



Nestlé Good food, Good life

THE ROOTS OF NET ZERO

**Nestlé's Climate and Nature Strategy
and Transition Plan 2026-2050**

September 2026



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The Roots of *Net Zero*

Note: Terms that are defined in the glossary are italicized throughout this document. Some italicized terms reflect trademarks, other report titles and/or Nestlé programs and initiatives, so may not appear in the glossary.

This document contains forward-looking statements regarding our targets, outlook and plans. It is based on current views, assumptions and estimates that, while made based on current knowledge and understanding, are inherently subject to uncertainties, which may cause actual results to differ materially from those contained in the forward-looking statements. Factors that may cause such discrepancies include, without limitation: changes in circumstances, assumptions not being realized, scientific or technological developments, evolving sustainability strategies, mergers and acquisitions or other corporate activities, changes in governmental regulations or policies, market and economic conditions, and other risks and uncertainties beyond our control. In addition, some metrics rely on external data sources and methodologies that may carry inherent measurement limitations.

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Executive summary

We remain committed to *net zero greenhouse gas (GHG) emissions* across our value chain by 2050 at the latest,¹ and to a 50% net reduction by 2030 from the 2018 baseline, aligned with a 1.5°C pathway validated by the *Science Based Targets initiative (SBTi)*.

The Roots of *Net Zero* is Nestlé's Climate and Nature Strategy and Transition Plan 2026-2050, replacing the 2020 *Net Zero Roadmap*.² It sets out how we plan to deliver on our climate ambitions while strengthening agricultural supply and long-term business resilience, and efficient operations.

The plan integrates climate action with actions on nature conservation, ecosystem restoration, water stewardship and human rights to help secure key agricultural raw materials, reduce climate and nature-related risks, and support farming communities. It also aligns with leading international frameworks (including the *Task Force on Climate-related Financial Disclosures (TCFD)* and the *Science Based Targets for Nature*

(*SBTN*)) and builds on our achieved 24.52% net GHG reduction in 2025 from the 2018 baseline, showing that our strategy works.

Delivery is anchored in nine business levers across sourcing, operations and product mix, with a strong focus on agricultural supply chains, our largest emissions source and most climate-exposed area. The plan also maintains key aspects related to our *net zero* journey while adjusting them to the operational reality inherent to our business (e.g. divestment, acquisitions).

From 2026 onwards, we aim to:³

- ➔ Maintain 98%-100% renewable electricity sourced in Nestlé's manufacturing sites, owned R&D centers and owned distribution centers at year end
- ➔ Maintain 95%-100% assessed *deforestation-free* primary supply chains⁴

By 2030, we aim to:³

- ➔ Achieve 95%-100% key ingredient volumes to be *responsibly sourced*⁵
- ➔ Achieve 50% key ingredient volumes sourced from farmers adopting *regenerative agriculture* practices⁶

- ➔ Plant and grow 80-85 million trees through our *Global Restoration Program*

Ultimately, the Roots of *Net Zero* positions climate and nature action not as standalone sustainability initiatives, but as a core business strategy intended to enhance supply security, support resilient agricultural landscapes, unlock operational efficiencies and strengthen Nestlé's ability to create shared value in a rapidly changing world. The plan serves as Nestlé's long-term roadmap for building a more resilient, regenerative and future-fit food system while remaining on track to achieve our 2030 GHG reduction target and *net zero* ambition by 2050 at the latest.¹

1. Covers emissions related to Nestlé's net zero targets. Net reductions (%) of GHG emissions from the 2018 baseline. Includes removals from inside Nestlé's value chains and sourcing landscapes (pending the publication of the *SBTi* guidance on neutralization).
2. Roadmaps are updated on a need-based basis.
3. For additional details, please refer to page 4.
4. Scope: cocoa; *green coffee*; meat; palm oil; pulp and paper; soy; and sugar.
5. Key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.
6. There has been a change in the key ingredients scope from 2026 onwards. The new scope is: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); *green coffee*; hazelnuts; meat, poultry and eggs; soy; spices; sugar; vegetables; and vegetable fat oils (including palm oil).



NESTLÉ CLIMATE & NATURE TRANSITION PLAN

The Roots of *Net Zero*

Building resilient food systems for future generations

We want to source key ingredients from thriving farmers in healthy ecosystems by investing in transforming food systems at scale. Reliable data and traceability of our supply chain will be key enablers. To work at scale, we will collaborate with industry partners, find co-financing opportunities and leverage the power of advocacy to help create an enabling policy environment. By working with our suppliers at scale and supporting continuous improvement, we aim to play our part in the transition to more resilient food systems, while taking local contexts into account and remaining on track to meet our targets.

Avoid

Preventing new impacts

From 2026 onwards, we aim to:

- ➔ Maintain 98%-100% renewable electricity sourced in Nestlé's manufacturing sites, owned R&D centers and owned distribution centers at year end
- ➔ Maintain 95%-100% assessed *deforestation-free* primary supply chains¹
- ➔ Maintain 100% certified palm oil sourcing (RSPO)
- ➔ Maintain 95%-100% cocoa sourced through the *Nestlé Cocoa Plan*

By 2030, we aim to:

- ➔ Achieve 95%-100% key ingredient volumes to be *responsibly sourced*²

Reduce

Minimizing unavoidable impacts

- ➔ Emissions reduction in our direct operations (*Scope 1*)
- ➔ Improve emissions reductions in our full value chain, including retail and overheads
- ➔ Continuous improvement in water efficiency

Restore & Regenerate

Repairing degraded ecosystems and creating tangible results

- ➔ Restoring ecosystems to deliver carbon removals and key *ecosystem services*
- ➔ By 2030, we aim to achieve 50% key ingredient volumes sourced from farmers adopting *regenerative agriculture* practices³
- ➔ Support the diversification of agricultural production and leverage *ecosystem services*
- ➔ Measurably improve *watershed health* and ecosystem condition
- ➔ By 2030, we aim to plant and grow 80-85 million trees through our *Global Restoration Program (GRP)*

Transform

Testing before scaling systemic and long-term change

- ➔ Foster innovations in feed and valorization of manure in dairy
- ➔ Scaling *regenerative landscape* actions
- ➔ Reward progress supporting both frontrunners and farmers actively transitioning to *regenerative agriculture* practices
- ➔ Scale living income programs

Scaling up

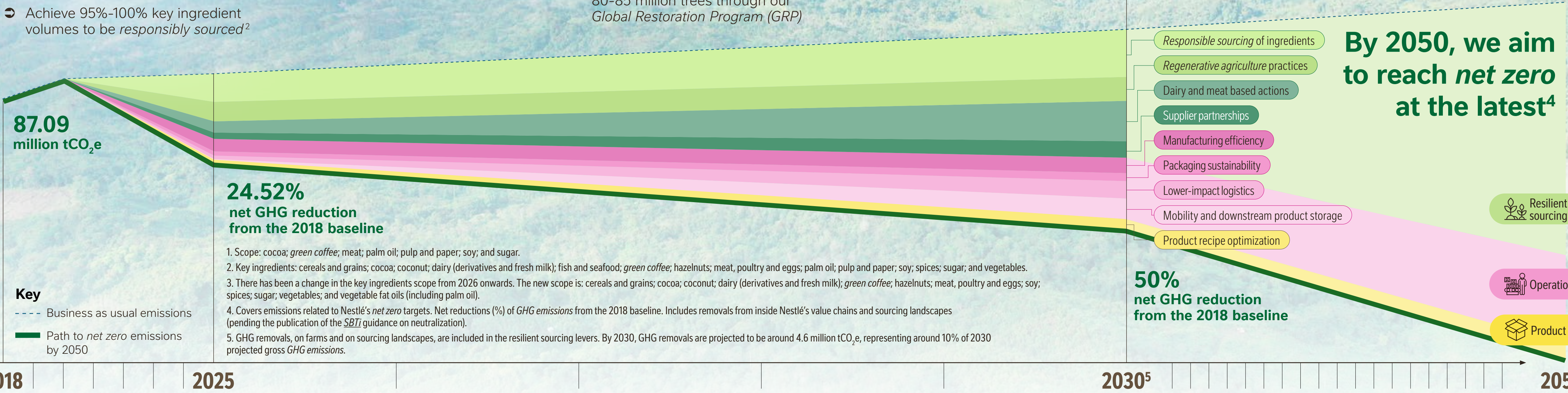
Advancing agricultural techniques to advance *regenerative food systems* at scale, supported by low emissions operations

- ➔ Diversifications of sourcing
- ➔ Landscape actions

Delivering

Bringing climate and nature together in our approach is essential to building supply chain resilience and supporting the transition to *regenerative food systems*

- ➔ Diversified agricultural production models based on nature-based practices leveraging *ecosystem services*



Our *net zero* roadmap¹

Our roadmap to *net zero* aims to reduce *greenhouse gas (GHG) emissions* from the 2018 baseline and achieve *net zero* by 2050 at the latest² through actions implemented across every stage of the value chain, with a strong focus on agricultural sourcing. These emission reduction levers are designed to operate in parallel and are supported by enabling measures.

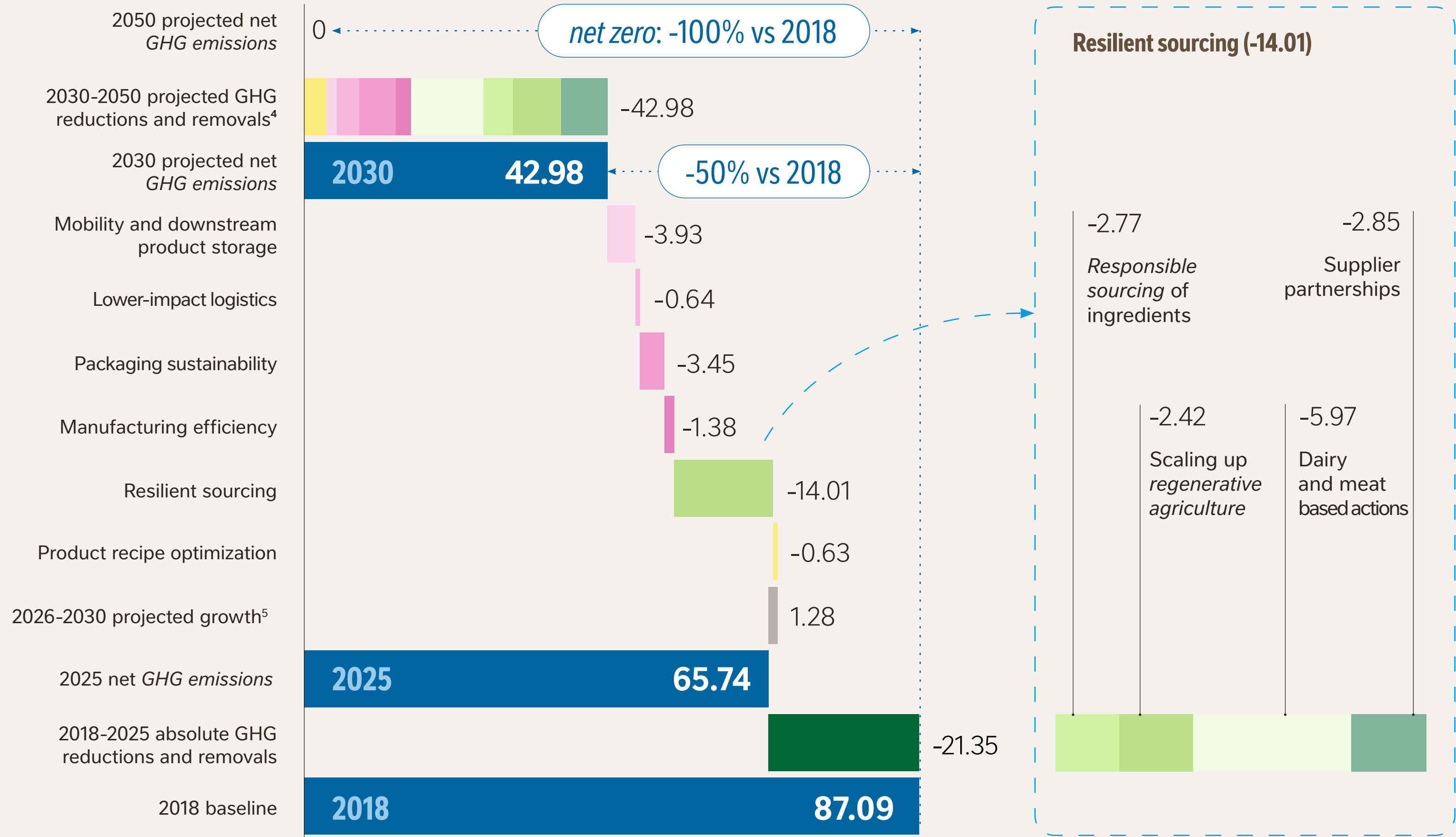
As part of our integrated climate and nature transition plan, we ensure that our actions contributing to GHG reductions are also aligned with our broader nature and people goals. This means prioritizing interventions that aim to deliver co-benefits both for ecosystems – such as improved soil health, biodiversity and water stewardship – and for farmers and communities, such as improved livelihoods and climate resilience.

By embedding these co-benefits into our *net zero* roadmap, we aim to avoid trade-offs and instead maximize synergies between climate mitigation, nature restoration and social outcomes across our value chain.

1. Refer to dependencies on page 37.
2. Covers emissions related to Nestlé’s net zero targets. Net reductions (%) of GHG emissions from the 2018 baseline. Includes removals from inside Nestlé’s value chains and sourcing landscapes (pending the publication of the *SBTi* guidance on neutralization)..
3. *Net zero* scope of our *SBTi* *net zero* target. Certain categories of emissions are excluded, as further described on page 10.
4. Taking into consideration the projected growth 2030-2050.
5. Estimated forecast, GHG intensity based.

Nestlé *Net Zero* Roadmap³

Million tonnes of CO₂e



Notes:
The colors in the bars reflect the levers indicated on page 4
Targets are approved by the *SBTi* and are aligned with a pathway to limit global warming to 1.5°C.
All projections shown are estimates based on current plans and assumptions. Actual results may vary. All projected data for 2026-2030 in this document is highly dependent on our actual year-on-year business growth. Figures are based on the best available business forecasts at the time of drafting.
GHG removals, on farms and on sourcing landscapes, are included in the resilient sourcing levers. By 2030, GHG removals are projected to be around 4.6 million CO₂e, representing around 10% of 2030 projected gross GHG emissions.
We report progress annually in our *Non-Financial Statement* and corporate website.

OUR FOUNDATIONS

Chapter one

As we are reliant on the natural environment for the supply of raw materials to make our products, it is in our interests that our supply chain is resilient to the impacts of climate change by supporting adaption and mitigation, encouraging emissions reductions, conserving and enhancing *ecosystem services*, and promoting a *just transition*.

Context

- Building resilience for climate, nature and people
- Three decades of foundations
- Transitioning in an evolving landscape
- Understanding and managing our emissions
- Our nature footprint

Our progress

- From *net zero* roadmap launch to progress through our value chain
- Progress through our value chain
- Reductions in our agricultural upstream supply chain and operations
- Human rights at the heart of climate action

Finding our roots

- Our approach to prioritization

CONTEXT

Building resilience for climate, nature and people

Climate, nature and people are all affected by the warming planet. More frequent and erratic weather events, more pests and diseases, nature loss and other challenges can also affect the quality and availability of agricultural ingredients. As such, mitigating climate change to help build supply chain resilience is strategically important to Nestlé.

Transitioning our food system

As a company that depends on agriculture, we see every day how environmental and social systems are connected. Climate change, biodiversity loss, water scarcity and soil degradation threaten food production and the livelihoods of the farmers who grow the ingredients we use in our products. Bringing climate and nature together in our approach is essential to building supply chain resilience and supporting the transition to a *regenerative food system*.

Nature as the foundation of food

Our supply chains rely on *healthy soils*, clean and sufficient water, and thriving pollinators. These natural resources enable farmers to efficiently grow the ingredients that form the basis of our products and the foods we all eat.

Each ingredient on every farm is grown within an ecosystem that stretches beyond the farm gate. We call the natural environment that surrounds our agricultural supply

chains the landscape, and recognize that these landscapes are rich with nature, and often include local communities.

Improving the State of Nature in these landscapes and in our value chain is critical for climate adaptation, decent livelihoods and resilient food production.

Resilient supply chains

Resilience is about the ability of our operations and supply chain partners to withstand, adapt to and recover from shocks caused by extreme weather linked to climate change and poor agroclimatic conditions. These impacts lead to the degradation of natural capital, soils can become depleted, pollinators such as bees can be reduced and water resources can become stressed. This combination of climate volatility and natural capital degradation leads to volatile markets and, in turn, broader societal impacts such as rising living costs and loss of income.

We champion adaptation and mitigation approaches, supporting our partners to manage the risks and vulnerabilities they face due to climate change, nature loss and extreme weather events. This has the expected benefit of helping to build resilience in the food system.

A just transition

We collaborate closely with farmers, suppliers and partners to help create a more resilient and *regenerative food system* with benefits for climate, nature and people simultaneously.

The shift to the adoption of *regenerative agriculture* practices, and on-farm productive land and landscape conservation and restoration practices, must be accompanied by a *just transition*. In other words, any adaption to minimize emissions and/or support for natural ecosystems must also protect and benefit actors operating within our supply chain.

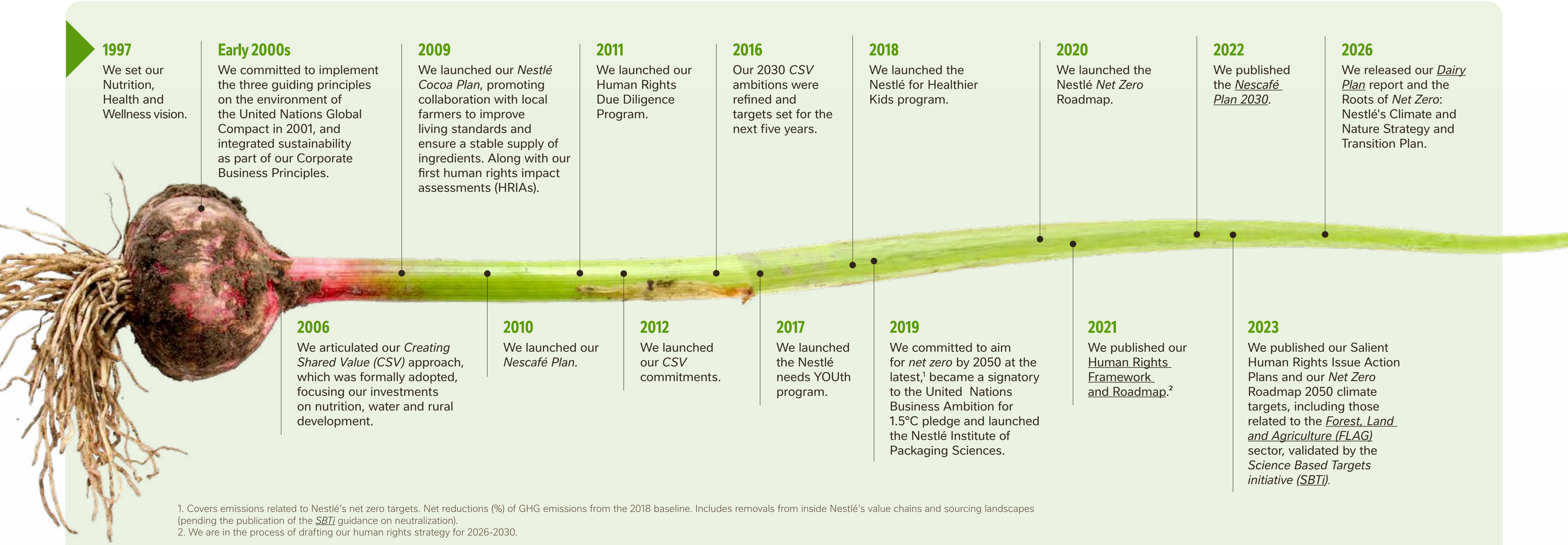


CONTEXT

Three decades of foundations

At Nestlé, working throughout our value chain to deliver actions that benefit climate, people and nature is nothing new. Our sustainability policies and initiatives reflect the interconnectedness of the world in which we live. *Creating Shared Value* for all our stakeholders has been embedded

into our approach to business for many years. We continue to strive for progress and to advocate for broader systemic shifts. Here are some examples of our foundational actions for climate, nature and people.



CONTEXT

Transitioning in an evolving landscape

Operating in a rapidly changing world means adapting to new challenges and opportunities. For Nestlé, that means acting on climate, nature and people in a way that is ambitious, transparent and built into our core business strategy and operations. We combine science-based actions and data-driven alignment with evolving frameworks and best practices to help drive transformation in our business, and beyond.

Acting in an evolving global context

We have long supported the creation of a level playing field for private sector contributions to global challenges, from conserving biodiversity to promoting human rights.

Despite political and geopolitical uncertainties, we stand by our beliefs and focus our advocacy efforts on fostering an operating environment in which the achievement of the *Paris Climate Agreement*, the *Kunming-Montreal Global Biodiversity Framework*, the adherence to mandatory human rights due diligence practices, and other such foundational actions are encouraged.

We have helped shape new voluntary guidance for businesses to assess and address their dependencies and impacts on nature. This includes participating and giving feedback in the *Science Based Targets for Nature (SBTN)* pilot and adopting the *SBTi's FLAG* guidance, designed specifically for our sector.

We are also helping to advance the adoption of a harmonized *regenerative agriculture framework*, for example, we are an active member of the *Sustainable Agriculture Initiative (SAI) Platform* and we have participated in the development and launch of the *Regenerating Together Programme*.³

Leveraging new nature guidance

We are one of 17 companies to take part in the first *SBTN* pilot, using the insights to inform our future strategy. We have completed a materiality assessment and prioritization of our impacts on nature as part of the *SBTN* framework, using the technical guidance in Steps 1 and 2 [V1.0, V1.1.]. Since our 2025 reporting year, our nature-related disclosures have been part of our non-financial reporting.

Building on our core values

Our climate and nature ambition builds on our core values, which are rooted in respect. A respect for ourselves. For others. For diversity. And for the generations who will follow in our footsteps. Our ambitions are part of our aim to achieve mutual benefits for all, by *Creating Shared Value* for shareholders and society.

Frameworks and regulations

Our integrated climate and nature transition plan and methodologies, as detailed in this report, closely follow leading international frameworks, including the *Taskforce on Nature-related Financial Disclosures (TNFD)*, the *SBTi* and the *SBTN*.



3. The Regenerating Together Programme is a common methodology for the industry and beyond to measure progress in scaling up *regenerative agriculture* across the value chain.

