The Technical & Production Division set up a task force team in 2020 to focus activities in four areas; mindset, child-rearing support, career development and flexible workstyles. Workshop for managers and career attitude survey were carried out in 2021.

Our voices

"Nestlé respects the individuality of each and every employee in aiming for employee-friendly workplaces."

H. Takada,
Human Resources & General Affairs Division



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.



Innovation Award



企業情報 ストーリー 製品情報 研究開発 サステナビリティ 事業・健康・ウェルネス

Home > 企業情報 > 誠実性 > 気になることがございましたら、お聞かせください。

「Speak Up - お聞かせください」

「ネスレの経営に関する懸念」は、ネスレが事業運営する上でのゆるぎない基盤であり、深くコンプライアンスが浸透した企業文化へのネスレのコミットメントを反映したものです。ネスレの懸念は、紙に書かれた言葉としてだけでなく、実態可能なものです。また私たちは、私たちの会社がこのコミットメントに沿って経営に経営されるように、すべきことはするという覚悟を持っています。気になることがございましたら、お聞かせください。

ネスレのコンプライアンス経営システム「Speak Up - お聞かせください」は、皆さまをはじめすべての社外ステークホルダーの皆さまから、「ネスレの経営に関する懸念」に反する可能性があるコンプライアンス上の案件について連絡していただく専用窓口です。

「Speak Up - お聞かせください」へのご連絡の際は、案件のカテゴリーをご選択ください。次の9のカテゴリーに関する案件は、弊社コンプライアンス委員会委員長とともに、スイス本社コンプライアンス局にも報告されます。

Nestlé's corporate website, Speak Up
<https://www.nestle.co.jp/aboutus/principles/report-your-concerns>

Compliance

Nestlé operates throughout the world in accordance with the Nestlé Corporate Business Principles and the Code of Business Conduct. In 2021, we carried out CARE, Nestlé's global audit program on compliance. Furthermore, the dedicated system, Speak Up, was set up on our corporate website allowing all external stakeholders to contact us on any matters that may be in concern of Nestlé's compliance.

For the planet

Stewarding resources
and the environment



Our 2030 ambition is to strive for zero environmental impact in our operations. Furthermore, Nestlé is committed to the climate change and sustainable packaging initiatives shown on the right. Nestlé Japan has also identified priority issues in implementing initiatives in our operations.

Climate Change Initiatives

Nestlé will achieve net zero emissions by 2050 at the latest.

Sustainable Packaging Initiatives

Nestlé will make 100% of its packaging recyclable or re-usable by 2025.

Nestlé will reduce its use of virgin plastics by one third by 2025.

Improving the Product Packaging



We have been striving to improve product packages with the aim of fulfilling our commitment. In 2019, the outer packages used for our regular-bag KITKAT products were switched from plastic to paper. This initiative was expanded to include almost all bag-type KITKAT products by 2020, cumulatively reducing 790 tons (as of the end of 2021) of plastic.



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



In January 2021, the material used to make the straws of Nestlé Health Science ISOCAL products was changed from plastic to paper for the first time in the industry. Paper straws have reduced the amount of plastic used by a total of 7.6 tons (as of the end of 2021).

In March 2022, Nestlé Purina Petcare successively changed the outer packaging of a part of its lineup of MonPetit cat food products to paper. This initiative is expected to reduce the use of plastic by around 78 tons annually.



In March 2022, the label-less NESCAFÉ EXCELLA Bottle Coffee was launched to eliminate the hassle of peeling off the label, and to reduce waste.

Aiming to shape a circular economy

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

In September 2021, paper packages of Nestlé products, including NESCAFÉ, gathered from 48 Seiyu stores, were recycled to make stationary (notebooks) and works of art in the MOTTAINAI Creative Reuse Art Project.

In February 2022, NESCAFÉ began an initiative in collaboration with the Nisshinbo Group to upcycle*, e.g., the empty containers of NESCAFÉ Eco & System Pack into paper yarn to make fabric, which is then dyed with coffee residues to make clothes.

Nestlé Nespresso began collecting used NESPRESSO capsules at boutiques in August 2020, and approximately 230 tons of capsules have been collected as of September 2021. The main materials used in the capsules, of aluminum and coffee grounds, are separated. The aluminum is recycled, while the coffee grounds are used as compost and planting soil.

*To recycle discarded materials by turning them in products of higher value.



Driving new behavior

To shape a waste-free future, we engage in a variety of educational activities to change the mindset of everyone. Our efforts to change KITKAT packages into paper has been introduced in SDGs teaching materials used at elementary and junior high schools as an initiative to reduce marine plastic pollution. Furthermore, NESCAFÉ has been implementing the #NescafeOurPlanet eco-project that supports enjoyable learning about the global environment by parents and children, jointly with Japan Aerospace Exploration Agency (JAXA), a national R&D entity.

In 2021, we conducted classes for elementary, junior high and senior high school students in Kobe City to think about environmental issues.



Aiming to realize a sustainable logistics environment

Nestlé is working globally to achieve our ambition of net zero by 2050 at the latest.

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 CO₂ 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 December 2021, Nestlé Japan along with Japan Freight Railway Company (JR Freight), All Japan Express Co., Ltd., Chuetsu Tsuun Co. Ltd., Kashima Rinkai Tetsudo Co., Ltd. and Kashima Rinkai Tsuun Co., Ltd. won the METI Minister's Award, the highest award presented at the Green Logistics Partnership Conference. An initiative being implemented since 2020 to use empty containers being returned after transporting agricultural products, such as rice, to transport bottled coffee products won high appraisal as a "new cross-industry railway transport lateral collaboration model."

Stakeholders' voices

"A major goal of the deployment of an electric truck by Lixus Corporation was to place greatest priority on environmentally friendly initiatives and strive to realize zero CO₂ emissions in transport. We also believe it will be highly effective in reducing costs given the rising price of fuel. It will play a major role in mitigating the environmental



burden, while contributing to the company, so we hope to continue our efforts to promote it."

Mr. Kazumasa Doi,
President and Representative Director,
Lixus Corporation

Nestlé Japan and Lixus Corporation jointly began deployment of an electric truck (eCanter of Mitsubishi Fuso Truck and Bus Corporation) with the aim of establishing a sustainable logistics environment in delivering products to customers. It began operating in February 2022 in the Kansai District.



Aiming to reduce food loss

In manufacturing and selling products, we strive to predict customer demand as accurately as possible and plan manufacturing to minimize excess inventory. We also carry out appropriate monitoring of raw materials needed to manufacture products, inventory stored at our company, and post-shipment distribution inventory, to prevent the generation of excess inventory. Excess products that are produced despite these efforts are donated to food bank organizations. As for food residues from KITKAT factories, we strive to turn everything into animal feed.

As part of our efforts to reduce food loss, we set up and began operating Food Loss Reduction Boxes to Bring Smiles to Everyone's Faces, in five locations around the country in June 2021, in collaboration with Minatoku Co., Ltd. The Food Loss Reduction Boxes sell NESCAFÉ and KITKAT products that have exceeded their delivery deadlines. These products have limited distribution destinations, and in some cases may be discarded. We aim to reduce food loss by creating a new channel to sell products that can be consumed but have difficulty selling through normal distribution channels.



Food Loss Reduction Box

Our voices

"We aim to create a system of delivering products in a sustainable manner by minimizing the waste of raw materials, such as coffee beans produced by farmers."

J. Takaoka,
Beverage Business Group



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 biomass, while the steam generated by this renewable 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.

Himeji Factory: Thermal energy recovery system