CONTEXT

Understanding and managing our emissions

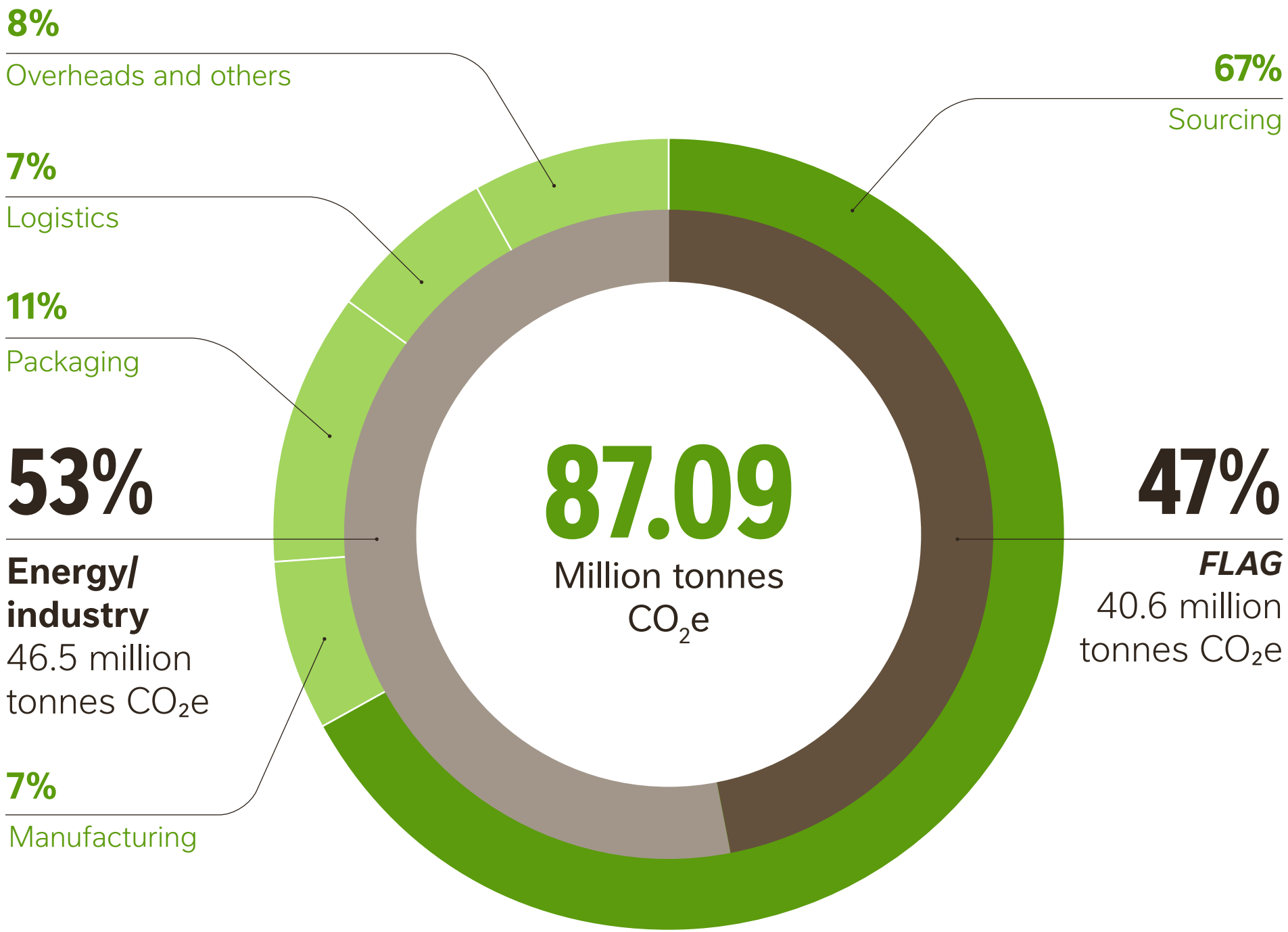
In 2020, we established our 2018 baseline footprint and identified where our *GHG emissions* come from across our value chain. This provided us with the baseline against which to take action through a whole-lifecycle approach.

Splitting our emissions: Forest, Land and Agriculture (FLAG)

Over the years that have followed, we have assessed our performance against these areas in line with the *SBTi* and the *GHG Protocol*. In 2023, we split our emissions into *FLAG* and non-*FLAG* emissions, following *SBTi* guidance for our sector. We did this for the baseline and have used it for every reporting year since.

Nestlé's *net zero scope GHG emissions* by value chain step – 2018 baseline⁴
Million tonnes of CO₂e

Sourcing	58.49
Fresh milk	12.17
Dairy derivatives	11.19
Cocoa	7.84
Green coffee	2.96
Vegetable fat oils	3.25
Sugar	1.38
Meat, poultry and eggs	4.69
All others	15.00
Manufacturing	6.12
Packaging	9.98
Logistics	5.71
Overheads and others	6.79
Total	87.09
<i>FLAG</i>	40.56
Energy/industry	46.54
Total	87.09
Out of <i>net zero</i> scope⁵	9.99



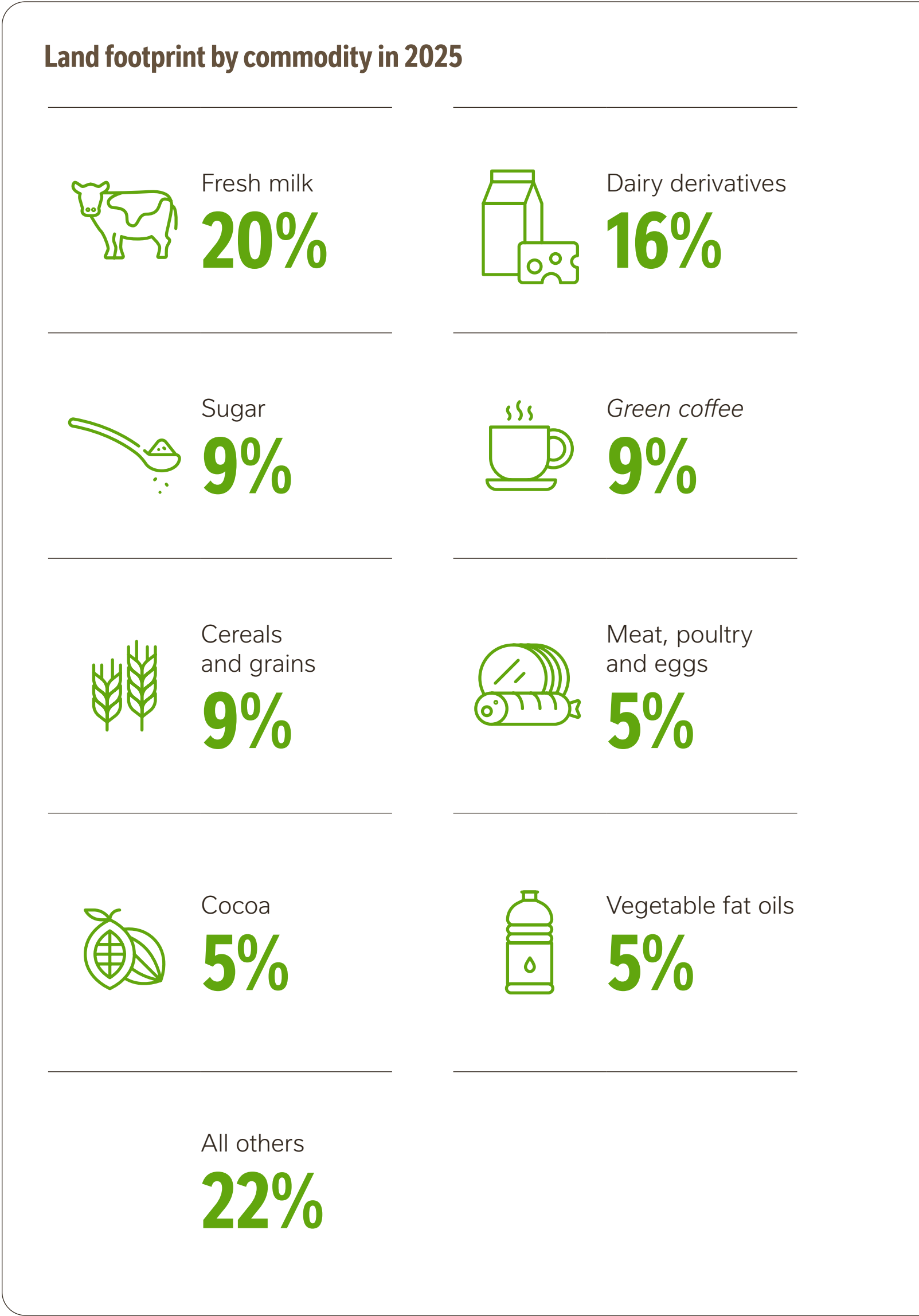
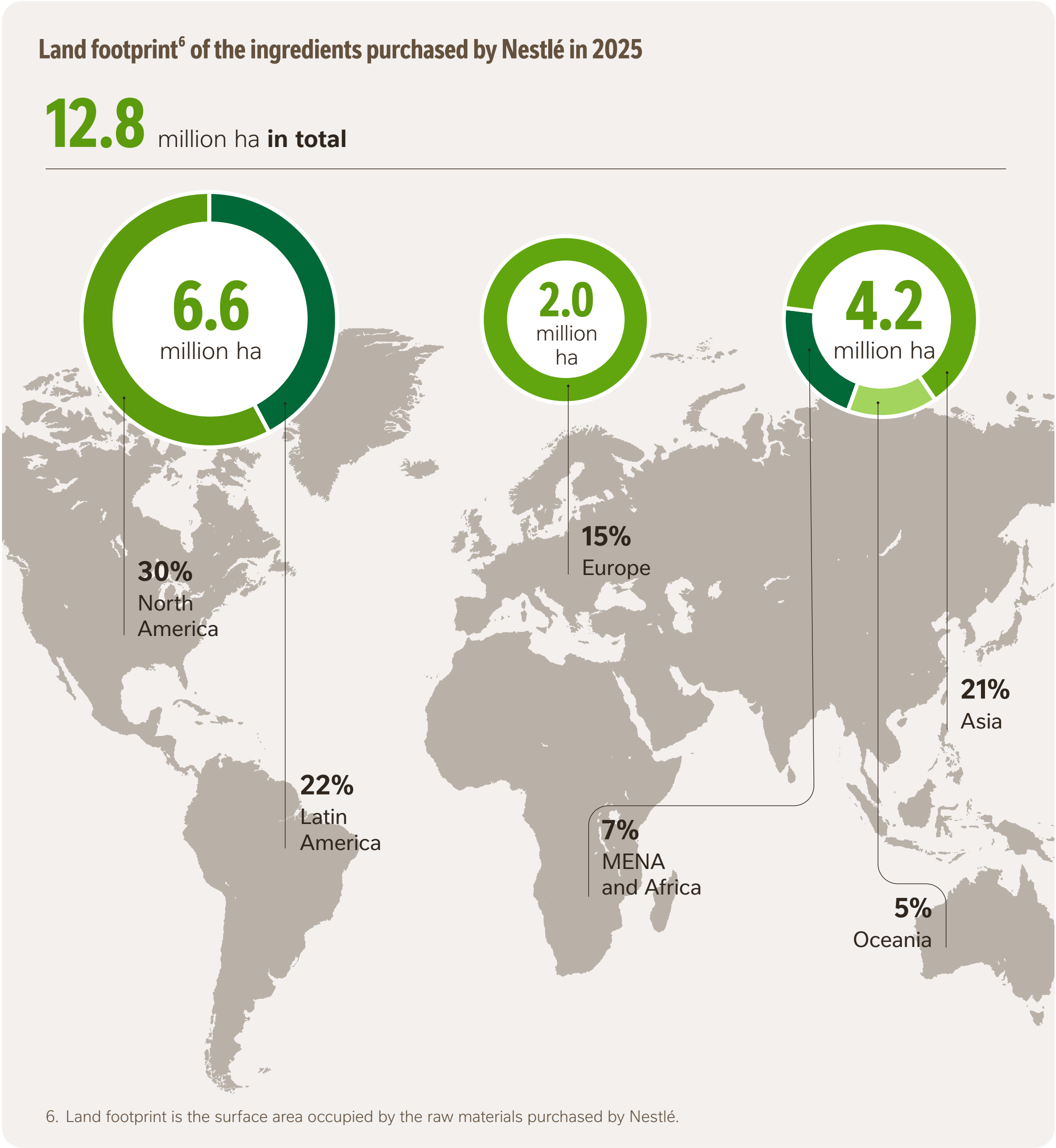
4. 2018 data is restated every year due to adjustments for structural changes and application of updated methodologies and emissions factors, in line with *SBTi* guidance.
5. Out of *net zero* scope emissions categories are purchased services, capital goods, upstream leased assets, use of sold products and investments. In compliance with the *SBTi* standard, these categories have been excluded from our *net zero SBTi* target because they are not material or because of our limited ability to address their reductions. However, these categories continue to be monitored in our total GHG inventory. Despite these exclusions, 90% of our total Scope 3 emissions are included in the *net zero* scope and target.

CONTEXT

Our nature footprint

Since 2022, we have established our nature-related baselines (land, water, pollution and biodiversity – see page 28) and have been refining our understanding of our impact using internationally recognized standards, tools and scientifically validated metrics.

Our most significant impacts on nature are a result of land use pressures in agricultural supply chains and the related impact on water and biodiversity. By looking at our total annual land footprint by geography and by commodity, we can assess our nature footprint and identify priority locations and ecosystems where our efforts can create the greatest benefits.



OUR PROGRESS

From *net zero* roadmap launch to progress through our value chain

In 2020, we launched our *Net Zero Roadmap*, an *SBTi*-aligned plan to reduce Nestlé's *GHG emissions* in line with a 1.5°C mitigation pathway. It has enabled us to put peak carbon emissions behind us, surpassing our 2025 milestone, while making progress towards our *GHG emissions* reduction targets for 2030.

Five years of progress: connecting climate, nature and people

For the last five years, since the launch of the *net zero* roadmap, we have primarily focused on reducing our *GHG* impact, which in turn has helped to increase the resilience of our business and value chain. Our actions have also delivered benefits beyond carbon, such as to people and nature where we operate.

As the next step, we now seek to leverage our *net zero* roadmap journey learnings and look to evolve towards actions and projects that help to continue to deliver emissions reductions, and address the environmental and social causal factors at play – in our *Roots of Net Zero: Nestlé's Climate and Nature Strategy and Transition Plan*.



Near-term target milestone

20%

We aimed to achieve a 20% reduction in emissions by 2025 from the 2018 baseline.

2025 progress

24.52%

We achieved and surpassed our near-term *GHG emission* reduction target by reaching 24.52% net *GHG emissions* reduction from the 2018 baseline.⁷ It corresponds to a 20.70% gross *GHG emissions* reduction from the 2018 baseline (without considering *GHG* removals).

GHG emissions intensity per total sales⁶

2018: 1.01 kgCO₂e/CHF
2025: 0.73 kgCO₂e/CHF

7. Covers emissions related to Nestlé's net zero targets. Net reductions (%) of *GHG* emissions from the 2018 baseline. Includes removals from inside Nestlé's value chains and sourcing landscapes (pending the publication of the *SBTi* guidance on neutralization).
8. Total net *GHG emissions* *Scopes 1 and 2* market-based and *Scope 3* of *net zero* scope (including removals).

OUR PROGRESS

Progress through our value chain

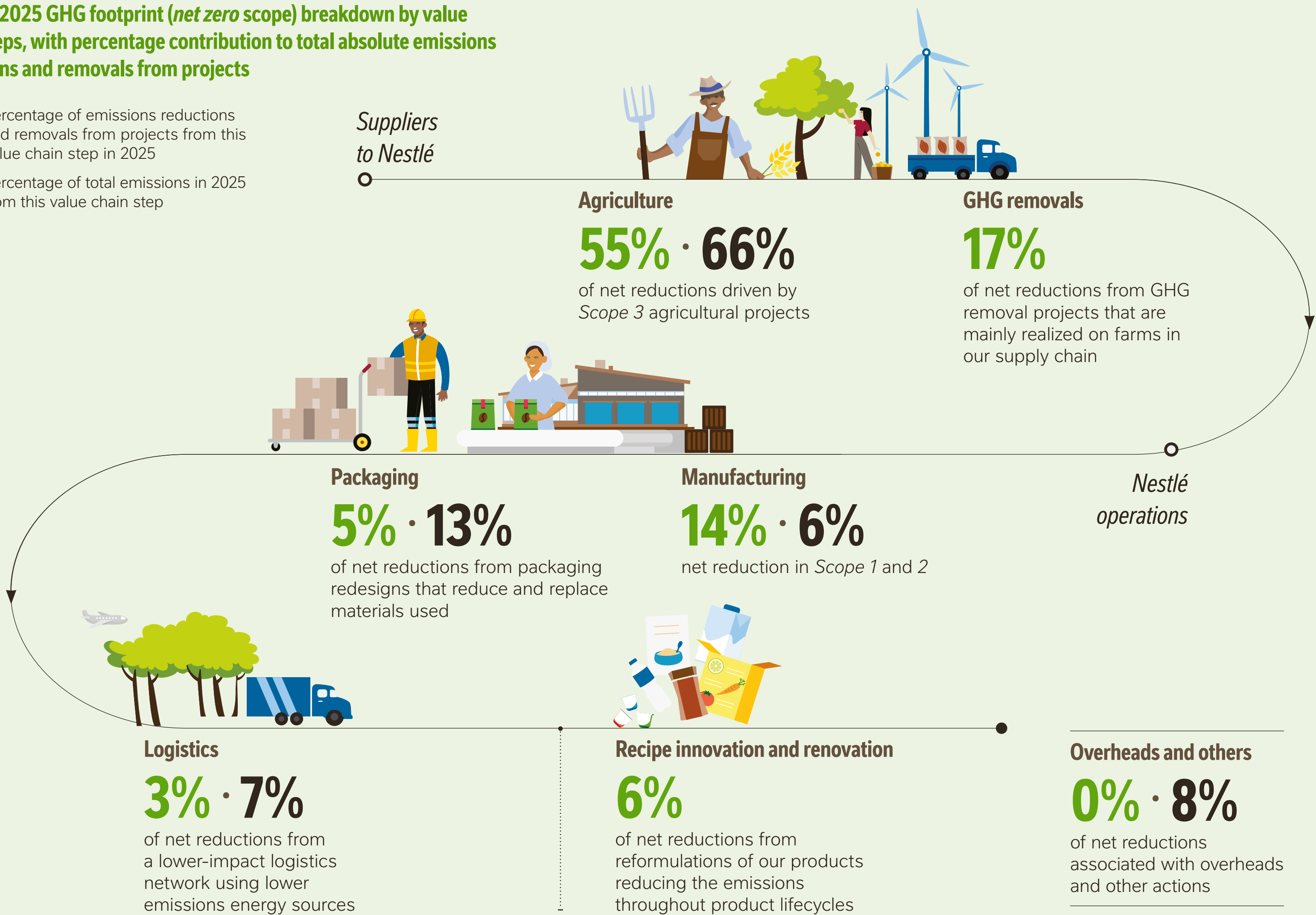
What matters is not only the speed of reduction, but the way we create impact that lasts. By working closely with farmers and suppliers, improving our operations and rethinking products and packaging, we are shaping solutions that connect climate action with stronger communities and ecosystems for the long term.

19.09 million tCO₂e

Net emissions reductions (GHG reductions and removals) from projects Nestlé led or supported in 2025

Nestlé's 2025 GHG footprint (*net zero scope*) breakdown by value chain steps, with percentage contribution to total absolute emissions reductions and removals from projects

-  Percentage of emissions reductions and removals from projects from this value chain step in 2025
-  Percentage of total emissions in 2025 from this value chain step





OUR PROGRESS

Reductions in our agricultural upstream supply chain and operations

Most of our reductions come from improving sourcing and production practices in our supply chain. These actions are guided by our *responsible sourcing* and *regenerative agriculture* strategies, which are fully embedded in our transition plan and aligned with the latest GHG Protocol and SBTi guidelines.

Farmers lead the way

Agriculture is at the heart of our business. Through changes in practices at farm level, we are already seeing evidence of improvements in crop yields, farmer livelihoods and reduced *GHG emissions*.

Scope 3 interventions in our supply chains already account for most of our progress. Around 74% of the total reductions achieved through our projects come from improvements in how we source raw materials.

Examples of interventions on the ground

We work with suppliers to secure assessed *deforestation-free* supply chains and overcome traceability challenges. We also support specific actions aiming to enrich soil, conserve forests and biodiversity, and restore landscapes.

These include:

- ➔ **Agroforestry practices** such as planting shade trees in cocoa farms in Côte d'Ivoire or intercropping palm with cocoa in Brazil, Malaysia, India and Thailand. These interventions have helped to improve yield, decrease input costs and enhance *ecosystem services*. This has established a new origin of sourcing for us and created revenue streams for farmers.

- ➔ **Land restoration** in Brazil has seen us helping to restore degraded land and natural ecosystems within sourcing landscapes, promoting improved livelihoods and *ecosystem services*.

- ➔ **Improving manure management practices** on dairy farms in Mexico has provided farms with an organic fertilizer, through the separation of solid and liquid manures to make compost and liquid fertilizer.

GHG mitigation and removals

Our aim to *net zero* by 2050 at the latest,⁹ from the 2018 baseline, includes SBTi-approved *FLAG* and energy/industry targets. Across both areas, reductions remain our main priority, representing more than 90% of the expected GHG benefits. However, removals are an essential lever in the *FLAG* sector, particularly on farms and within sourcing landscapes. They complement our focus on reductions.

In 2025, farm-level projects such as agroforestry, soil carbon enhancement and improved forest management accounted for 3.02 million tCO₂e of removals, representing 91.4% of the total. Landscape-level restoration added 0.29 million tCO₂e, representing 8.6% of total removals.¹⁰ All removals are tracked separately from reductions, following SBTi requirements.

9. Covers emissions related to Nestlé's net zero targets. Net reductions (%) of GHG emissions from the 2018 baseline. Includes removals from inside Nestlé's value chains and sourcing landscapes (pending the publication of the SBTi guidance on neutralization).

10. Pending the publication of the SBTi guidance on neutralization.

Reductions and removals highlights¹¹

82.7%

Climate benefits from reductions; 17.3% from removals

3.31 million tCO₂e

Total removal in 2025

91.4%

Removals from farms supplying Nestlé

8.6%

Removals from sourcing landscapes

What we mean by removals

Reductions cut emissions at the source, for example by using renewable electricity or reducing the use of fertilizers. Removals, by contrast, take carbon dioxide out of the atmosphere and store it. In food and agriculture, this happens through practices such as planting shade trees on farms, restoring degraded land or improving soil health so that it can hold more carbon.

Offsets beyond scope

We do not use offsets (carbon credits disconnected from our value chain) to deliver against our *net zero* by 2050 target or our short- and medium-term targets. In addition, to support some specific carbon neutral certifications and claims, we purchase carbon credits from outside our value chain.

Reductions in Nestlé operations

Manufacturing, overheads and others

We cut emissions from our own operations by switching to renewable electricity and improving energy efficiency (i.e. consuming less energy to provide the same level of output). Since 2018, we have reduced *Scope 1* and *2* emissions by 2.1 million tCO₂e, from the 2018 baseline.

Of this total, approximately 1.6 million tCO₂e are attributable to the transition to renewable electricity, and around 0.5 million tCO₂e to energy efficiency improvements.

This means a 41.1% reduction of our *Scope 1* and *2* (market-based) *GHG emissions* in 2025 from the 2018 baseline. These changes already represent 14% of the total reductions achieved across our roadmap.

Packaging, logistics and recipes

Beyond our operations and agricultural supply chains, additional net reductions have come from actions across the wider value chain. Packaging choices delivered 5% of net reductions in 2025, optimizing energy use in logistics 3% and products reformulations 6%.



11. Pending the publication of the *SBTi* guidance on neutralization.

OUR PROGRESS

Human rights at the heart of climate action

Respecting human rights is at the core of our climate and nature goals. Our Human Rights Framework and Roadmap¹² guides how we assess risks, act in supply chains and work with communities to address root causes. This approach is meant to build trust, strengthen resilience and create the foundation of a *just transition*.

Due diligence and risk-based action

Since 2021, our Human Rights Framework and Roadmap¹² has put due diligence at the core of our supply chain practices. To implement it, we developed a process to better understand risks in our key ingredients¹³ supply chains. We assessed risks across three levels: ingredient-specific, country and sub-national, and supplier level.

Based on these risks, along with factors such as sourcing volumes, the number of *direct suppliers* and the existence of grievances, we prioritized countries for action. In key sourcing countries, we then co-developed comprehensive action plans with local stakeholders, combining measures within the value chain and collective efforts to tackle root causes. In some regions, we also tested cross-ingredient approaches, looking at risks across several supply chains to identify common issues and address them jointly.

Putting principles into practice

Our approach has come to life through targeted programs in priority sourcing regions. For example, in cocoa-growing regions of Côte d'Ivoire and Ghana, the income accelerator program helps farmers improve their income while also improving their children's access to education. In palm oil producing regions in Colombia, we work with partners and suppliers to help respect *Indigenous Peoples' and local communities' (IP&LCs)* land rights, an essential step for eliminating deforestation and enabling *nature-based solutions*. Consultations and participatory risk assessments in these regions revealed challenges around land tenure, leading us to act on three fronts: strengthening supplier engagement, supporting formalization of smallholder land rights and empowering communities.

These efforts show how respecting human rights and conserving nature go hand in hand, creating more resilient supply chains for the future.



12. We are in the process of drafting our human rights strategy for 2026-2030.

13. Key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

FINDING OUR ROOTS

Our approach to prioritization

Our pathway to climate, nature and people goals starts with understanding where we stand and where to act first. Our approach includes analyzing our impacts and dependencies in the context of climate and nature, and determining what is material for our business. Through these insights, we have been able to update our initial *net zero* roadmap and build our climate and nature transition plan.

Identifying our dependencies, impacts, risks and opportunities

Identifying our *dependencies, impacts, risks and opportunities (DIRO)* means understanding where our value chain depends on the resources provided by climate, nature and people. Our *DIRO* analysis locates dependencies, evaluates associated risks and prioritizes our resources to provide a

foundation for actions, focusing on where they matter most. It involves three key aspects: locate, evaluate and prioritize. With this, we can identify our priority landscapes for action, providing a key step towards a climate and nature transition plan.

How we assessed our key dependencies

We assessed our dependencies on *ecosystem services* using the ENCORE database, a tool recommended by the TNFD. As a global food and beverages company, our activities are inherently dependent on nature for the production of the ingredients we source (provisioning services). Our key dependencies on regulating services relate to:

- ➔ **Soil quality and soil and sediment retention** supporting crop growth and reducing soil erosion risks
- ➔ **Water supply, purification and flow regulation** ensuring sufficient water availability for crop and livestock, and for use in our own operations
- ➔ **Climate regulation** contributing to buffering agriculture against extreme weather events

➔ **Pollination** which is essential for the reproduction of flowering crops, including perennial crops (coffee, cocoa), and vegetables and nuts

How we assessed our key impacts

To assess our impacts on nature, we applied a science-based approach across our direct operations and upstream value chain, combining geospatial analysis, biodiversity footprinting methodologies and internationally recognized datasets. We screened more than 2000 Nestlé sites for proximity to biodiversity-sensitive areas and quantified nature-related pressures across sourcing activities using tools such as the Biodiversity Extent, Condition and Significance (BECS) framework, the Global Biodiversity Score (GBS) and Life Cycle Assessment methodologies. In 2024, we completed Step 1 (Assess) and Step 2 (Interpret & Prioritize) of the SBTN guidance and the TNFD LEAP approach, evaluating pressures on land, freshwater and biodiversity and combining them with ecosystem and species condition indicators. The assessment confirmed that our most significant impacts are concentrated in the upstream agricultural value chain and enabled us to identify priority

commodities and locations where targeted action can deliver the greatest benefits for biodiversity conservation, ecosystem resilience and long-term supply chain resilience.¹⁴

How we assessed our risks

We assess climate-related physical risks by modeling the potential impacts of climate change on agricultural productivity across our sourcing regions and key raw materials. Using climate scenarios and location-specific data, we identify commodities and geographies that may be most vulnerable to future yield changes. For nature-related risks, we use TNFD-aligned assessments of risks at sourcing-location level, combining traceability, geospatial and *ecosystem service* data. As nature-related risk models are still developing, we view this as a continuous improvement journey and regularly refine our assessments as data quality, analytical capabilities and scientific understanding evolve.

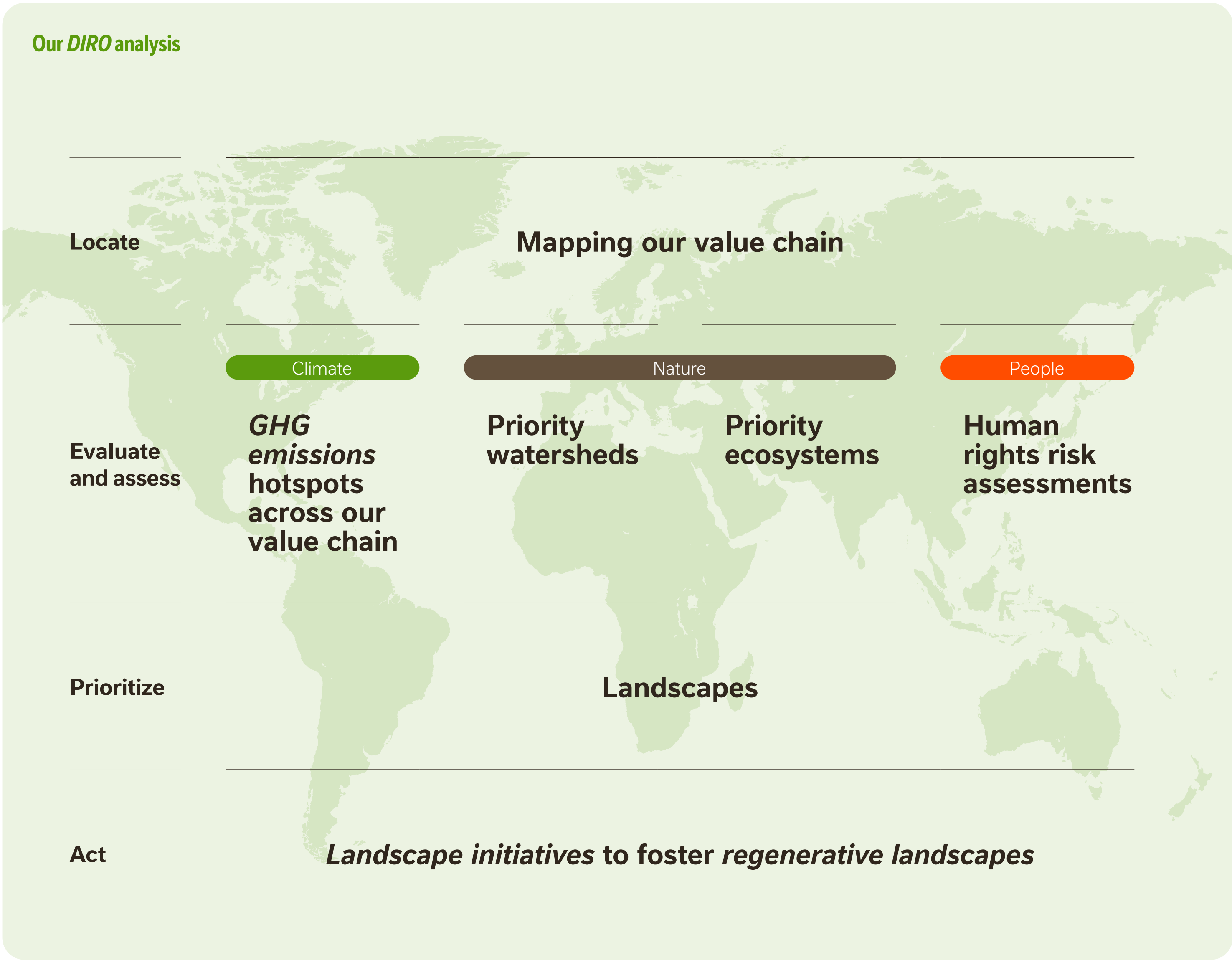
14. For more info, see our Nestlé Non-Financial Statement, Nature footprint.

Dependency on *ecosystem services* (direct operations)

<i>Ecosystem service type</i>	<i>Ecosystem service</i>	<i>ENCORE dependency materiality assessment</i>
Provisioning services	Water supply	High
	Global climate regulation services	Very Low
	Local climate regulation services	Low
Regulating and maintenance services	Air filtration services	Very Low
	Soil and sediment services	Low
	Solid waste remediation	Moderate
	Water purification services	Very High
	Water flow regulation services	High
	Flood mitigation services	Moderate
	Storm mitigation services	Moderate
	Biological control services	Very Low
	Rainfall pattern regulation	Moderate

Dependency on *ecosystem services* (upstream value chain)

<i>Ecosystem service type</i>	<i>Ecosystem service</i>	<i>ENCORE dependency materiality assessment</i>
Provisioning services	Water supply	High
	Genetic material services	Very High
	Biomass provisioning services	Very High
Regulating and maintenance services	Global climate regulation services	Very High
	Local climate regulation services	Very High
	Air filtration services	Moderate
	Soil quality regulation services	Very High
	Soil and sediment services	Very High
	Water purification services	Very High
	Water flow regulation services	High
	Flood mitigation services	Moderate
	Biological control services	High
	Rainfall pattern regulation	Very High
	Pollination services	High (crop-specific)
Cultural services	Education, scientific and research services	Very High (animal production)
	Spiritual, artistic and symbolic services	Very High (animal production)



Locate: mapping our value chain

We map where our ingredients come from and the context around them. Each year we track 14 key ingredients,¹² working with partners such as Earthworm Foundation and Proforest. Understanding what we source and where and how it is grown is the starting point for change.

Evaluate: assessing climate, nature and people

We use science-based frameworks to measure *DIRO*.

- **Climate:** Annual assessments and scenario modeling, in line with *TCFD* and *SBTi*, show how transition and physical risks affect our commodities and operations.
- **Nature:** Following *SBTN* and *TNFD* guidance, we assess both impacts and the State of Nature related to water, land and biodiversity. Tools such as ENCORE, GBS and water-stress modeling help identify biodiversity-sensitive areas. By refining our ENCORE-based dependency assessment at the crop and location level, we are able to have a clearer assessment of our risks.
- **People:** Following our human rights due diligence approach anchored in the United Nations Guiding Principles on Business and Human Rights (UNGPs), we assess risks across ingredients, countries and suppliers, guiding tailored action plans in sourcing regions.

Prioritize: focusing resources where it matters most

Insights from from the locate and evaluate processes guide how we direct resources to the most pressing issues in high-impact geographies. Combining global datasets such as *IBAT* and *Verisk Maplecroft* with our own analysis, we set clear priorities that shape action plans. This process enables us to identify actions to build resilience in our supply chains and support long-term food system transformation.

12. Key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

Our approach to prioritization

	<i>DIRO</i> analysis	<i>Double materiality assessment</i>	Transition plan
Purpose	➔ Deepen our understanding of how Nestlé interacts with climate, nature and people along the value chain, and prioritize where to act	➔ Determine what is material for Nestlé in terms of <i>impacts, risks and opportunities</i> for climate, nature and people	➔ Translate priorities into actions, investments and measurable targets
Key actions	➔ Locate – map value chain, improve traceability ➔ Evaluate – assess dependencies and impacts using <i>TCFD</i>, <i>TNFD</i>, <i>SBTN</i> and <i>Human Rights Environmental Due Diligence (HREDD)</i> ➔ Prioritize – identify high-impact geographies and issues	➔ Conduct third-party supported assessment ➔ Engage internal subject-matter experts ➔ Align with applicable non-financial reporting requirements and related international standards	➔ Plan interventions for priority areas ➔ Implement with partners and suppliers ➔ Monitor and report progress
Outputs	➔ Priority locations and commodities ➔ Hotspot maps and risk profiles ➔ Input to strategic planning	➔ List of material topics ➔ Decision-useful information for stakeholders on <i>environmental, social and governance (ESG)</i> performance	➔ Detailed climate, nature and people actions ➔ Investment plans ➔ KPIs and milestones towards 2030 and 2050 goals
More information	➔ See page 17 for a more detailed explanation of our <i>DIRO</i> analysis	➔ See the <i>Nestlé Non-Financial Statement 2025</i> for more on our <i>double materiality assessment</i>, including the full list of our material sustainability topics and the associated <i>impacts, risks and opportunities</i>	➔ See chapter three: Our strategy (page 32)

Note: Please refer to the latest available *Nestlé Non-Financial Statement*, at the time of reading, as results of *DIRO* analysis may evolve in time.

Steps to prioritize our actions for climate and nature

Building on our foundations, these are the steps we follow to prioritize our efforts by commodity:

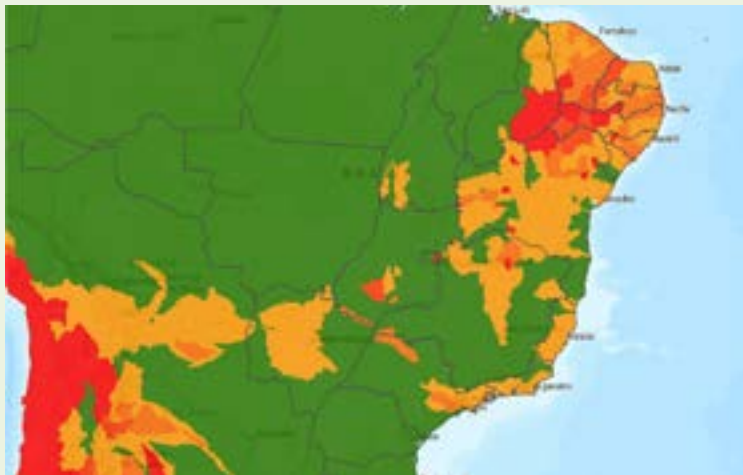
- 1. Measure our footprint (land, water, biodiversity and climate) across direct operations and upstream supply chains.
- 2. Assess the geographical and commodity splits of our agricultural land and water use.
- 3. Map and assess the combined footprint with the State of Nature to identify priority watersheds and priority ecosystems.
- 4. Track sourcing volumes from priority landscapes (see page 100).
- 5. Prioritize *landscape initiatives* that link climate, nature and livelihoods with context-specific goals such as improving incomes, working conditions and access to finance.

With this holistic prioritization approach, we aim to identify synergies between different actions. Adapting our nature transition plan to local conditions enables more effective responses to specific environmental challenges. Our action plans target different nature realms: terrestrial (including land, agroecosystems and forests), freshwater and ocean.

Brazil: an illustrative example of our business sustainability analytics capabilities

Our internal system ROOTS (see page 100) creates an integrated view of multiple external pressures (water, land, biodiversity and human rights), on top of our raw materials sourcing locations and direct operations sites. It calculates the prioritization risk ranking, based on our activity footprints and on State of Nature indicators. Key objectives are to inform and guide

our sourcing strategy and to support the prioritization of the deployment of our targeted programs and action plans. The system is contributing to our sustainability strategy by helping us mitigate and adapt to environmental and social risks in our upstream supply chain and own operations, using a resources-optimized and efficient risk-based approach.



SBTN State of Nature (SoN) layer for water availability and water pollution
(Source: [SBTN](#) State of Nature dataset)



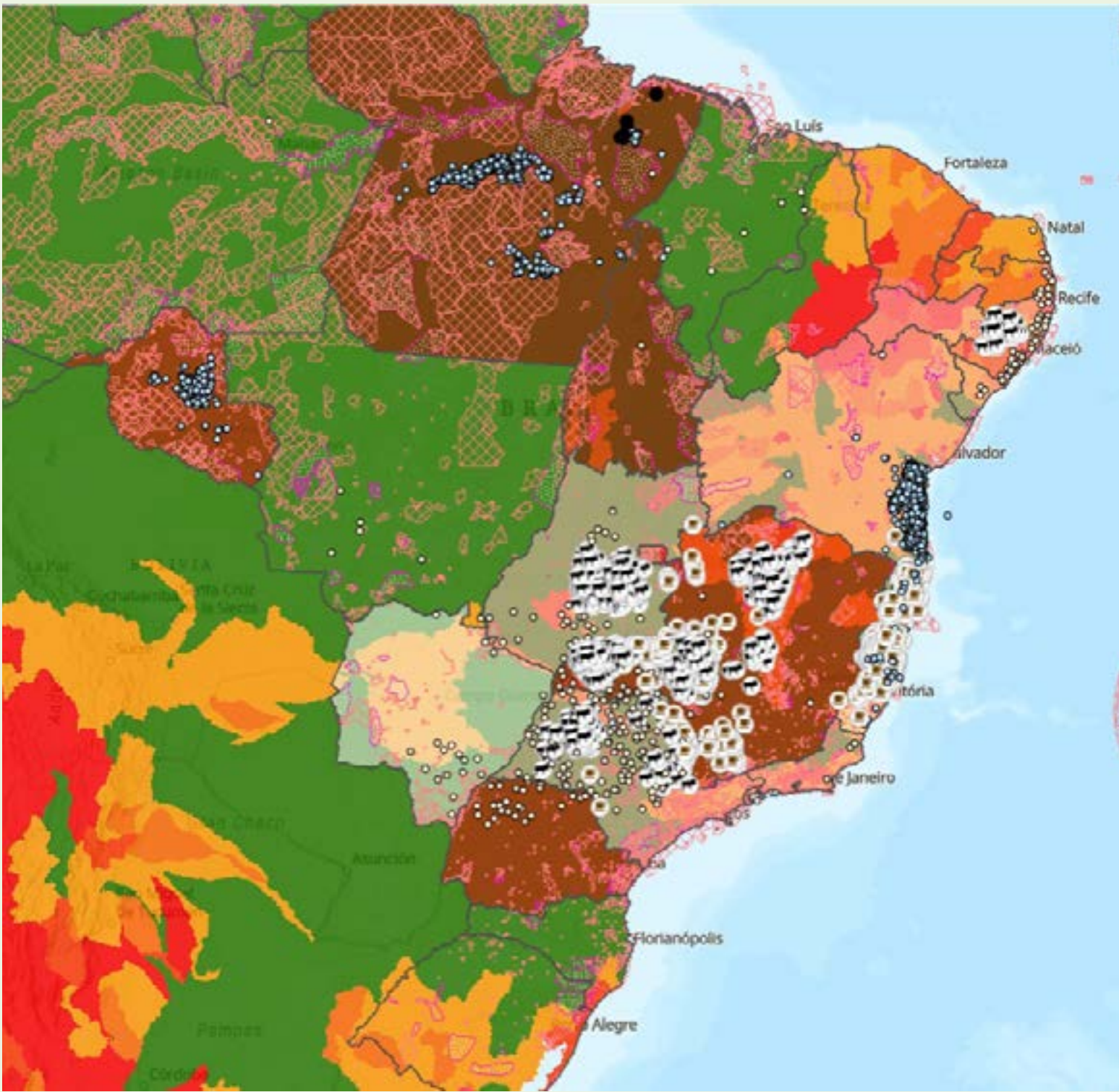
World Database on Protected Areas (WDPA) and World Database of Key Biodiversity Areas (WDKBA)
(Source: UNEP-WCMC's WDPA and BirdLife International's WDKBA¹⁵)



Biodiversity risk heatmap
(Source: Nestlé priority risk ranking calculations)



Raw materials sourcing locations
(Source: Nestlé procurement database and internal systems)



Note: Any data or locations shown for illustrative purposes only.

15. The World Database of Key Biodiversity Areas is available at www.keybiodiversityareas.org and the World Database on Protected Areas available at www.protectedplanet.net.

OUR AMBITION

Chapter two

Advancing regenerative food systems at scale is, among other things, about working towards nurturing communities, improving the well-being of our consumers, and conserving and enhancing natural ecosystems. These are all essential components of a healthy and resilient supply chain and, in turn, the long-term success of our business.

Setting our ambition

- ➔ Roots of *Net Zero* goals to build a resilient supply chain
- ➔ Addressing interconnected challenges
- ➔ Climate goal: *net zero* by 2050 from the 2018 baseline
- ➔ Nature goal: conserve and enhance *ecosystem services*
- ➔ People goal: promote a *just transition* for people and communities

SETTING OUR AMBITION

Roots of *Net Zero* goals to build a resilient supply chain

Our ambition is to build a resilient supply chain as the backbone to a resilient business. We will address this by working on three interconnected goals that support climate, nature and people – underpinned by five specific objectives.

These all support our *net zero* target.

Our climate goal is aligned with *SBTi*, covering *Scope 1, 2 and 3*. Our methodology to assess our impacts and dependencies on nature and to identify priority locations closely follows both *SBTN* and *TNFD*, focusing on biodiversity, water and soil. Our approach to the people goal is guided by our *Human Rights Framework*,¹ tackling root causes and building stronger communities.

Our action plan

Climate goal

Net zero by 2050 from the 2018 baseline

- ➔ Reduce emissions from agriculture, manufacturing, packaging, logistics and our products in line with a 1.5°C pathway.
- ➔ Adapt to climate change and drive operational efficiency to strengthen business resilience.

People goal

Promote a *just transition* for people and communities

- ➔ Support a *just transition* for farmers, workers and communities.
- ➔ Mitigate social risks from the transition.
- ➔ Deliver measurable human rights outcomes.

Nature goal

Conserve and enhance *ecosystem services*

- ➔ Advance *responsible sourcing*, scale *regenerative agriculture* and maintain assessed *deforestation-free* primary supply chains.²
- ➔ Help conserve and restore ecosystems to enhance carbon sinks, water security and biodiversity.

1. We are in the process of drafting our human rights strategy for 2026-2030.

2. Scope: cocoa; *green coffee*; meat; palm oil; pulp and paper; soy; and sugar.

SETTING OUR AMBITION

Addressing interconnected challenges

Our ambition is to tackle agricultural and value chain emissions, which are central to climate change and nature loss. While supporting communities and building a resilient supply chain, we combine scientific insight and risk analysis.

Recognizing the roots lie in agriculture but that the systems are broader

Agriculture is the main source of Nestlé’s GHG emissions, as in much of the food sector. Emissions come from livestock, fertilizers, *land use change*, and related energy and transport. These risks must be managed holistically, considering climate, nature and people.

From segregated workstreams to an integrated plan and targeted actions

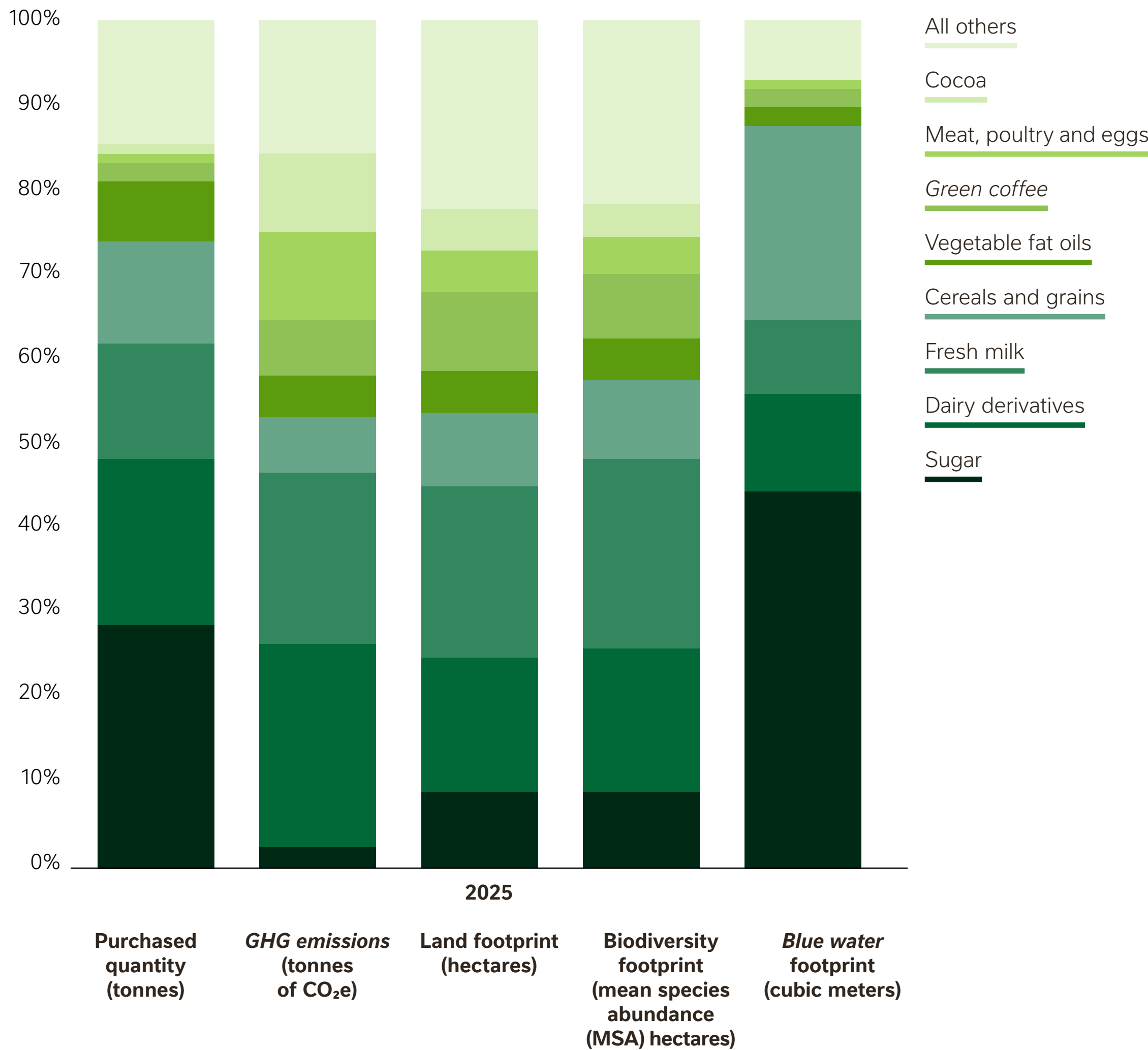
Previously, climate, nature and people strategies advanced separately. Now, they are integrated into location-specific and commodity-specific plans, where environmental and social interventions reinforce each other.

We focus on key landscapes, and collaborate with farmers, suppliers and communities, to build resilient supply chains and deliver scalable tangible results.

From mitigation to a just transition

We are scaling proven climate adaptation and mitigation measures. In doing so, we have aligned our ambition and strategy with the mitigation hierarchy and *SBTN*’s AR3T framework (as detailed on page 28): Avoid, Reduce, Restore, Regenerate, and Transform. Measures include *regenerative agriculture*, deforestation-risk reduction and ecosystem restoration. A *just transition* enables supply chain actors to benefit from the shift towards *regenerative agriculture* practices.

Prioritizing our commodity-specific actions based on climate and nature footprints



SETTING OUR AMBITION

Climate goal:
net zero by 2050
from the 2018
baseline

We aim to reach *net zero* by reducing our *GHG emissions* across our agriculture, manufacturing, packaging and logistics activities in line with a 1.5°C pathway.



We are already experiencing the effects of climate change – we need to adapt

In 2025, the Earth was 1.44°C³ warmer compared to the pre-industrial average. This is already causing widespread and rapid changes in the planet's atmosphere, oceans and ecosystems. Without significant climate action, the world is headed for a 2.5°C to 2.9°C temperature rise above pre-industrial levels this century, which is well above the safety limits established by scientists.

We are reducing our emissions in line with the objectives of the *Paris Agreement*. At the same time, we are investing in adaptation measures that will reduce the physical climate risks, and associated costs, across our operations and supply chains. Through the implementation of *TCFD*, we have built a better understanding of our physical climate risks under various climate scenarios. This is already being used to inform our long-term sourcing strategies and investments in adaptation measures.

3. <https://wmo.int/news/media-centre/wmo-confirms-2025-was-one-of-warmest-years-record>.

4. Covers emissions related to Nestlé's *net zero* targets. Net reductions (%) of *GHG emissions* from the 2018 baseline. Includes removals from inside Nestlé's value chains and sourcing landscapes (pending the publication of the *SBTi* guidance on neutralization).

5. Scope: cocoa; *green coffee*; meat; palm oil; pulp and paper; soy; and sugar.

6. See more details on page 76.



Climate goal: *net zero* by 2050 from the 2018 baseline.

Objectives

- ➔ Reduce emissions from agriculture, manufacturing, packaging, logistics and our products in line with a 1.5°C pathway.
- ➔ Adapt to climate change and drive operational efficiency to strengthen business resilience.

Net zero target

We aim to reach *net zero GHG emissions* by 2050 at the latest.⁴

Overall *GHG emissions* reduction target

- ➔ Reduce 50% by 2030.

Agriculture *GHG emissions* reduction targets

Scope 3 FLAG:

- ➔ Reduce 50% by 2030.
- ➔ Reduce 75% by 2050.
- ➔ Maintain 95%-100% assessed *deforestation-free* primary supply chains.⁵

Manufacturing, packaging and logistics *GHG emissions* reduction targets

Scope 1, 2 and 3 (energy/industry):

- ➔ Reduce 50% by 2030.
- ➔ Reduce 90% by 2050.

Renewable electricity target

- ➔ Maintain 98%-100% renewable electricity sourced in Nestlé's manufacturing sites, owned R&D centers and owned distribution centers at year end.⁶

Carbon removals

- ➔ To reach *net zero*, we aim to scale high-quality *nature-based solutions* and technology-based removals, in line with the *SBTi* Net-Zero Standard.
- ➔ Removals will contribute to balancing residual emissions by 2050, following deep decarbonization across all scopes.

Note: The achievement of these targets is subject to the key assumptions and dependencies set out on page 37.

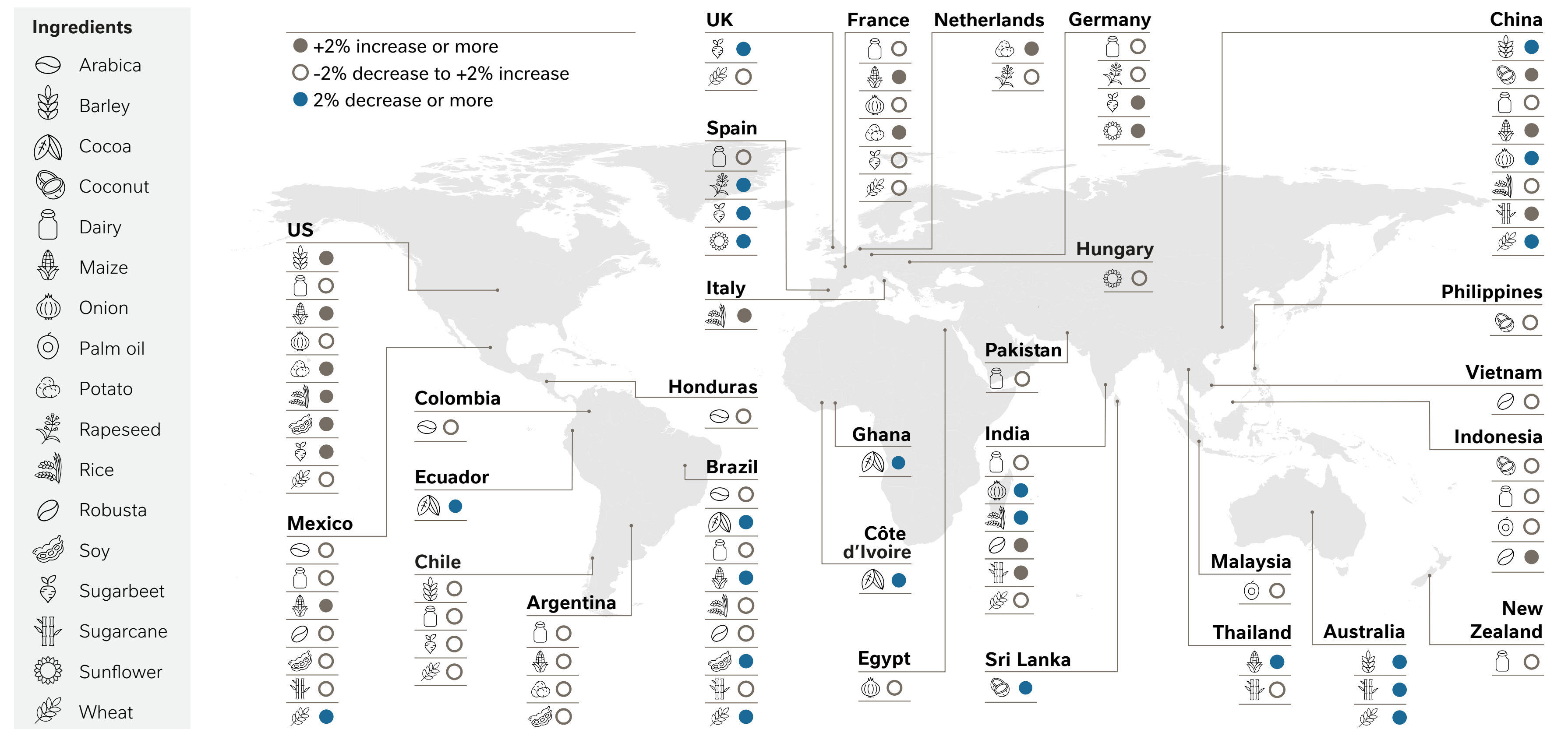
SETTING OUR AMBITION

Climate-related physical risks

Modeled yield changes from climate-related physical risks

Our resilience analysis has assessed physical risks over the long term as potentially having the most significant effect, related to selected raw materials, with a potential reduction in commodity yields or geographical shifts of commodities sourcing due to climate change driving changes in growing conditions.

The map is showing the impact of climate-related physical risks on selected raw materials' yields by 2040 versus 2024 based on intermediate climate change scenarios from the Intergovernmental Panel on Climate Change (IPCC). The intermediate scenario (RCP4.5: from IPCC) assumes reliance on existing or currently planned policies, potentially leading to a temperature increase of 2°C to 3°C by 2100.



SETTING OUR AMBITION

Climate goal: from milestones to *net zero*

The Roots of *Net Zero* breaks down our climate journey into emissions from *FLAG* use and emissions from energy and industrial activities.

Our overall GHG emissions trajectory is illustrated in the graph on the right, with the following key reference years:

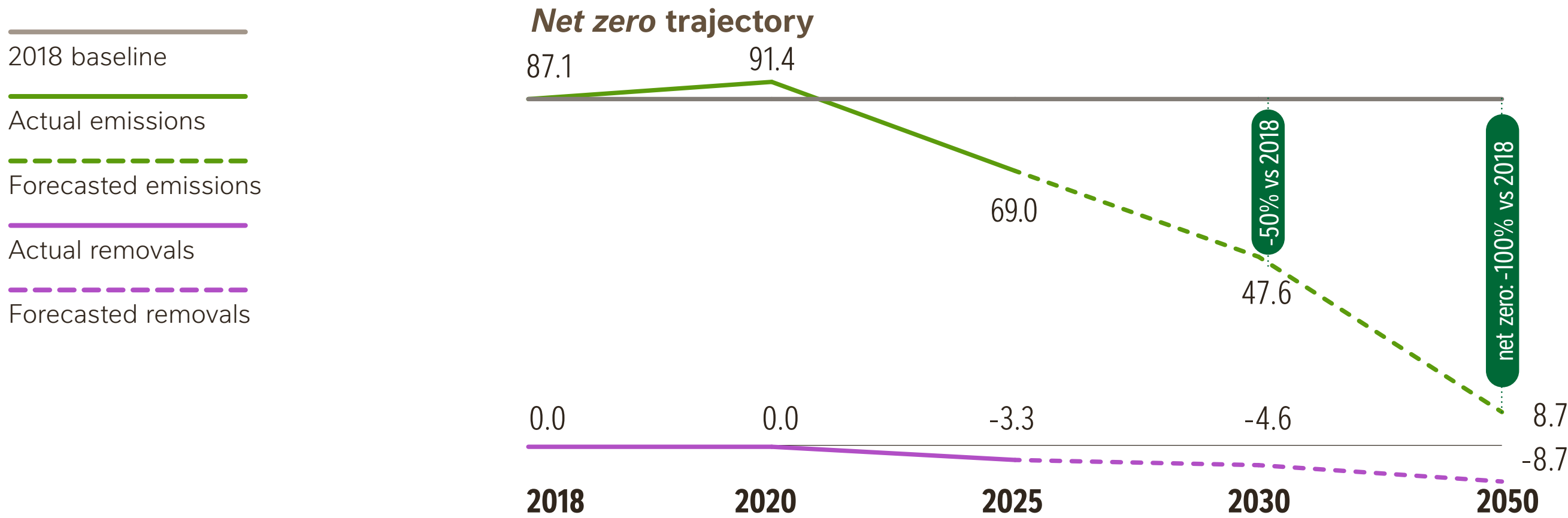
- ➡ **2018** the baseline for our *net zero* target
- ➡ **2020** the year we launched our *net zero* roadmap
- ➡ **2025** the latest year with full data available
- ➡ **2030** our next milestone target year
- ➡ **2050** *net zero* at the latest⁷

Note: For a full view of how each action contributes to our *net zero* strategy, please refer to page 5.

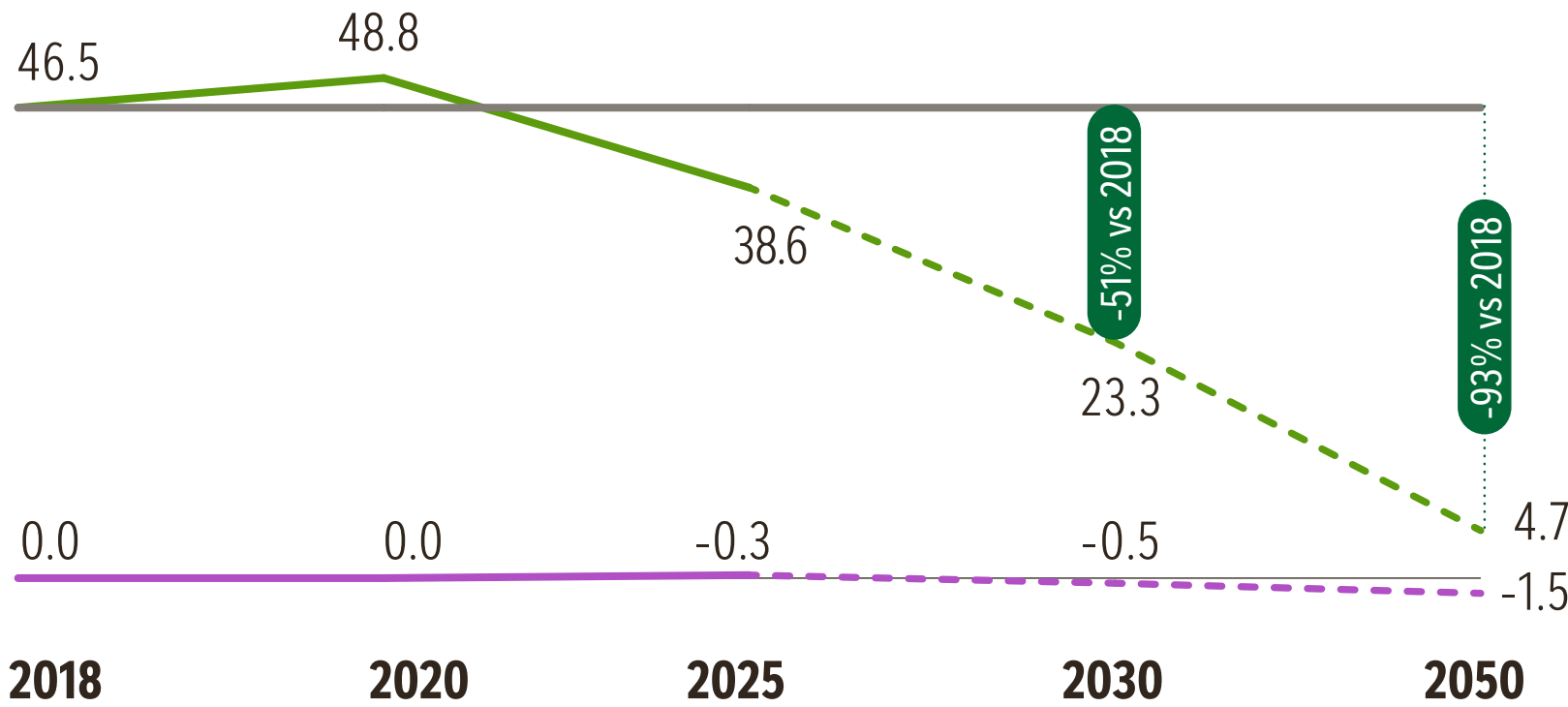
7. Covers emissions related to Nestlé’s net zero targets. Net reductions (%) of GHG emissions from the 2018 baseline. Includes removals from inside Nestlé’s value chains and sourcing landscapes (pending the publication of the *SBTi* guidance on neutralization).

8. Shows our actual progress to 2025 and our forecast based on current plans. These are projected trajectories based on current projects implementation only and not guarantees.

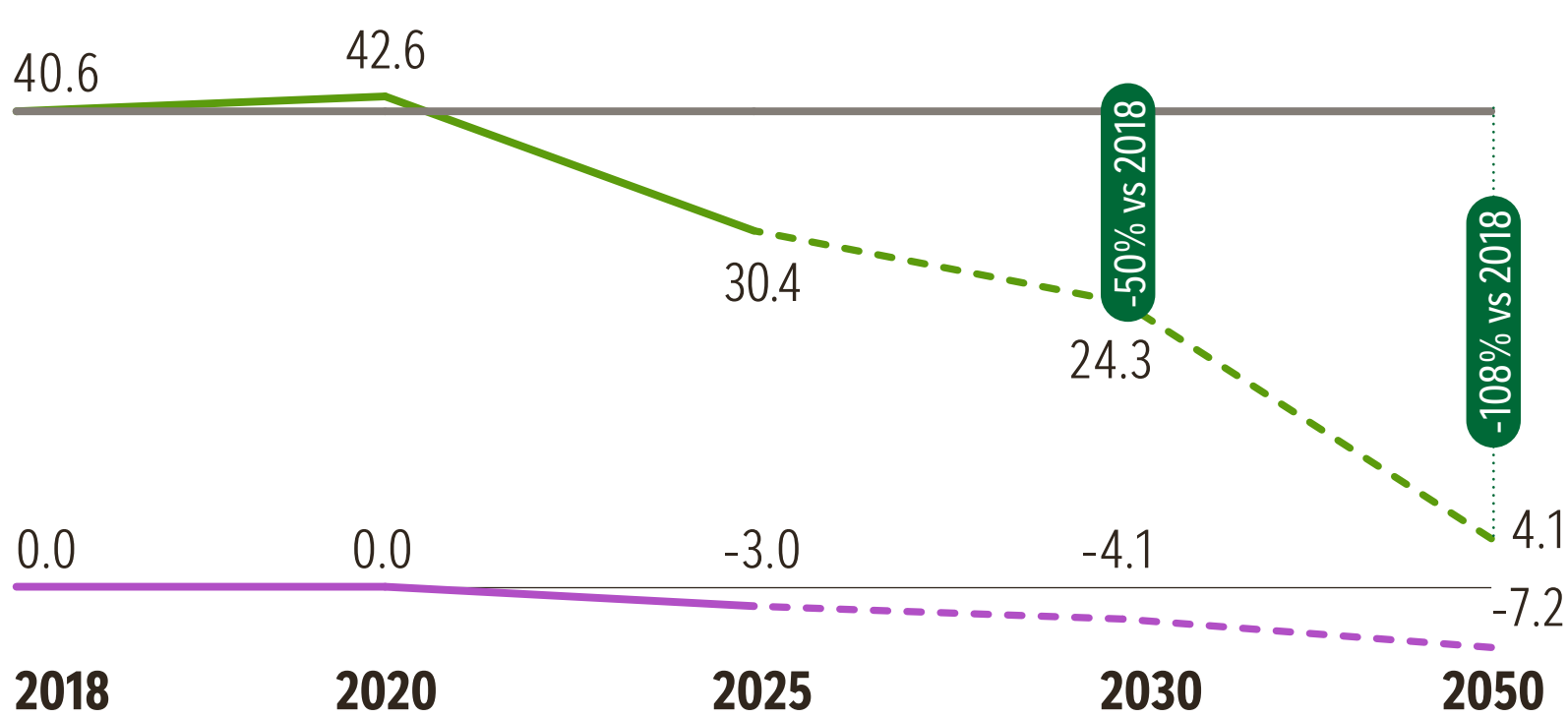
Our overall *GHG emissions* trajectory to 2050⁸



Energy/industry trajectory



FLAG trajectory



SETTING OUR AMBITION

Nature goal: conserve and enhance ecosystem services

Conserving and regenerating ecosystems is critical to securing long-term food system resilience. Our nature-related goal combines sourcing practices, ecosystem restoration and landscape-level engagement, along with strengthening *watershed health*.

Our integrated climate and nature transition plan contributes directly to several Global Biodiversity Framework targets

- ➔ In line with Target 1 (land-use planning to halt biodiversity loss), our work on assessed *deforestation-free* primary supply chains (page 56) and *responsible sourcing* (page 49), helps address *land-use change* drivers across our value chain.
- ➔ In line with Target 2 (restoring 30% of degraded ecosystems), we implement our *Global Restoration Program* (page 58) and our *landscape initiatives* (page 56) that help restore degraded ecosystems across forests and agricultural landscapes. We also support conservation efforts Target 3 (conserving 30% of land) across key landscapes.
- ➔ Through our work on packaging sustainability (page 79) and water stewardship (page 61), we contribute to Target 7 (reduce pollution harmful to biodiversity).
- ➔ Our *net zero* performance supports Target 8 (climate change mitigation) by reducing *GHG emissions* and building climate resilience across our operations and supply chains.
- ➔ We contribute to Target 10 (sustainable food systems) through our aim to source 50% of key ingredient volumes from farmers adopting *regenerative*

agriculture practices by 2030,⁹ alongside *responsible sourcing* and assessed *deforestation-free* efforts.

- ➔ Finally, we support Target 15 (business to assess and disclose biodiversity risks and impacts) by assessing and disclosing biodiversity-related *dependencies, impacts, risks and opportunities* in our *Non-Financial Statement*.

Together, these actions demonstrate how we operationalize global biodiversity goals across our strategy and value chain.

Our transition plan is underpinned by our nature ambition, which aligns with the SBTN AR3T Framework mitigation hierarchy:

- ➔ **Avoid:** preventing new impacts.
- ➔ **Reduce:** minimizing unavoidable impacts.
- ➔ **Restore and regenerate:** repairing degraded ecosystems.
- ➔ **Transform:** supporting systemic change.



Nature goal: conserve and enhance *ecosystem services*.

Objectives

- ➔ Advance *responsible sourcing*, scale *regenerative agriculture* and maintain assessed *deforestation-free* primary supply chains.¹⁰
- ➔ Help conserve and restore ecosystems to enhance carbon sinks, water security and biodiversity.

Nature-related targets

- ➔ Maintain 95%-100% assessed *deforestation-free* primary supply chains.¹⁰
- ➔ Achieve 95%-100% key ingredient volumes to be *responsibly sourced* by 2030.¹¹
- ➔ Achieve 50% key ingredient volumes sourced from farmers adopting *regenerative agriculture practices* by 2030.⁹
- ➔ Plant and grow 80-85 million trees through our *Global Restoration Program (GRP)*.

Note: The achievement of these targets is subject to the key assumptions and dependencies set out on page 37.

9. There has been a change in the key ingredients scope from 2026 onwards. The new scope is: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); *green coffee*; hazelnuts; meat, poultry and eggs; soy; spices; sugar; vegetables; and vegetable fat oils (including palm oil).

10. Scope: cocoa; *green coffee*; meat; palm oil; pulp and paper; soy; and sugar.

11. Key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

Avoid

Assessed *deforestation-free* primary supply chains

Following over a decade of investment in traceability and supplier engagement, from 2026 onwards, we aim to maintain 95%-100% assessed *deforestation-free* primary supply chains,¹² contributing to our climate and nature goals.

Conserving natural ecosystems near our factories and through *responsible sourcing*

We aim to achieve 95%-100% key ingredient volumes to be *responsibly sourced* by 2030.¹³ We also act in our direct operations: after having identified sites in or near biodiversity sensitive areas, we plan further evaluations near our factories to explore the local context.

Reduce

Water stewardship is essential to resilience

Agriculture drives around 70% of global freshwater withdrawals, making water stewardship a core focus of our climate and nature resilience strategy ([UNESCO: United Nations World Water Development Report 2026](#)). We act both in our direct operations – reducing water use at manufacturing sites, especially those in water-stressed regions – and in our upstream value chain, by partnering with farmers and local stakeholders to strengthen *watershed health*.

Restore and regenerate

Regenerative agriculture contributes to reducing nature-related impacts and preserving nature in agricultural lands

We aim to achieve 50% key ingredient volumes sourced from farmers adopting *regenerative agriculture practices* by 2030.¹⁴ We aim to deploy our *Regenerative Agriculture Framework* and make *regenerative agriculture* practices the norm across the food industry, addressing both environmental and social aspects in an integrated way. We work closely with suppliers and farmers to support the adoption of these practices, which contribute to our *net zero* ambition while delivering measurable outcomes for nature and communities.

Helping to restore degraded lands and regenerating ecosystems

Planting trees is about more than carbon: it is about contributing to restore landscapes, improving land management and delivering biodiversity benefits. Rather than scaling for numbers alone, we focus on quality and impact. Therefore, as part of our *Global Restoration Program (GRP)*, we aim to plant and grow 80–85 million trees by 2030 to enhance the provision of *ecosystem services* across forests, peatlands and agricultural landscapes, in addition to delivering carbon removals.

Monitoring biodiversity and ecosystem outcomes

In recent years, Nestlé has been piloting the measurement of biodiversity co-benefits of our projects on the ground. In addition to testing and learning locally from traditional protocols, we are investigating innovative approaches such as eDNA, remote sensing and bioacoustics, seeking reliable, scalable and efficient solutions to measure the State of Nature.

We aim to continue our pioneering role in terms of monitoring biodiversity outcomes from our actions over the coming year.

Beyond carbon, we are strengthening *monitoring, reporting and verification (MRV)* processes from the design phase to ensure broader environmental outcomes and inform decision-making.

Transform

Investing in landscapes to help regenerate ecosystems

Beyond tree planting, we invest in landscape-level initiatives directly linked to our sourcing areas to help restore degraded lands and regenerate ecosystems. These efforts aim to improve environmental conditions while safeguarding and enhancing the livelihoods of *IP&LCs*. We focus on quality and impact, since this helps to contribute to *ecosystem services*, biodiversity and resilient supply chains.



12. Scope: cocoa; *green coffee*; meat; palm oil; pulp and paper; soy; and sugar.

13. Key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

14. There has been a change in the key ingredients scope from 2026 onwards. The new scope is: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); *green coffee*; hazelnuts; meat, poultry and eggs; soy; spices; sugar; vegetables; and vegetable fat oils (including palm oil).



SETTING OUR AMBITION

People goal: promote a *just transition* for people and communities

Respecting and promoting human rights is critical to our business strategy. By putting people at the center of our approach to climate and nature, we want to support a food system that provides resilient and fair livelihoods and dignified work that enables people across the world to support themselves and their families.

Our transition is designed to be a *just transition*

We are working to reduce our environmental impacts while managing risks to farmers, workers and communities in our value chain, and aiming to contribute to improved resilience and livelihoods over time.

We aim to:

- ➔ Support adaptation by enabling farmers and workers to adapt through *regenerative agriculture*, income diversification and decent work programs.
- ➔ Mitigate risks by integrating *social safeguards* and human rights due diligence into climate and nature-related decisions and initiatives, such as landscape and jurisdictional initiatives.
- ➔ Contribute to improved resilience for farmers, workers and communities.



People goal: promote a *just transition* for people and communities.

Objectives

- ➔ Support a *just transition* for farmers, workers and communities.
- ➔ Mitigate social risks from the transition.
- ➔ Deliver measurable human rights outcomes.

People-related targets

- ➔ Achieve 95%-100% key ingredient volumes to be *responsibly sourced*.¹⁵

Learn more on page 49.

15. Key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.



Human rights due diligence

Our focus on a *just transition* builds on our existing human rights due diligence processes, which continue to be implemented across our operations and value chains. We integrate climate- and nature-related considerations into these established processes to identify, prevent and mitigate risks and potential adverse impacts linked to the transition, while maintaining ongoing efforts to address our salient human rights issues such as forced labor, child labor, living wage, living income and health and safety. These processes operate in parallel and are progressively strengthened to ensure a coherent approach to managing both existing and transition-related human rights risks.

Living income programs

Achieving a *just transition* requires addressing structural income gaps in agricultural supply chains. We therefore continue to advance our efforts on living income, including through targeted programs that aim to improve farm household resilience and income stability over time. These efforts are particularly relevant in the context of climate change, as low and volatile incomes can limit farmers' capacity to invest in climate-resilient practices and adapt to changing conditions. While outcomes depend on multiple external factors, we aim to contribute to more resilient and improved livelihoods by integrating living income considerations into our sourcing strategies, deployment of *regenerative agriculture* practices and climate- and nature-related interventions in general.

OUR STRATEGY

Chapter three

Our transition strategy brings climate, nature and people together. This enable us to focus on the most impactful actions we and our partners can take throughout the value chain – actions that aim to build resilience in the face of the adverse effects of climate change.

Strategy overview

- ➔ Strategy at a glance
- ➔ Value chain approach to building resilience

Delivering our strategy

- ➔ Taking action through targeted programs
- ➔ How we deliver impact
- ➔ Our dependencies: external factors we rely on
- ➔ Engagement to drive change through the value chain
- ➔ Three golden rules for implementation
 - Golden rule #1: acting with the supply chain at scale
 - Golden rule #2: working with suppliers on a continuous improvement journey
 - Golden rule #3: driving global transition and change aligned with the local context
- ➔ Strategic support metrics

STRATEGY OVERVIEW

Strategy at a glance

The Roots of Net Zero is Nestlé's climate and nature strategy and transition plan.

- 

Climate goal
Net zero by 2050 from the 2018 baseline.
- 

Nature goal
Conserve and enhance ecosystem services.
- 

People goal
Promote a just transition for people and communities.

Building resilience through engagement

- With our value chain partners.
- With stakeholders in our sourcing landscapes, including farmers, rightsholders and Indigenous Peoples.
- With civil society and our consumers.

Our levers for change detailed in chapter four

As the majority of our GHG emissions come from our agricultural supply chain, resilient sourcing that considers climate, nature and people holistically is at the center of our transition.

Level of goal contribution			
Climate	Low	Medium	High
Nature	Low	Medium	High
People	Low	Medium	High

	Climate	Nature	People
1. Responsible sourcing of ingredients	●●●	●	●●●
2. Regenerative agriculture practices	●●●	●●●	●●
3. Dairy and meat based actions	●●●	●	●
4. Supplier partnerships	●●●	●	●●

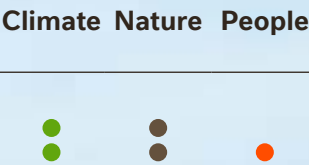


Product mix



Resilient sourcing

9. Product recipe optimization



Operations

- 5. Manufacturing efficiency
- 6. Packaging sustainability
- 7. Lower-impact logistics
- 8. Mobility and downstream product storage



STRATEGY OVERVIEW

Value chain approach to building resilience

Our strategy connects climate, nature, people, supply chains and business resilience in one plan. Every stage of the value chain matters. Guided by evidence and expertise, we aim to deliver measurable benefits for people, the environment and our long-term success.

From agriculture

Our approach begins with agriculture and sourcing our ingredients. We believe that transforming the agricultural sector has the potential to have the greatest impact on securing the future of the global food system.

As such, we are working with farmers and suppliers to scale *regenerative agriculture*. At the same time, we work across landscapes to ensure local communities and natural resources are taken into account alongside regulatory compliance to ensure the continuity of supply. This is supported by our *responsible sourcing* approach, which guides how we engage with suppliers and partners to promote sustainability practices across the value chain.

To direct operations

Agriculture emissions reductions and transitioning supply chains to more *regenerative agriculture* practices are the levers through which we aim to deliver the greatest emissions reductions. However, we still need to continue our reduction efforts through all other value chain stages.

In our direct operations, we continue on our journey to reduce emissions from our manufacturing, packaging and logistics activities. The levers for change are similar to those we have used in recent years as

we worked to reach the first milestones of our *net zero* plan, but we now include a more developed approach to nature and people in all that we do, simultaneously. We remain vigilant to new innovations that can help further reduce our footprint and we are also building efficiencies – from energy use to logistics optimization – that deliver both environmental impact and financial savings.

And through to our products

To support emissions reductions across our value chain, we consider resource use and circular economy principles. These choices empower consumers to actively contribute to the food systems transitions that are urgently needed. As a signatory of the Ellen MacArthur Foundation Global Commitment, we are applying principles of circular design to rethink how our packaging is made and used, embedding lower-impact solutions from the start to prevent waste and pollution by design.

Built on experience

Since launching our *net zero* roadmap in 2020, we have gained valuable insights. Building on the insights gained and applying our continuous improvement methodology, our Roots of *Net Zero* has been shaped by our teams, including

experts in *regenerative agriculture* and *nature-based solutions*. We have learned to scale locally adapted, stakeholder-engaged projects with credible, evidence-based monitoring. And we continue to learn.

Each future target is supported and based on a plan. These plans indicate the dependencies and actions needed, and how each of these targets supports the wider strategy. Furthermore, we have already achieved various targets and we aim to maintain these levels. See [chapter four](#) for more details on each lever.



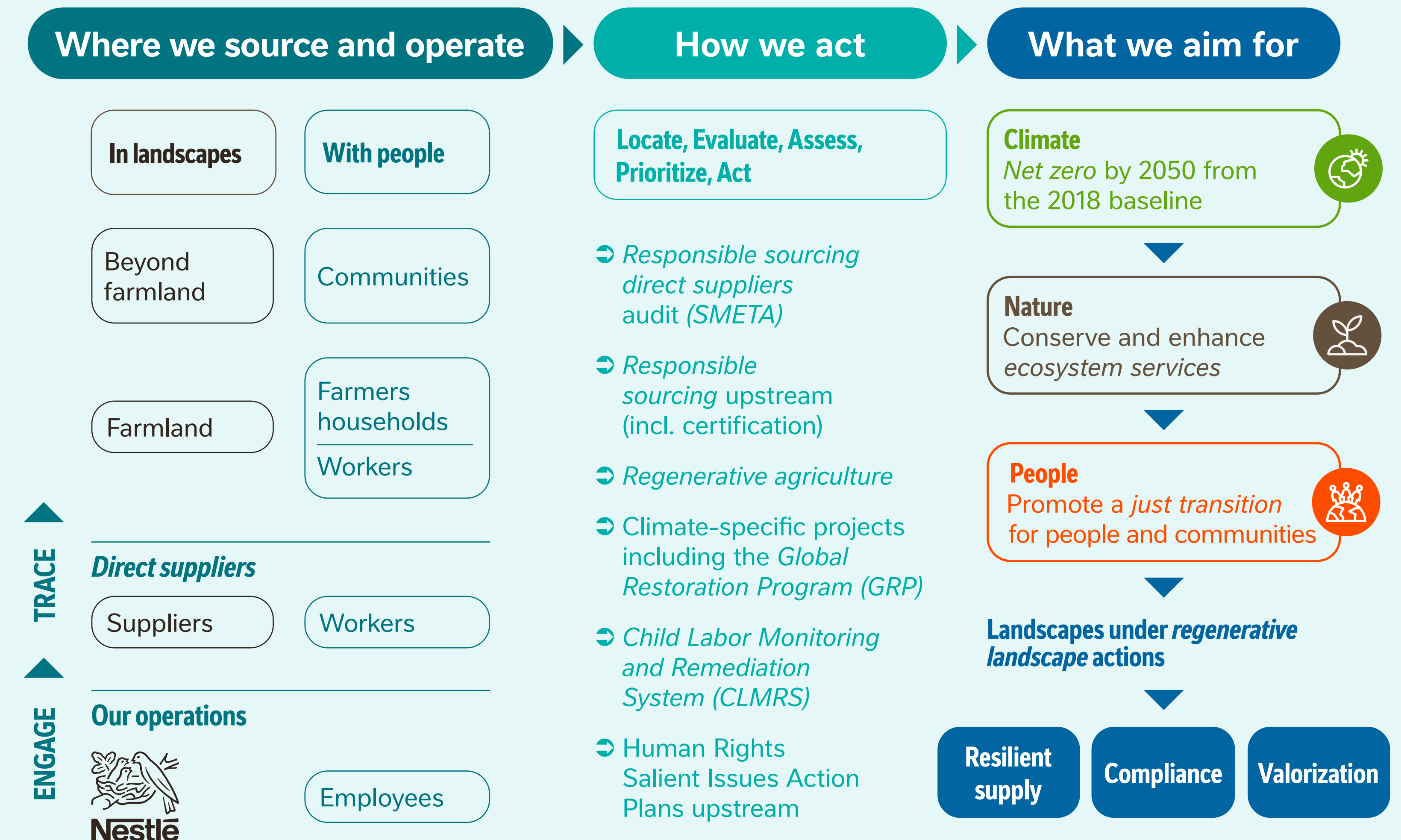
DELIVERING OUR STRATEGY

Taking action through targeted programs

Building on our ambition, goals and objectives, we aim to deliver our integrated climate and nature transition plan through the prioritization of our actions depending on commodities and geographies. We will focus on programs for action that have the potential to deliver meaningful co-benefits for climate, nature, community and supply resilience.

We work with farmers, communities, landscape actors, *direct suppliers* and other intermediaries, recognizing that all actors must come together to drive change. We rely on our employees to engage with our supply chain partners to create and embed the actions and initiatives that are necessary to deliver on our climate, nature and people goals.

Climate, nature and people programs as part of the Roots of *Net Zero*: Climate and Nature Strategy and Transition Plan



DELIVERING OUR STRATEGY

How we deliver impact

Meeting our climate and nature ambition means acting at every level of business. From what we can control to where we depend on others. Our implementation strategy is built to turn ambition into real-world results.

A structured strategy to guide action

We have developed a company-wide implementation strategy to direct how we deliver on our climate and nature transition plan. It brings together the actions we take across nine key levers:

- ➔ *Responsible sourcing* of ingredients
- ➔ *Regenerative agriculture* practices
- ➔ Dairy and meat based actions

- ➔ Supplier partnerships
- ➔ Manufacturing efficiency
- ➔ Packaging sustainability
- ➔ Lower-impact logistics
- ➔ Mobility and downstream product storage
- ➔ Product recipe optimization

Each of these levers is supported by governance, accountability and tracking systems.

Understanding what we depend on

Because no company operates in isolation, we have performed a dependency assessment to identify the external conditions that influence our ability to implement our climate and nature transition plan. These include factors such as policy and regulation, infrastructure, technology, market dynamics and consumer behavior.

We assess these dependencies systematically to prioritize those with the greatest potential impact. Where we lack direct control, we complement our implementation efforts with targeted engagement across our sphere of influence. This includes partnering with peers, suppliers, governments and civil society to create the enabling environments needed to deliver on our ambition.

Engaging to shift the food system

Our engagement actions help remove barriers, strengthen alignment and scale up impact across the food system. This joined-up approach ensures that our implementation strategy remains responsive

and that our climate and nature transition plan is both credible and achievable.

Thanks to aligning implementation, dependency management and engagement, we are better positioned to deliver on our ambition, at scale and over time.

Managing our dependencies

What we do

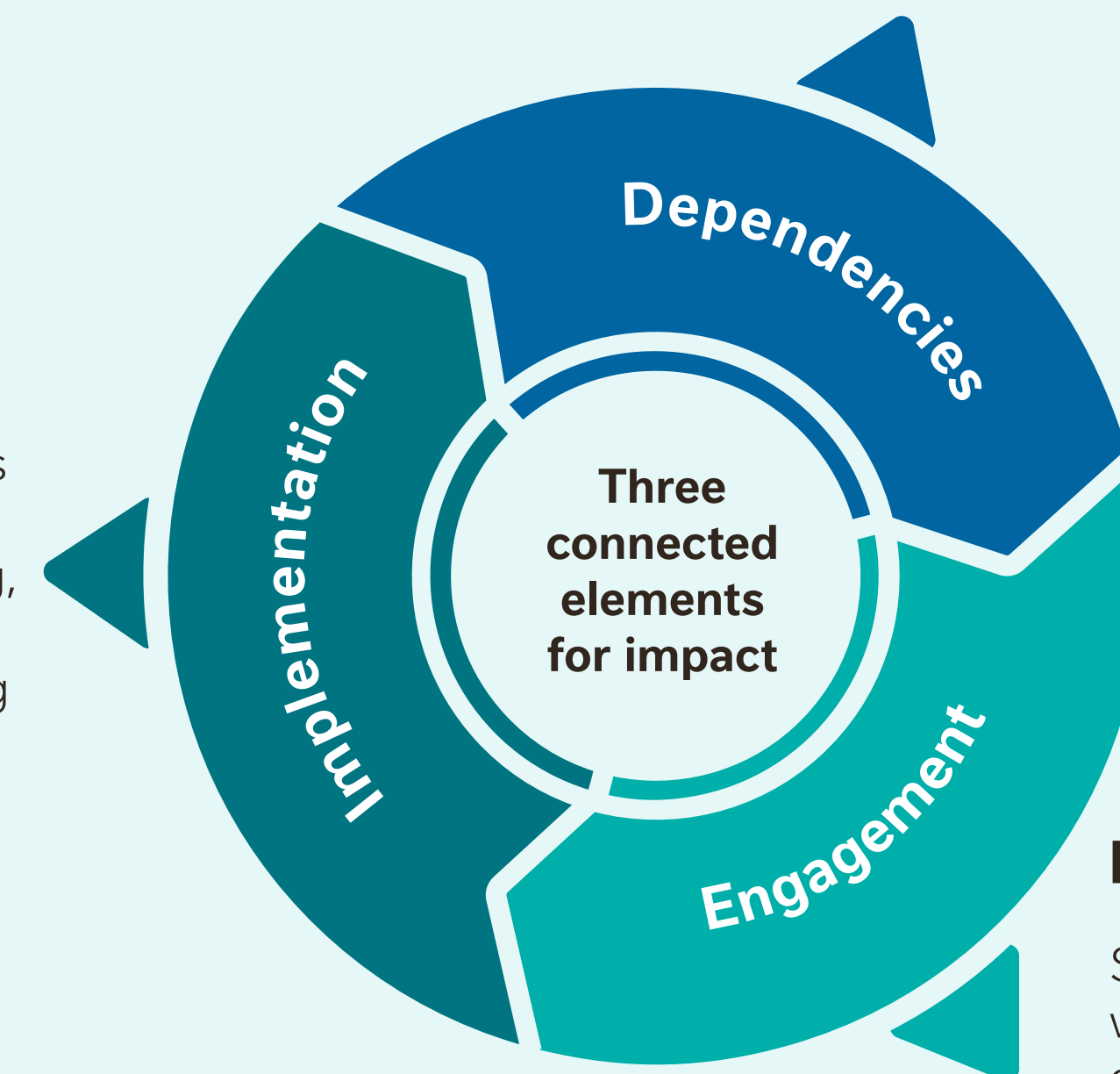
Actions across sourcing, manufacturing, logistics and packaging

What we rely on

External factors such as policy, infrastructure, technology and behavior that affect our ability to deliver

How we influence

Strategic collaboration with suppliers, peers, governments and civil society to shape enabling conditions



DELIVERING OUR STRATEGY

Our dependencies: external factors we rely on

Our ability to deliver on our climate and nature goals is shaped by a complex network of external dependencies.

What we do – across sourcing, manufacturing, packaging, logistics and product mix management – relies on enabling conditions such as public policy, infrastructure, technology and consumer behavior. Through strategic engagement, we help shape these conditions, ensuring our ability to implement change at scale.

Public policy and regulation

Dependencies related to government action, incentives and regulatory frameworks:

- ➔ Public policies that incentivize investment in energy infrastructure (manufacturing).
- ➔ Regulatory support for lower-impact logistics (logistics).
- ➔ Enabling policies for circular economy and packaging innovation (packaging).
- ➔ Policy frameworks that promote better land management in agriculture (sourcing).
- ➔ Standards for consumer communication and environmental claims (transforming products).

Critical infrastructure

Dependencies requiring physical and technological infrastructure:

- ➔ Reliable access to renewable energy and fuels (manufacturing).
- ➔ Infrastructure for logistics: electric vehicle charging stations, rail networks (logistics).

- ➔ Collection, sorting, recycling and composting infrastructure (packaging).
- ➔ Public transport systems for commuting and business travel (overheads).

Innovation and technology

Dependencies focused on technological advancement and product transformation:

- ➔ Innovation in efficient manufacturing technologies and electrification (manufacturing).
- ➔ Packaging innovation, new materials and circularity (packaging).
- ➔ Development and integration of lower-impact alternative ingredients (transforming products).

Strategic partnerships and collaboration

Dependencies involving cooperation with external stakeholders:

- ➔ Logistics service providers and infrastructure partners (logistics).

- ➔ Suppliers and upstream partners, including farmers (sourcing).
- ➔ Retail partners to reduce emissions at the point of sale (overheads).

Consumer engagement and market acceptance

Dependencies tied to consumer behavior and market dynamics:

- ➔ Consumer adoption of new packaging formats and recycling habits (packaging).
- ➔ Market acceptance of novel, lower-impact ingredients (transforming products).

Resilience and human capital

Dependencies that ensure long-term viability and workforce sustainability:

- ➔ Resilient agricultural systems that withstand climate impacts (sourcing).
- ➔ The next generation of farmers and agricultural workers (sourcing).

DELIVERING OUR STRATEGY

Engagement to drive change through the value chain

We collaborate across the value chain to influence the systems we depend on. Our engagement strategy enables us to manage key dependencies, from infrastructure and regulation to innovation and market dynamics, and ensure that our planned actions can be delivered effectively. This strengthens our ability to advocate for stronger systems that benefit people, nature and the economy.

Stakeholder group	Engagement approach	Key actions and partnerships
Suppliers	➔ Support long-term improvement through assessments, incentives and training	Supplier engagement portal, regenerative farming guidance, performance milestones, tailored support for tail-end suppliers
Farmers and producers	➔ Support transition and build resilience to shocks	700+ sourcing specialists, income accelerator program for cocoa, climate insurance in Colombia, <i>regenerative agriculture</i> practices that improve income and reduce vulnerability
Global landscape partners	➔ Guide land use and biodiversity efforts at scale	COP28 Action Agenda on <i>Regenerative Landscapes</i> , <i>Global Restoration Program</i>
Technical partners	➔ Collaborate on science, data and monitoring tools	Quantis, South Pole, Cool Farm Tool, Sustainable Food Lab
Implementation partners	➔ Deliver on-the-ground impact and farmer outreach	Earthworm Foundation, Winrock International, 3Degrees, 3Keel, NatureCo, Proforest, Grassroots Carbon
Project developers	➔ Lead delivery in sourcing landscapes and provide local expertise	Landscape design and delivery, farmer recruitment and training, impact measurement
Landscape-level stakeholders	➔ Engage communities to co-develop and implement ecosystem restoration	Agroforestry projects, watershed protection, communal land regulation, reforestation and green corridor initiatives
Indigenous Peoples and local communities (IP&LCs)	➔ Ensure participation, respect land rights and secure co-benefits	<i>IP&LCs'</i> rights action plan, consultations in Brazil and Colombia, minimum safeguards for landscape and jurisdictional initiatives
Civil society	➔ Challenge, expertise, legitimacy and partnership opportunities	Global partnerships with <u>The Nature Conservancy</u> and the <u>World Farmers Organization</u> , consultations via Stakeholder Dialogues, convenings at Climate Week and COP events.
Workers	➔ Promote inclusivity and protect vulnerable groups across value chains	<u>2025 Salient Issue Action Plans</u> , ILO, ICI, CGF, IUF
Industry coalitions	➔ Share best practices and promote pre-competitive collaboration	WBCSD, ICC, CGF, <u>SAI</u> , Global Plastic Action Partnership
Public sector and regulators	➔ Advance aligned policies and create enabling conditions	<u>Consistent advocacy deployment</u> in line with the objectives of the <i>Paris Agreement</i> (see page 102)

DELIVERING OUR STRATEGY

Three golden rules for implementation

Our three golden rules shape how we put our strategy into practice. Each rule is supported by guiding principles that inform how we design interventions, work with suppliers and scale climate and nature solutions, with long-term and systemic impact always in mind.



How we implement the strategy

To build resilient supply chains and deliver on our climate, nature and people goals, we act at scale, support our partners on a continuous improvement journey and stay grounded in local realities. Our golden rules and associated guiding principles ensure we apply these rules consistently across our business, using a structured approach to decision making and project delivery.

A shared foundation across all actions

Our golden rules are embedded in our interventions, from sourcing and land use to supplier engagement and policy alignment. They enable us to stay focused on impact while adapting to local context and supporting a science-based *just transition*.

Our three golden rules:
from strategy to practice

	Golden rule	Why it matters	What it means in practice
1	Acting with the supply chain at scale	➔ Scaling individual and collective action is essential to drive system change.	➔ Prioritize scalable solutions: combine direct supply chain action with collaboration in key landscapes.
2	Working with our suppliers on a continuous improvement journey	➔ Long-term progress requires trust and continuity.	➔ Maintain engagement even when challenges arise: track progress over time; use data and milestones to drive improvement.
3	Driving global transition and change aligned with the local context	➔ Lasting impact depends on community ownership and local context.	➔ Co-create solutions with local actors: ensure alignment with national goals; design for <i>just transition</i> .

DELIVERING OUR STRATEGY

Golden rule #1: acting with the supply chain at scale

Transforming the food system means reaching beyond isolated projects. We scale interventions both within our supply chain and across sourcing landscapes to tackle systemic challenges and deliver lasting impact.

Guiding principle: interventions that can be scaled and replicated

Achieving impact at scale requires solutions that can be replicated and embedded across our supply chain. We start by prioritizing projects with scalability in mind, designing actions in modules that can be adapted and extended to new regions or commodities. Procurement processes play a key role in implementing these actions, making them part of how we do business.

Collaboration with peers is equally important. We seek to align with others in our sector to increase the reach and impact of shared initiatives. In many cases, this means contributing to landscape or sectoral efforts that go beyond our own footprint to address systemic issues.

Guiding principle: combining individual and collaborative action

Individual action can help us make immediate progress in our supply chain, but collaborative efforts are needed to address root causes. We work in placed-based initiatives with a focus on deforestation risks, labor conditions and water stress, among others.

In shared sourcing regions, we prioritize collective solutions supported by a clear theory of change and results-based monitoring. Financing mechanisms are tailored to the needs of each initiative and collaboration helps ensure more equitable and scalable outcomes.

Supply chain solution
designed for scale
and replication

Collaboration aligned
with local context
and shared risks



DELIVERING OUR STRATEGY

Golden rule #2: working with our suppliers on a continuous improvement journey

Delivering transformation means supporting progress over time. We build lasting partnerships with suppliers, encouraging improvement at every stage and staying engaged through challenges.

Guiding principle: building long-term partnerships

Changing how food is produced takes time and trust. We focus on building long-term partnerships with suppliers, supporting performance in line with our expectations, and encouraging improvement through engagement and capacity building. Tail-end suppliers are also supported through collaborative and sector-wide programs.

Guiding principle: incentivizing progress and reporting transparently

We use structured engagement models – assess, address, monitor and report – to track supplier progress. This includes recognizing improvement through incentives and reporting on clear milestones. Transparency is critical to this process. We use data efficiently to inform decision-making, while taking a pragmatic approach to limitations and uncertainty.

Our goal is to help suppliers move forwards at their own pace, with clear expectations and meaningful support. This drives shared ownership of sustainability outcomes.

Structured supplier engagement based on assess, address, monitor and report

Incentives and support aligned to supplier progress

Supplier partnership programs focused on trust, collaboration and long-term relationships

Capacity-building and engagement to bring suppliers along and strengthen partnerships



DELIVERING OUR STRATEGY

Golden rule #3: driving global transition and change aligned with the local context

One-size-fits-all solutions do not work. We tailor actions to local realities, embedding community priorities, national goals and Indigenous Peoples' knowledge to drive inclusive and effective change on the ground.

Guiding principle: designing solutions with local stakeholders

We work together with producers, communities and Indigenous Peoples to ensure that interventions reflect their priorities and knowledge. From project design through to implementation, we co-create solutions that support decent livelihoods and deliver climate and nature outcomes.

The efforts described in this document are aligned with national development plans and climate targets, helping us build legitimacy and long-term impact. Where possible, we prioritize interventions with the highest potential for emissions reductions and ecosystem regeneration, both within and around our supply chains.

Guiding principle: embedding a holistic approach

We are currently working to strengthen governance on climate, nature and people. This helps us maximize synergies and avoid trade-offs. Projects are designed to improve biodiversity, water availability, food security and community resilience.

By grounding our work in local realities, we help ensure that solutions are more relevant, inclusive and scalable.

Project design and delivery led by local needs and knowledge

Aligned with national development goals and climate targets





DELIVERING OUR STRATEGY

Strategic support metrics

Our climate and nature transition plan is backed by robust metrics that link ambition to action. They allow us to track progress, allocate resources, and ensure that climate and nature goals are embedded in governance, finance, engagement and operations.

Supporting our integrated climate and nature transition

We monitor implementation and progress through a broad set of internal and external metrics. These indicators connect our strategy with business planning and decision-making, ensuring alignment with our long-term ambition and climate, nature and people goals.

Measuring our progress

Area	Indicator	Measurement
Governance	➔ Climate and nature discussions at Executive Board level	➔ Frequency
	➔ Variable remuneration linked to ESG indicators	➔ Percentage (%)
	➔ Training coverage on climate, nature and human rights	➔ Percentage (%)
Finance	➔ <i>Net Impact Value (NIV)</i> assessments of carbon project efficiency (biodiversity, water and social co-benefits integration is underway)	➔ Intervention NIV (CHF/tCO ₂ e)
Engagement	➔ Purchased volume from suppliers with GHG reduction roadmaps	➔ Percentage (%)
	➔ Scope 3 emissions calculated with primary supplier data	➔ Percentage (%)
Business and operational	➔ Annual traceability exercises across 14 key ingredients, ¹ with supplier contracts requiring traceability data	➔ Percentage by ingredient (%)

1. Key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

OUR LEVERS

Chapter four

Delivering our climate and nature transition plan relies on a complete value chain approach, with levers for change driving resilient sourcing and impacting our operations and product mix. Within each lever, measurable actions define the change that is possible, with the acknowledgement that for it to be achieved there are also key dependencies.

Resilient sourcing

- ➔ Intro: *Responsible sourcing* and *regenerative agriculture* practices
- ➔ Lever 1: *Responsible sourcing* of ingredients
 - Promoting livelihoods and rights (focus area)
 - Conserving and restoring landscapes (focus area)
 - Effective water management (focus area)
- ➔ Lever 2: *Regenerative agriculture* practices
 - *Regenerative agriculture* practices in our priority supply chains
- ➔ Lever 3: Dairy and meat based actions
- ➔ Lever 4: Supplier partnerships

Operations

- ➔ Lever 5: Manufacturing efficiency
- ➔ Lever 6: Packaging sustainability
- ➔ Lever 7: Lower-impact logistics
- ➔ Lever 8: Mobility and downstream product storage

Product mix

- ➔ Lever 9: Product recipe optimization



RESILIENT SOURCING

Levers 1–4

1. *Responsible sourcing of ingredients*
2. *Regenerative agriculture practices*
3. Dairy and meat based actions
4. Supplier partnerships



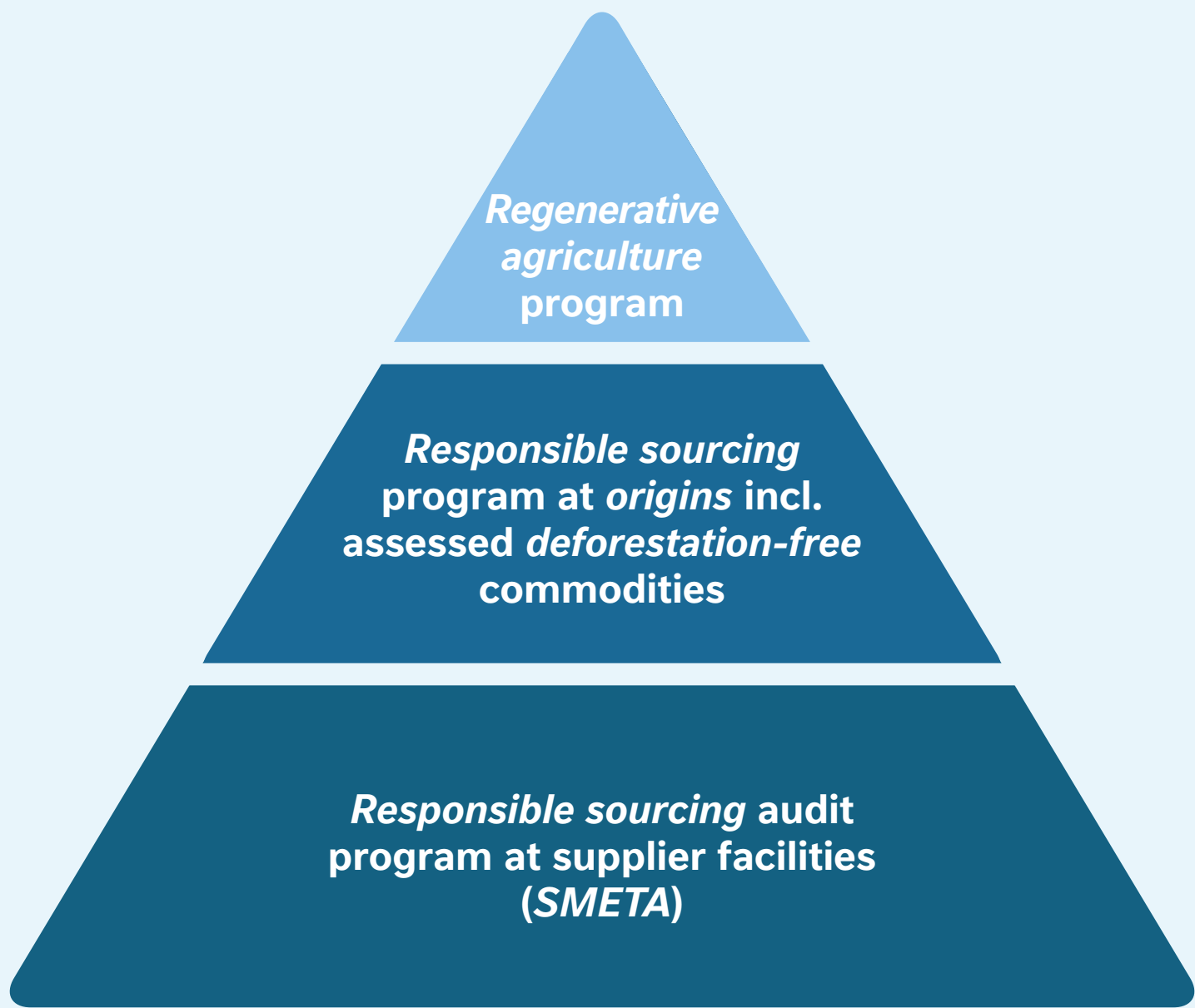
RESILIENT SOURCING

Responsible sourcing and regenerative agriculture practices

Securing the long-term availability of raw materials requires embedding sustainability directly into sourcing practices. We work closely with farmers, suppliers and partners to ensure our supply chain helps safeguard ecosystems, reduce *GHG emissions* and strengthen community resilience.

Our *responsible sourcing* approach lays the groundwork for long-term resilience. It focuses on improving traceability of the raw materials we source and preventing harm to people and nature. These foundational actions enable further progress. Building on this, we can implement *regenerative agriculture* practices that help restore ecosystems and improve farmer livelihoods.

Integrated sourcing strategy pyramid



Resilient sourcing action areas

We take action in the ingredient supply chains and locations where resilient sourcing can lead to the greatest outcomes. These actions are focused in key areas that build resilience for our supply chains and our business alike.

1. Responsible sourcing of ingredients

Making strategic decisions on sourcing geographies to minimize climate and nature impact, following our [Responsible Sourcing Core Requirements](#), including prioritizing our efforts in areas of high conservation value, protecting ecosystems from agricultural expansion and aiming to maintain 95%-100% assessed *deforestation-free* primary supply chains for cocoa, *green coffee*, meat, palm oil, pulp and paper, soy, and sugar. We also promote the use of certified materials and uphold strong *social safeguarding* to protect people and communities throughout our supply chain.

2. Regenerative agriculture practices

Transitioning farmland through practices such as minimum tillage, cover crops, intercropping, agroforestry and organic fertilizers.

3. Dairy and meat based actions

Taking action via five pillars: Quality, Farmer livelihoods, Climate, Animal welfare, and Nature. Learn more about our [Dairy Plan](#) on page 69.

4. Supplier partnerships

Through lower-carbon ingredient processing (see page 72), incentivizing action through preferred sourcing and supporting our co-manufacturers, we are driving emissions reductions.

1. Scope: emissions from ingredients sourcing.

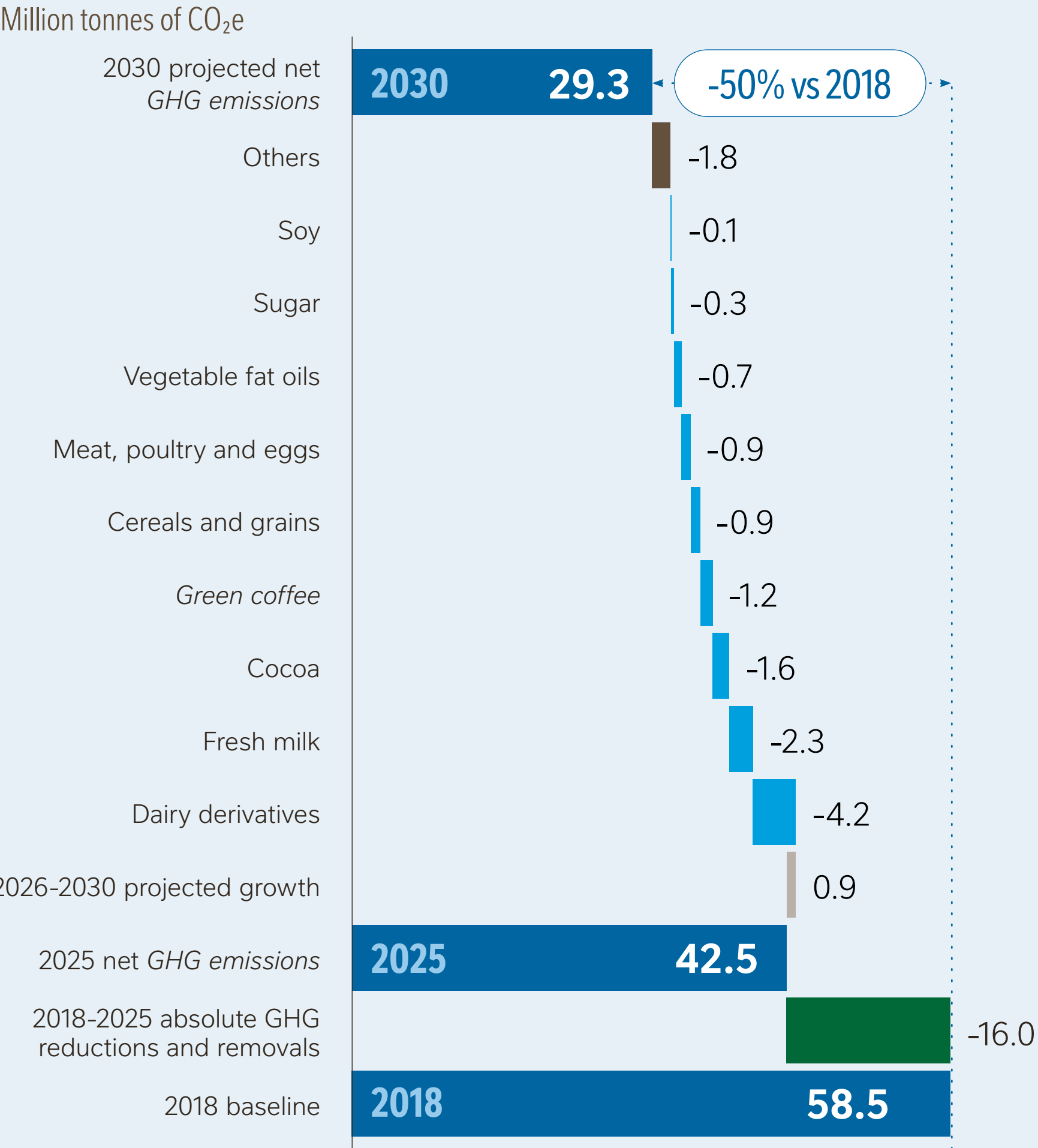
Monitoring beyond carbon

Our monitoring goes beyond carbon, tracking changes in agricultural lands, forests, oceans and freshwater systems to understand broader environmental impacts.

Delivering measurable impact

To ensure credibility, we are tracking adoption rates of *regenerative agriculture* practices, volumes sourced under sustainability standards and hectares under restoration. This allows us to measure not only carbon benefits but also water, soil and biodiversity outcomes. Our *responsible sourcing* approach is designed to deliver tangible progress towards our [SBTi FLAG](#) targets while *Creating Shared Value* for farming communities.

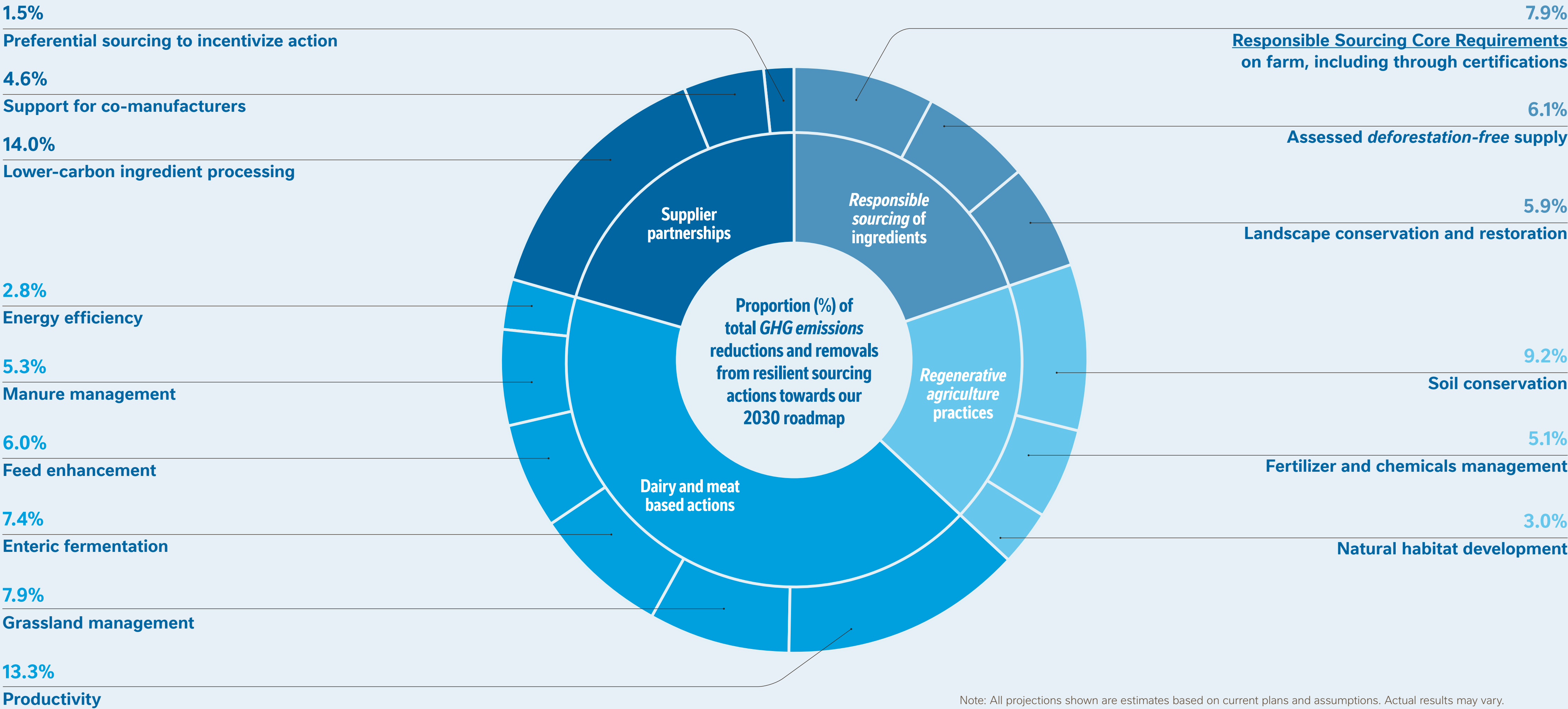
Projected GHG emissions and removals from actions in our commodity supply chains¹



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary. The subtotals may not add up to the graph totals due to rounding. We report progress annually in our [Non-Financial Statement and corporate website](#). Dark blue bars indicate emissions from sourcing activities only. GHG removals, on farms and on sourcing landscapes, are included. By 2030, GHG removals are projected to be around 4.6 million tCO₂e, representing around 10% of 2030 projected gross GHG emissions.

Resilient sourcing: our four levers for change

Projected GHG reductions and removals contribution of each resilient sourcing related action, across our four levers, as a proportion of all ingredients sourcing emissions reductions and removals projected to be achieved by 2030. Total GHG reductions and removals contribution from resilient sourcing by 2030 is 14.01 million tCO₂e, out of 24.04 million tCO₂e in total (i.e. resilient sourcing representing around 58% of total contribution).



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary.

RESILIENT SOURCING

Responsible sourcing of ingredients



95%-100%

By 2030, we aim to achieve 95%-100% key ingredient volumes to be *responsibly sourced*²

Responsible sourcing is key to delivering our climate, nature and people goals. We work across our supply chain to help conserve ecosystems, respect human rights and support farming livelihoods.

Responsible sourcing

We aim to source ingredients in a way that promotes long-term resilience for people and nature. This includes addressing deforestation, supporting reforestation and protecting vital ecosystems.

We define *responsible sourcing* by reference to the Nestlé Responsible Sourcing Core Requirements. These set out the minimum *environmental, social and governance (ESG)* expectations that apply to our supply chain, and they are put into effect through incorporation in all *direct supplier* contracts. *Direct suppliers* are in turn required to cascade down what is expected to all other tiers of the supply chain.

They also guide the sourcing of certified materials, ensuring that purchased ingredients meet verified sustainability standards. They form the basis for us to advance *regenerative agriculture* at scale and fulfill our commitments.

Our Responsible Sourcing Core Requirements also help us meet mandatory regulations, while ensuring that farmers and communities are better prepared to continue supplying us and other global companies. Our *responsible sourcing* goes beyond environmental compliance: it also addresses the social realities of agricultural supply chains. Through human rights due diligence and support for assessed *deforestation-free* production, *responsible sourcing* plays a role in reducing emissions and improving the health of landscapes over time.

Key ingredients subject to our target

While our Responsible Sourcing Core Requirements apply to all our sourcing activities, our target relates to specific ingredients, at origin level. By 2030, we aim to achieve 95%-100% key ingredient volumes to be *responsibly sourced*.² This target applies to 14 key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

Our performance

In 2025, we reached 46.5% of key ingredient volumes *responsibly sourced*.³

Implementation

We deploy our *responsible sourcing* operations in line with our Responsible Sourcing Core Requirements, through different delivery mechanisms.

Key ingredients are assessed as *responsibly sourced* for target purposes when they have been either (i) mapped to sub-national production *origins* in a low-risk country for human rights and environmental risks, or (ii) mapped to the point of origin and assessed as compliant with our Responsible Sourcing Core Requirements through one of the following means:

- ➔ Selected sustainability-related certifications (e.g. Rainforest Alliance, Roundtable on Sustainable Palm Oil).
- ➔ Second- or third-party farm selected sustainability assessments (e.g. Farm Sustainability Assessment), suppliers' programs and other industry schemes.
- ➔ On-the-ground programs in which Nestlé directly works with producers (e.g. *Nestlé Cocoa Plan*, *Nescafé Plan* or *The Nespresso Sustainable Quality Plan*).
- ➔ Integrated approach at landscape level to address human rights and environmental risks in specific ingredients and *origins*.

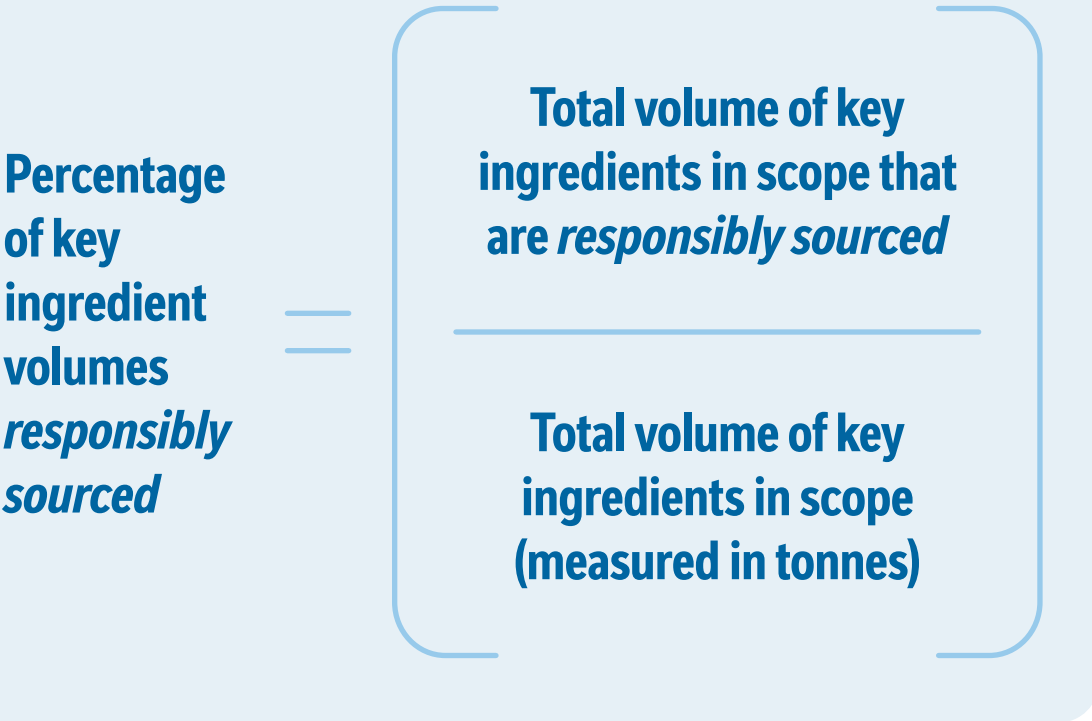
2. Key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

3. This performance number differs from the one available in our Non-Financial Statement 2025 due to a change in the methodology during the first half of 2026. Now we consider ingredients volumes converted back to their original fresh state, instead of their processed form.

In order to meet our target, we will accelerate the deployment of the delivery mechanisms described above with additional suppliers and volumes. Sourcing decisions (e.g. location supplier) may also impact our performance.

Our methodology

We calculate our performance in accordance with the following methodology. For more information refer to our *Non-Financial Statement*.



Our enablers

The strategy on *responsible sourcing* is decided at the ESG & Sustainability Council, as described on page 94, and it is deployed by the Sustainability function and strategic business units where applicable (e.g. coffee and cocoa), in headquarters, in tandem with the procurement teams, both above and at market level.

Each key ingredient has a category lead assigned in the Sustainability function and they contract external partners such as Earthworm Foundation, Proforest and Peterson to implement our *responsible sourcing* operations and their monitoring.

Certain ingredients for which we have more direct relationship with the farmers, such as fresh milk, coffee and cocoa, have dedicated Nestlé agronomists based in the origin countries supporting our ingredient sustainability plans.

We also pay premiums for certification where they apply.

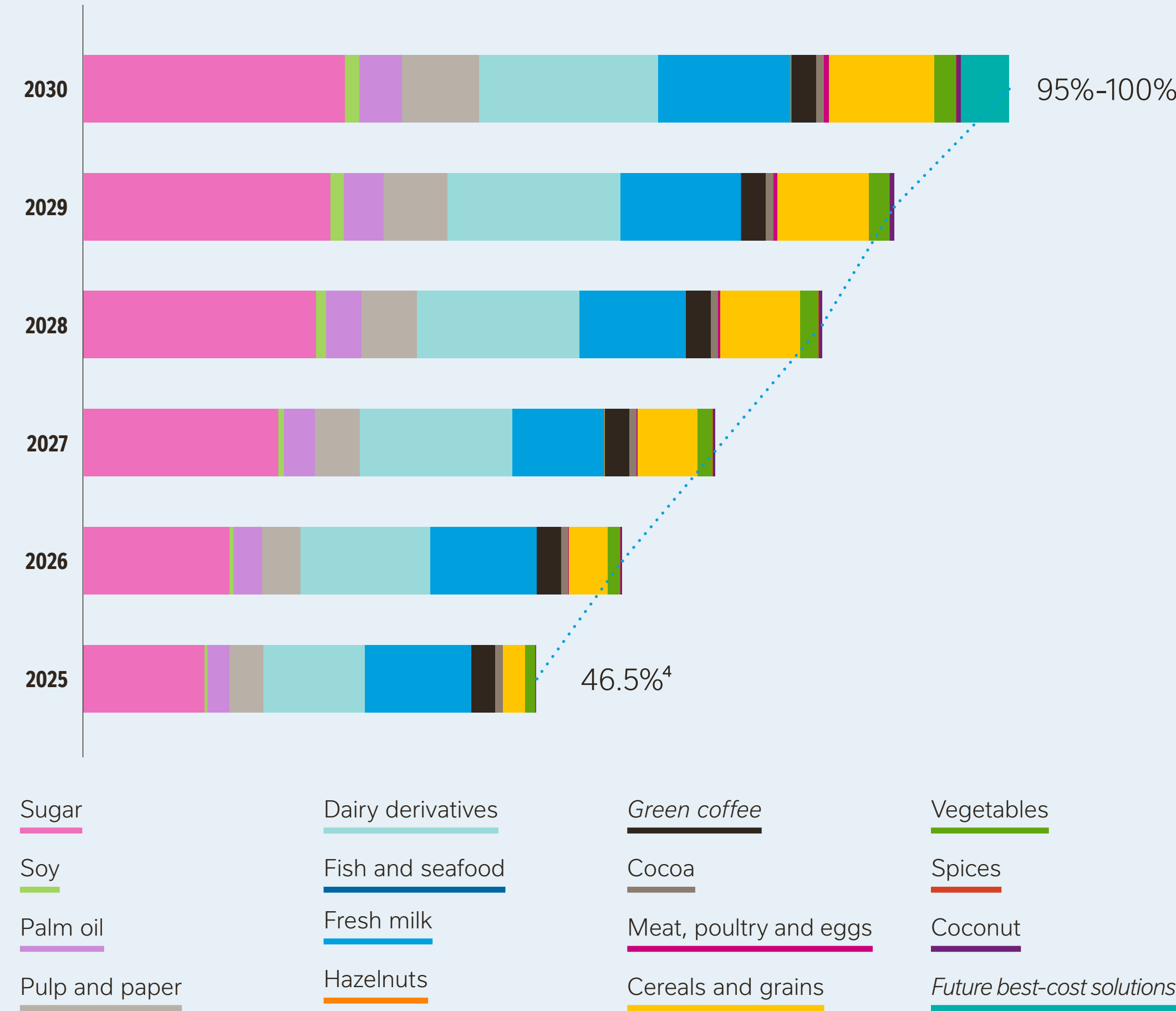
Find more information about the enablers that contribute to our sustainability strategy on page 93.

Our expected pathway to our responsible sourcing target

As we continue to deploy and verify the implementation of our Responsible Sourcing Core Requirements, as well as making sourcing decisions taking that into account, shown here is our expected pathway to meet our target.

Find more information about our dependencies on page 37.

Our expected pathway
By 2030, we aim to achieve 95%-100% key ingredient volumes to be responsibly sourced



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary. We report progress annually in our *Non-Financial Statement* and *corporate website*

4. This performance number differs from the one available in our *Non-Financial Statement 2025* due to a change in the methodology during the first half of 2026. Now we consider ingredients volumes converted back to their original fresh state, instead of their processed form.

Assessed *deforestation-free* supply chains

From 2026 onwards, we aim to maintain 95%-100% assessed *deforestation-free* primary supply chains (cocoa, *green coffee*, meat, palm oil, pulp and paper, soy, and sugar).⁵ In 2025, we achieved 96.9%.⁶

In each of these supply chains, our Responsible Sourcing Core Requirements make it clear that there should be no expansion of production on areas converted from natural forests and other natural ecosystems after any existing applicable commodity sectoral cut-off date and in no case after December 31, 2020. We aim to maintain our performance by continuing to implement our Responsible Sourcing Core Requirements and by continuing our current work.

CASE STUDY

Prioritizing the human rights of fishers

Fish and seafood *responsible sourcing* at Nestlé is truly global in scale and we are taking significant strides to advance the traceability of all fish and seafood we source, working closely with our suppliers.

Knowing our supply chain helps us to deeply understand the complex challenges affecting the sourcing of fish and seafood. Through our due diligence processes, we have prioritized our high-impact geographies and issues to develop actionable plans with meaningful investments and measurable targets.

Our key priority is protecting the rights of fishers at sea when sourcing fish and seafood. This aligns with our focus of promoting livelihoods and the rights of all workers, including those at sea. All our priorities collectively deliver on both the protection of human rights and ecosystem health, impacting species within our supply chains and delivering on the goals expected in resilient sourcing.



5. Including products and supply chains beyond the scope of mandatory EU regulation.
6. This performance number differs from the one available in our *Non-Financial Statement 2025* due to a change in the methodology during the first half of 2026. Now we consider ingredients volumes converted back to their original fresh state, instead of their processed form.

CASE STUDY

The Nestlé income accelerator

Accelerating impact at scale with the pioneering Nestlé income accelerator, building on 15 years of the *Nestlé Cocoa Plan*.



The *Nestlé Cocoa Plan* brings over 15 years of experience in supporting cocoa farmers. In 2025, 96.2%⁷ of our cocoa was sourced through the *Nestlé Cocoa Plan* across 11 *origins*.

A family-centered approach

Building on this foundation, the Nestlé income accelerator was launched in 2022, after being piloted. Taking a family-centered approach, it aims to help close the living income gap and reduce child labor risks by rewarding practices through a mix of cash incentives and training programs.

Participating households can receive cash incentives of up to €500⁸ linked to activities on farm such as pruning and agroforestry, and household activities including school enrolment and income diversification through Villages Savings and Loans Associations.⁹

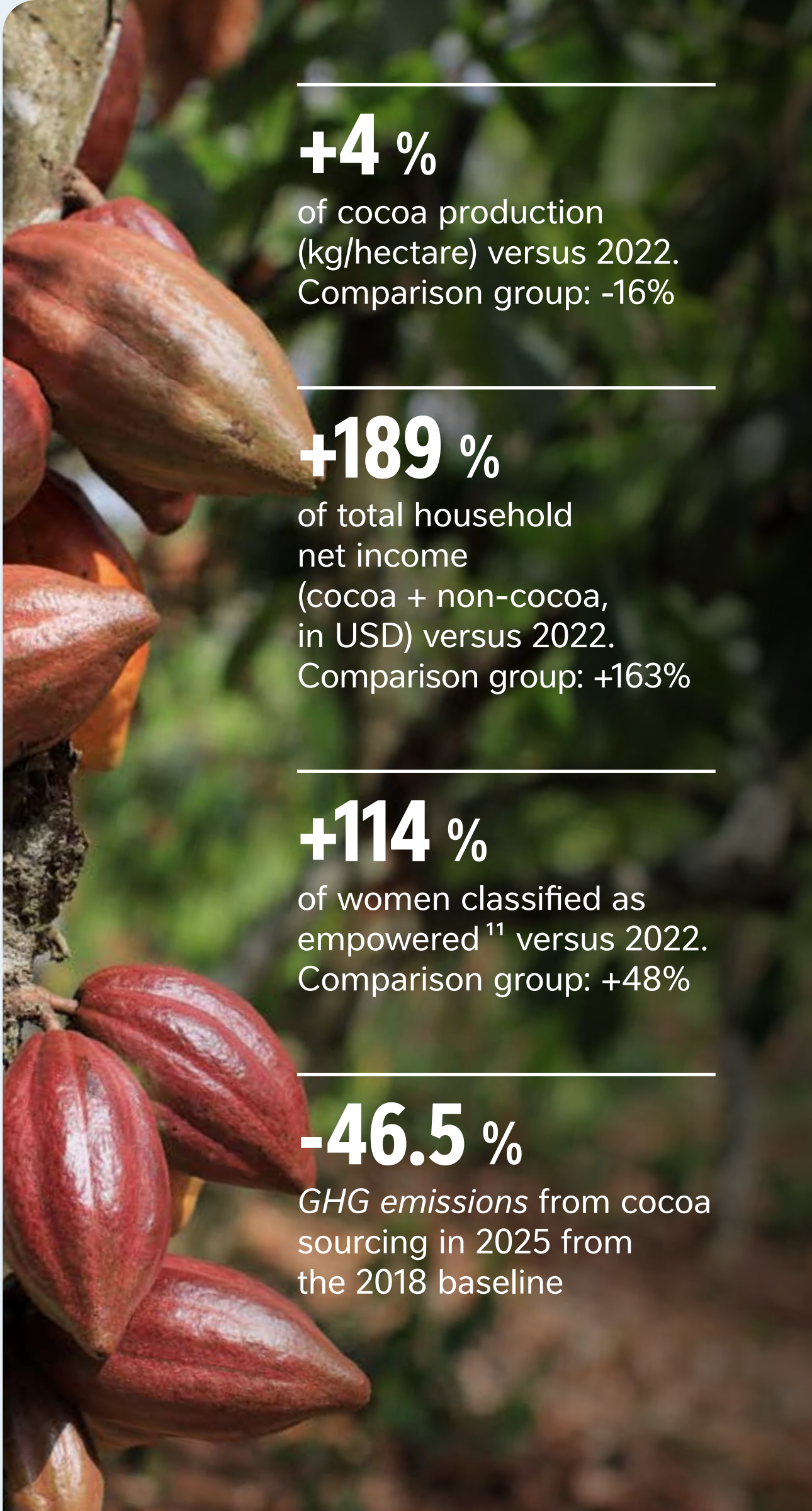
Since launching the Nestlé income accelerator in 2022, we have been extending our reach, with an initial ambition of supporting approximately 160 000 cocoa-farming families by 2030. To date, about 45 000 families are participating. We will continue to expand our engagement while adapting our approach, including revisiting this initial ambition, as the *TogetherCocoa Foundation* scales. Going forwards, we expect to broaden our reach both through our direct supply chain and the development of the Foundation.

Aiming to close the living income gap

Since 2022,¹⁰ participating cocoa-farming families have reported higher yields, higher household incomes and greater progress on women’s empowerment¹¹ compared with the comparison group.¹² This confirms the positive impact of our Nestlé income accelerator on the livelihood of these families.

Discover more with the [2026 Progress Report Summary](#).

7. Source: *Nestlé Non-Financial Statement 2025*.
8. Households can earn up to €500 annually for the first two years and €250 per year thereafter. If households make use of the subsidized pruning brigades and agroforestry support, a contribution is deducted from the cash transfers: €34 in years 1 and 2, and €30 in year 3 and onwards. These contributions help cover implementation costs while keeping the total incentive structure intact.
9. Village Savings and Loan Associations (VSLAs) enable women to access financial services and gender-based training, supporting their income-generating activities and decision-making in the household.
10. Impact measured by the KIT Institute. It focuses on the 10 000 test-at-scale families who have joined the program since 2022 in Côte d’Ivoire.
11. The Women Empowerment Index (WEI) is computed by aggregating three scores: women’s access to resources (IGA, finance and assets such as land and/or house), participation in decision-making (about revenues and investments from income sources, household small and big expenditures, and children’s schooling and health), and access to an enabling environment (number of group memberships).
12. The comparison group refers to non-participating cocoa-farming households in the same districts but different cooperatives and communities.

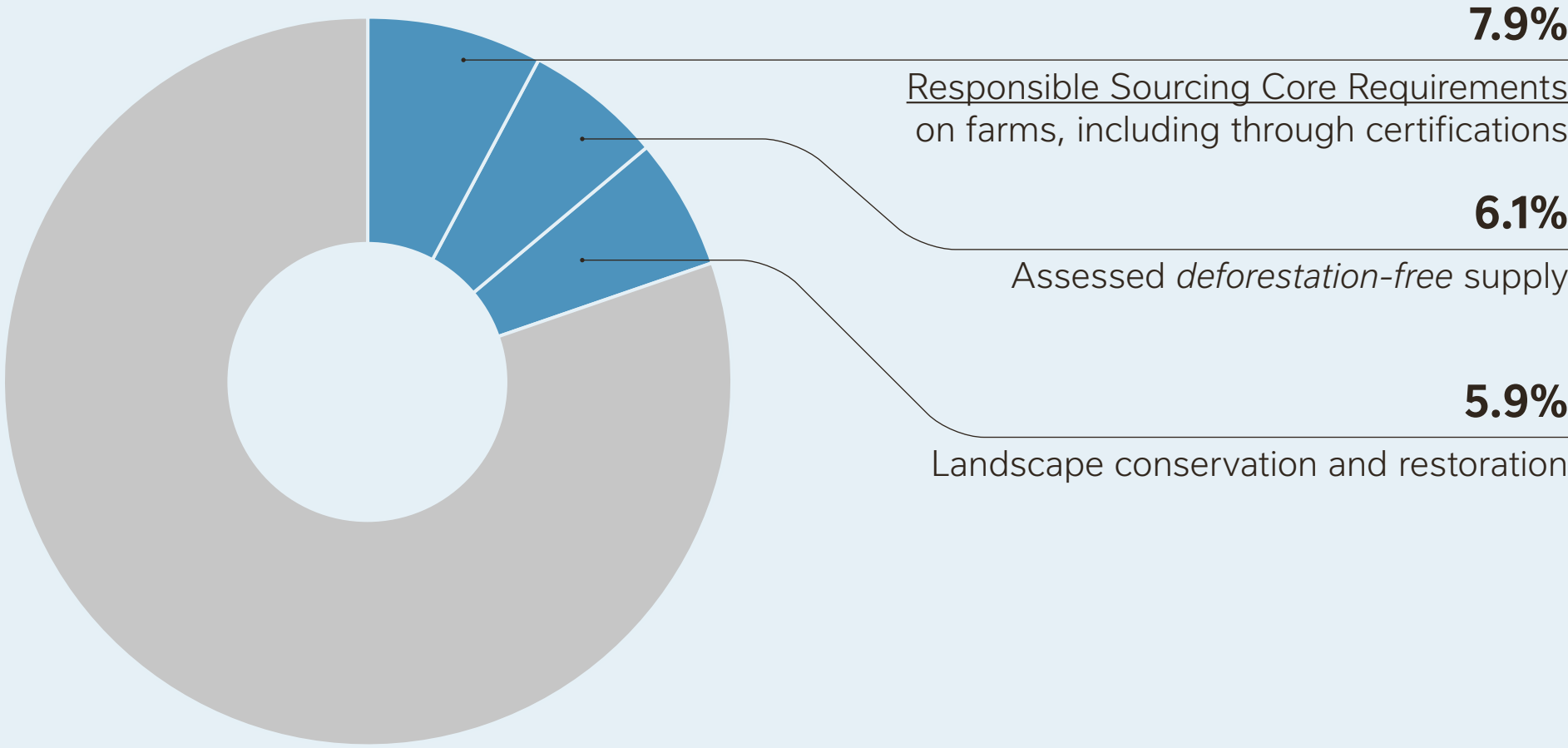


Key actions we support

Actions	What we mean
<u>Responsible Sourcing Core Requirements on farms, including through certifications</u>	➔ Delivering our <i>responsible sourcing</i> approach across our 14 key ingredients, at farm level. This includes purchasing ingredients with verified sustainability certifications, aligned with our <u>Responsible Sourcing Core Requirements</u> .
<u>Assessed deforestation-free supply</u>	➔ Assessing that sourcing <i>origins</i> in our key primary supply chains do not expand into ecosystems, with traceability across and beyond concessions, regardless of legal status.
<u>Landscape conservation and restoration</u>	➔ Implementing practices in sourcing landscapes that provide <i>ecosystem services</i> to nearby agricultural production areas.

Proportion of GHG emissions reductions from these actions towards our 2030 target

% of total emissions reductions from resilient sourcing actions



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary.

Our interconnected levers for our ingredients include:

- ➔ Promoting livelihoods and rights: We work to ensure decent work, uphold human rights and support farmers and communities through training and partnerships.
- ➔ Conserving and restoring landscapes: We promote assessed *deforestation-free* supply chains, landscape-level collaboration and *good agricultural practices* essential to help restore ecosystems.
- ➔ Effective water management: We assess water risks, monitor use, prevent contamination and promote practices that protect watersheds and support water security.

Learn more on pages 54, 56 and 61.



RESILIENT SOURCING: FOCUS AREA

Promoting livelihoods and rights



Our Human Rights Framework and Roadmap,¹³ supported by our Human Rights Salient Issue Action Plans, guides how we address the most pressing risks across our value chain. We also embed *social safeguarding* into climate action to protect vulnerable groups and provide targeted support to farmers and communities to strengthen their livelihoods. *A just transition* means making the shift towards a *regenerative food system* that is as fair and inclusive as possible, while creating opportunities and addressing negative impacts in our value chains.

Going beyond assurance to address root causes

While volumes classified as *responsibly sourced* provide a certain level of assurance that human rights and environmental risks have been mitigated, we recognize that in certain contexts we need to go further. Many risks present in agricultural supply chains require long-term, tailored interventions to tackle their root causes. To help address the complex factors that contribute to these issues, we implement our Human Rights Salient Issue Action Plans. These plans articulate our human rights due diligence strategy across Nestlé's value chain, including the supply chains of our 14 key ingredients.¹⁴

We conduct human rights risk assessments at global, country and supplier level to understand the nature and root causes of risks in our supply chains. Based on this and other data – such as volumes, grievances and supplier numbers – we prioritize countries for action. In the highest priority countries, we develop a smart mix of supply chain and collective actions. In other countries, we focus on supply chain actions.

Strengthening accountability and driving meaningful change

As we progress towards implementation of these action plans, we are developing more impact-focused indicators to track effectiveness and guide improvement. Our approach aims to mitigate the negative social and economic impacts of climate action, while maximizing benefits for all stakeholders, especially those most vulnerable: farmers, women and migrant workers.



13. We are in the process of drafting our human rights strategy for 2026-2030.

14. Key ingredients: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); fish and seafood; *green coffee*; hazelnuts; meat, poultry and eggs; palm oil; pulp and paper; soy; spices; sugar; and vegetables.

CASE STUDY



50+
consultation
meetings

held with more than
200 stakeholders

4 priority
sourcing regions
with actions under way

Indigenous Peoples' and local communities' **(IP&LCs) land rights: Brazil and Colombia**

Our recent work in sourcing landscapes, in Brazil and Colombia illustrates how we can help address land rights challenges faced by *IP&LCs*. We take targeted action in our supply chain and work through broader collaborations to safeguard rights, protect ecosystems and strengthen livelihoods.

Work starts by understanding local issues and needs. With partners such as Proforest and Landesa, we have held more than 50 consultations, engaging over 200 stakeholders, to map risks and co-create context-specific solutions. These include supplier training, tailored improvement plans, and embedding land rights best practice into jurisdictional initiatives.

Partnering for local solutions

We are active in four high-risk priority sourcing regions: Valle del Cauca and Meta, in Colombia, and Pará and Tocantins, in Brazil. Together with growers, processors and communities, we build supplier capacity on land rights due diligence, support community tenure formalization and align industry actors to scale solutions across sectors. Grounded in consultation with *IP&LCs* and others, these actions aim to address systemic drivers of human rights risks and help ensure that agriculture supports both livelihoods and long-term sustainability.

Respecting rights, enabling transition

This initiative supports our Roots of *Net Zero*: Nestlé's Climate and Nature Strategy and Transition Plan by building a foundation of awareness and due diligence capacity on land rights as a basis for climate action and advancing a *just transition*. As we implement the lessons from consultations, we will continue to develop context-specific land rights requirements, support the capacity-building of growers and processors, and help communities formalize their land rights.



RESILIENT SOURCING: FOCUS AREA

Conserving and restoring landscapes**96.9%**

of our primary supply chains for meat, palm oil, pulp and paper, soy, sugar, cocoa and coffee assessed as *deforestation-free* in 2025¹⁵

Agricultural production can put pressure on ecosystems. Part of our *responsible sourcing* approach focuses on restoring nature and strengthening community resilience. In 2025, 96.9% of our primary supply chains for meat, palm oil, pulp and paper, soy, sugar, cocoa and coffee were assessed as *deforestation-free*.¹⁵

Our Nature goal (see page 28) aims to avoid and reduce negative impacts and ultimately deliver a positive effect on our critical sourcing landscapes. Working alongside our *Global Restoration Program*, we target high forest-cover countries, and we aim to maintain 95%-100% assessed *deforestation-free* supply chains for cocoa, *green coffee*, meat, palm oil, pulp and paper, soy, and sugar. This approach was shaped by our *DMA*, which identified deforestation as a material impact on biodiversity and ecosystems in the upstream supply chain. Agricultural activities are a key driver of *land use change* and biodiversity loss.

We prioritize action in biodiversity-sensitive areas – areas with critical ecological functions under threat – to maximize environmental and social benefits. These include forests and wetlands that provide essential services such as carbon sequestration, water filtration and habitat for wildlife.



15. This performance number differs from the one available in our *Non-Financial Statement 2025* due to a change in the methodology during the first half of 2026. Now we consider ingredients volumes converted back to their original fresh state, instead of their processed form.

Nature-based climate solutions

Nature offers powerful solutions for climate and resilience. Scaling practices such as agroforestry, *silvopasture* and peatland restoration helps remove carbon, protect biodiversity and water systems, and support farming communities. Over 91% of our reported removals to date have come from farms within our supply chain.

Restoring landscapes together

Beyond the farm, we work with partners to protect *high carbon stocks areas* and high-conservation value areas, and restore degraded forests and peatlands. As part of this broader effort, we are investing in and implementing multiple *landscape initiatives* across key sourcing regions, including for palm oil, pulp and paper, soy, cocoa and wheat. These initiatives are designed to tackle systemic drivers of land conversion and deforestation, going beyond isolated efforts to promote reforestation, land management and community resilience.

Respecting the land rights of *IP&LCs* is central to our approach.

We integrate *social safeguarding* and collaborate with governments, non-governmental organizations (NGOs), the private sector, smallholder farmers and *IP&LCs* to seek an equitable approach to restoration.

Partnering for impact and resilience

Strong partnerships with farmers, suppliers, NGOs and local authorities are key to scaling *nature-based solutions*. These collaborations ensure local relevance, long-term stewardship and community co-benefits.

Land use change assessments

To improve accuracy in assessing *land use change*, we are transitioning from statistical land use change (sLUC) assessments to direct land use change (dLUC) assessments. This shift involves collaboration with satellite imagery providers, starting with pilot studies on key commodities. By moving towards dLUC, we aim to capture the real-world impact of our sourcing decisions, enabling more informed prioritization, while maintaining robust monitoring of our assessed *deforestation-free* supply chains.

Restoring marine ecosystems

Purina Europe's Ocean Restoration Program contributes to the recovery of marine ecosystems by working with expert partners to restore coastal habitats such as seagrass meadows, oyster reefs and seaweed. Through a science-led approach and robust monitoring, these efforts are designed to strengthen marine ecosystem resilience, support fish populations linked to our value chain and deliver measurable environmental outcomes over time.



80-85 million

By 2030, we aim to plant and grow 80-85 million trees through our *Global Restoration Program*



Our Global Restoration Program

The *Global Restoration Program (GRP)* helps us implement our *Roots of Net Zero*: Nestlé's Climate and Nature Strategy and Transition Plan by supporting the reforestation and restoration of degraded ecosystems in our supply chain and sourcing landscapes at scale. As part of this effort, we aim to plant and grow 80-85 million trees through our *GRP* by 2030, contributing to biodiversity, livelihoods, water security and carbon removals.

Program scope and core interventions

Our projects – currently 15 across countries including Brazil, Colombia, Honduras, Nicaragua, France, Thailand, Côte d'Ivoire, Australia, Vietnam and China – are rooted in the landscapes that are mapped as *origins* of key ingredients. We prioritize areas with the highest restoration need and potential, integrating both climate mitigation with supporting resilient ecosystems and livelihoods.

Examples of our projects are:

- ➔ **Australia:** Working in collaboration with local landholders and communities, this project supports local biodiversity, water quality and the enhancement of degraded soils within the sourcing landscapes of ingredients we buy.
- ➔ **Honduras:** The “Bosques del mañana” project, launched in 2022, implements agroforestry systems in Nescafé's coffee sourcing regions, which also support the livelihoods of coffee producers.

- ➔ **France:** Across key sourcing landscapes in Bretagne, Hauts-de-France, Bourgogne-Franche-Comté and Grand Est, we contribute to forest restoration and biodiversity conservation.

Our approach distinguishes between GHG removals generated on farms – contributing to our *SBTi FLAG* target – and those at the broader landscape level, supporting our *net zero* target.

In practice, our interventions focus on restoring natural forest landscapes through tree growing, integrating agroforestry systems for key crops such as coffee and cocoa, and supporting broader ecosystem restoration activities, including natural regeneration and peatland restoration.

Long-term project design, monitoring and verification approach

To help ensure that planted trees survive and thrive, each project follows a 20-year (or longer) lifecycle. This includes thorough country- and project-level assessments and due diligence, as well as stakeholder engagement from the outset. This approach enables careful selection of project locations and ensures that *social safeguarding* and long-term impact monitoring and planning are embedded from the start. Once a project is launched, progress tracking of key milestones occurs based on annual activities planned. We then consolidate these numbers across the *GRP* to a total tree and other benefits landing summary.

As projects move to monitoring phases, our partners support us in tracking and monitoring project outcomes along the projects' lifetime. In addition, all projects are subject to robust third-party verification or certification processes, reinforcing the credibility and durability of outcomes.

Our performance

From 2021 until the end of 2025, we planted 24 105 000 trees. In 2025 alone, we planted 8 773 352 trees.

Our methodology

To track and communicate progress against our commitment, we apply the following formula:

Delivered
Trees planted
(reporting year)

=

Σ All projects
(reporting year)

Results can then be consolidated from each project's baseline year to calculate the total number of trees planted since the program's inception. For projects that include additional restoration interventions, a delivered tree equivalent is calculated to ensure consistent measurement across activities. Looking ahead, we also plan to incorporate hectares under restoration as a complementary metric to further strengthen progress tracking.

Our enablers

The *GRP* is centrally managed and deployed by the Sustainability function at headquarters, ensuring strategic oversight and consistency across *markets*. Its success, however, relies on close collaboration with *market* teams, procurement functions and agronomists, who bring critical local expertise and operational alignment.

This work is also enabled through close collaboration with global and local expert partners, combined with long-term commitments in these regions. Global organizations engage local expert entities to support on-the-ground implementation. This model ensures that projects are tailored to local contexts while maintaining strong global coordination and coherence across the *GRP*.

Find more information about the enablers of our sustainability strategy on page 93.

Technology, innovation, and delivery framework for achieving target

As the *GRP* matures, we continue to innovate with our partners to strengthen delivery and long-term impact. For example, in collaboration with Airbus, we are piloting the use of Pléiades Neo high-resolution satellite imagery to monitor tree permanence over time. Now in its second phase, with initial results expected by mid-2027, this

initiative reflects our focus on improving accuracy, transparency and scalability in tracking progress. We also continue to explore complementary tools to enhance efficiency and performance across the *GRP*.

In parallel, we promote continuous learning across our partner network by sharing best practices and delivering targeted trainings on key topics – such as land rights in climate projects – to ensure high-integrity implementation. Together, these efforts reinforce a delivery framework that integrates innovation, partnerships and capability building to achieve our target.

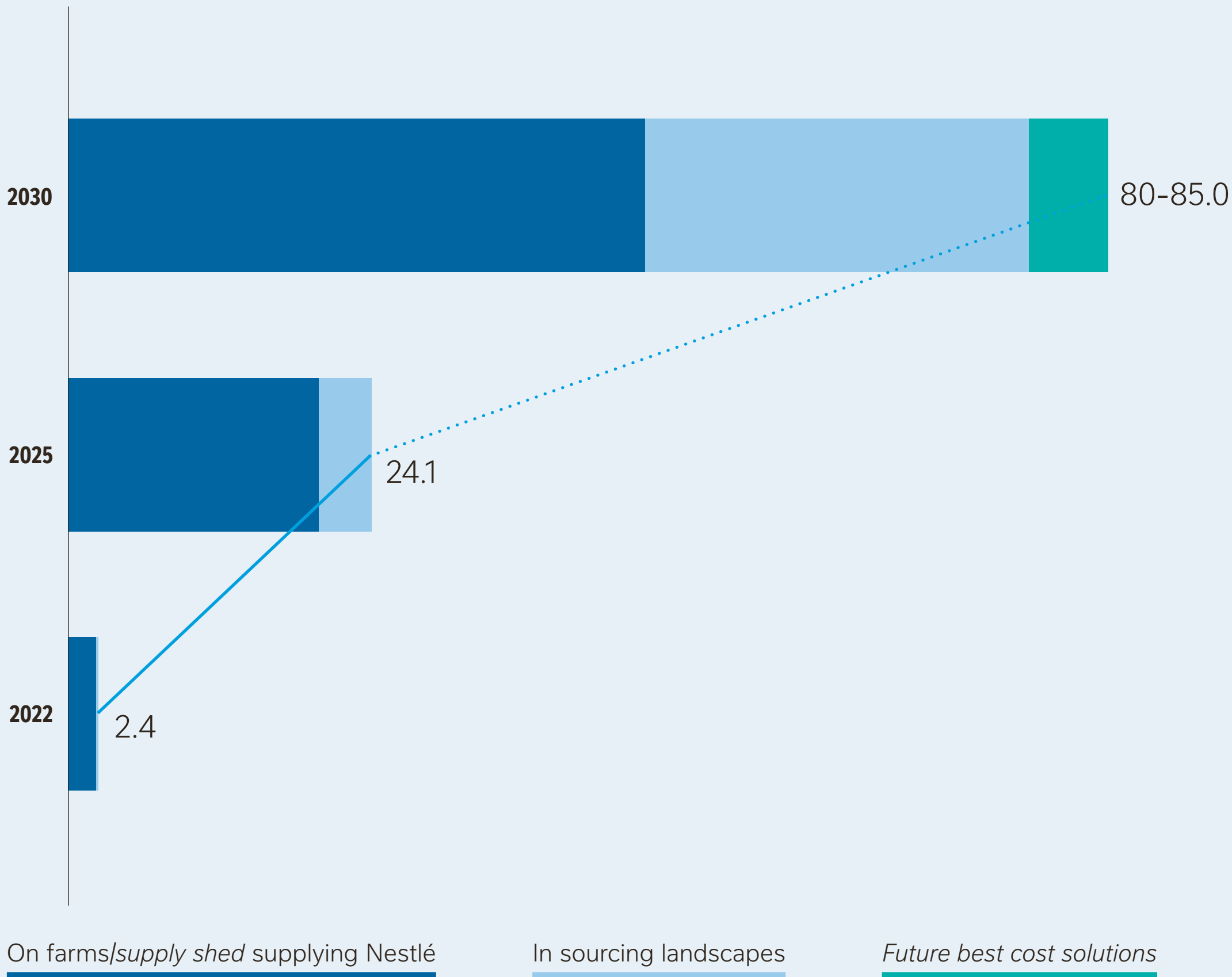
Our expected pathway to our target

Over two thirds of the target are already under contract and planting needs to continue its course. To achieve our target, ongoing projects will continue to deliver results, while we scale and expand existing initiatives, launch new projects and explore new strategic partnerships, with progress expected as outlined to the right.

Our expected pathway

By 2030, we aim to plant and grow 80-85 million trees through our *Global Restoration Program*

Millions trees



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary. We report progress annually in our *Non-Financial Statement* and *corporate website*

CASE STUDY

Landscape initiative
in the soy supply chain

In Brazil’s Western Mato Grosso, we act at the landscape level to address deforestation pressures and promote *responsible sourcing* of soy. We align *responsible sourcing* in our supply chain with collective action across the region to protect ecosystems, support farmers and secure long-term supply.



Farming with resilience
in the Cerrado

In Western Mato Grosso, a soy region covering six municipalities and more than five million hectares in the Cerrado, we work closely with farmers, local government, peer companies and NGOs, such as IPAM. Together, we expand *regenerative agriculture* practices, seek other ways to promote biodiversity and plan conservation and restoration activities. This includes incentives to preserve land that could otherwise be legally converted, helping align production needs with ecosystem protection and community priorities.

Conserving ecosystems,
scaling collaboration

The Western Mato Grosso landscape contains approximately 3 million hectares (ha) of remaining native vegetation, including an estimated 300 000 ha of forest assets that may be legally convertible. Through the current initiative, 5029 hectares have so far been enrolled in the program for voluntary protection beyond legal requirements, with further scale up planned. Farmers are adopting *regenerative agriculture* practices that help lower emissions, improve soil health and reduce the need for expansion into natural ecosystems. We plan to scale

these *regenerative agriculture* practices, embed *social safeguarding* for all individuals and communities within the landscape scope, including for *IP&LCs*, and deepen collaboration with peers and public authorities to help secure *responsible sourcing* of soy.



5029 ha
enrolled in the
program for voluntary
protection beyond
legal requirements



RESILIENT SOURCING: FOCUS AREA

Effective water management

**2.9 million
cubic meters**

reduced water use in
our facilities in 2025

Healthy ecosystems are essential for water security. We focus on reducing usage in water-stressed regions, supporting farmers with water-efficient solutions and improving access to clean water for communities.

Water is essential for growing the raw materials we depend on and for manufacturing our products. Climate change will significantly alter water availability in key sourcing and operating regions. Climate change and shifting demographics exacerbate pressure on, and competition for, water resources, increasing the pressure on food production systems. Managing water wisely is critical to safeguarding the business continuity of our manufacturing operations, ensuring the supply of ingredients and supporting the well-being of communities within our value chain.

Our primary focus is on reducing water use in water-stressed areas across our business. In 2025, we reduced water use in our facilities by 2.9 million cubic meters, building on incremental progress over the last decade. We also help farmers implement practices to reduce irrigation water use or retain more water in soils.

As we strengthen our approach and continue to improve water use efficiency in our manufacturing sites, efforts must extend beyond our factory fence and beyond the farm gate. De-risking and building a *water-resilient value chain* requires us to engage in improving local water resources at watershed level, through a water stewardship approach. This means identifying the highest water-risk locations and engaging in collective actions to mitigate water risks through measurable improvements and to increase local water resilience. We track the water footprint of key ingredients, including coffee, cocoa and dairy, to strengthen water management and scale *regenerative agriculture* practices. These efforts are supported by mandatory Responsible Sourcing Core Requirements for suppliers.

Through this transition, we are strengthening engagement with communities, suppliers and local stakeholders to drive collective action at the watershed level. Scaling *regenerative agriculture, nature-based solutions* and collaboration are important for long-term water availability, helping to reduce risk to our operations and helping to avoid negative impacts on communities, while supporting growth across our value chain.

Supporting farmers and communities

We work with farmers to introduce efficient irrigation, soil moisture management and crop techniques that conserve water. At the same time, we invest in projects that provide vulnerable communities with access to safe water, helping to address global challenges of health, hygiene and sanitation.

Partnering at landscape level

We partner with NGOs, governments and peers at the watershed level to contribute to collective action on river basin management and ecosystem restoration.

CASE STUDY

+3.8%

nitrogen use efficiency
year on year,
2025 versus 2024

-12.9%

average pesticide
usage year on year,
2025 versus 2024

+0.82m³/ha

available water holding
capacity in soils
year on year,
2025 versus 2024

Addressing water risks at landscape level

Nestlé’s work with the Landscape Enterprise Networks’ (LENs) East of England project illustrates how collaboration can improve water resiliency across an agricultural landscape.

Working together

LENs is uniting 155 farms, covering approximately 23 900 hectares in one of the UK’s most water-stressed regions, with other key stakeholders, including water utilities and wastewater treatment operators. With Nestlé support, the project applies *regenerative agriculture* practices to reduce water pollution.

Targeted interventions

Since its launch in 2021, LENs has directed significant investment to on-farm measures to improve soil structure for increased groundwater retention capacity and reduced runoff into waterways. They have supported interventions including planting cover crops, reducing tillage and establishing hedgerows and woodland. For water quality, part of the project helps

farmers manage inputs so as to lower the amount of pesticides and nutrients that leach into watercourses.

There has already been good progress. Farmers’ use of nitrogen-based inputs is more efficient, indicating a reduced risk of nutrient losses into water systems. Similarly, pesticide usage is down meaning lower chemical pressures on surface water and groundwater. With soil water-holding capacity increasing, the project is also showing improvements in potential water availability for crops.

Nitrogen fertilizers play a critical role in supporting plant growth and achieving high crop yields. Nitrogen use efficiency (NUE) refers to the ratio between nitrogen outputs (crop uptake or yield) and nitrogen inputs (fertilizer application), reflecting

how efficiently applied nitrogen is converted into agricultural production. Improving NUE enables more precise fertilizer application, reducing nitrogen losses to the environment, including runoff to water bodies and *GHG emissions*, while supporting higher productivity and farm profitability.



RESILIENT SOURCING

Regenerative agriculture practices



50%

By 2030, we aim to achieve 50% key ingredient volumes sourced from farmers adopting *regenerative agriculture practices*¹⁵

The global population is expected to reach 10 billion by 2050. As food demand grows, meeting demand within planetary boundaries is placing unprecedented pressure on natural systems. Food and farming systems are directly exposed, as agricultural production depends on *healthy soils*, stable climates, functioning watersheds and biodiversity.

Today, around 90% of the world's food is produced on farms, yet the natural foundations of agriculture are under strain. Soil erosion and land degradation, pollinator decline, water stress and changing rainfall patterns are affecting yields and farmer livelihoods in many regions. Climate change is amplifying these trends, increasing volatility and disrupting the ecosystems that underpin agricultural productivity.

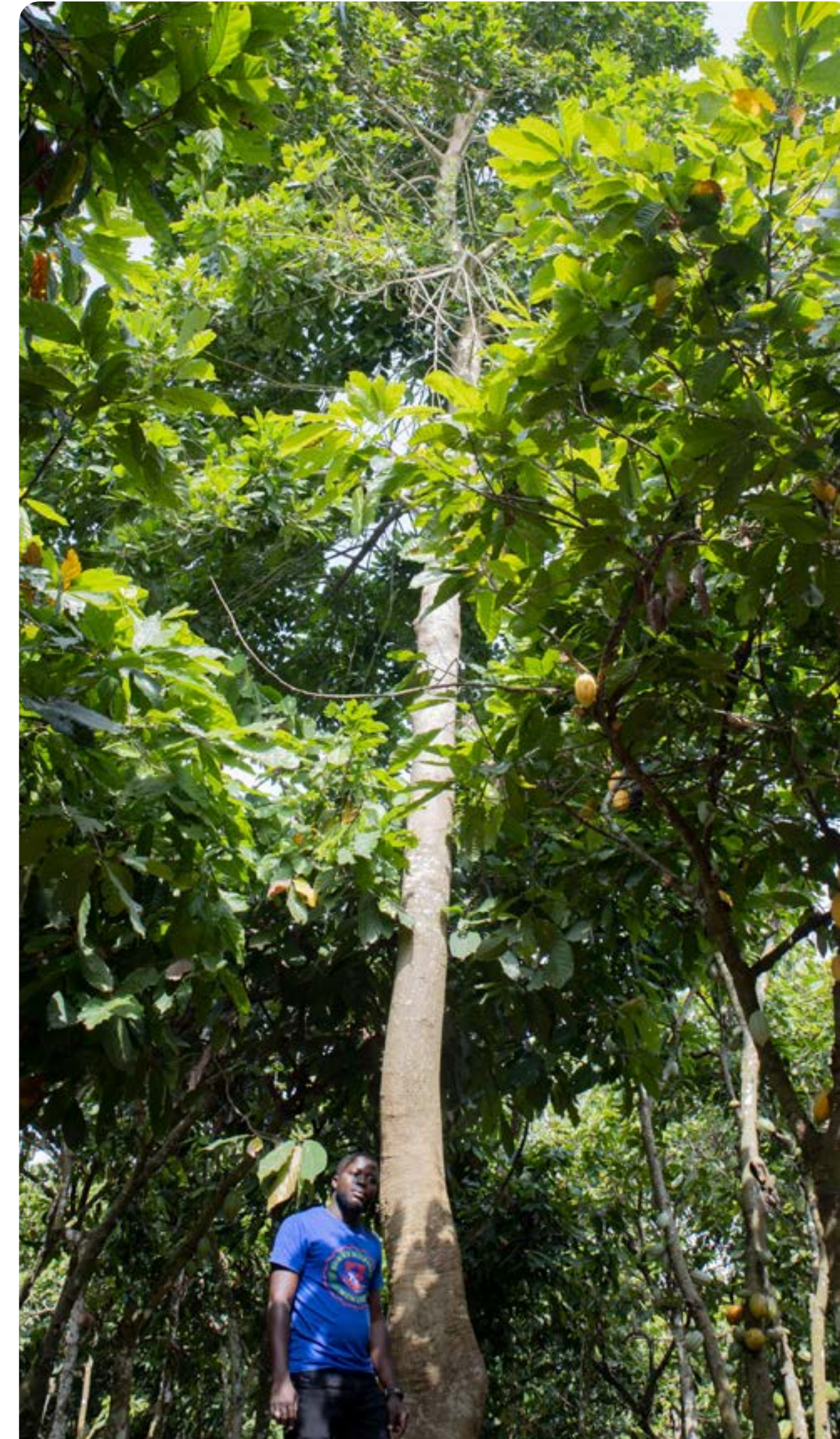
As these pressures intensify, risks to agricultural supply chains are increasing. Declining ecosystem health threatens ingredient availability, quality and cost, while undermining long-term productivity and rural livelihoods.

Strengthening agricultural systems is therefore essential to safeguard food security, secure high-quality raw materials and preserve the natural capital on which farmers depend. Addressing these challenges requires a shift in how food is produced – one that restores ecosystems while sustaining production over the long term.

Regenerative agriculture as a solution

Regenerative agriculture provides a pathway to respond to these pressures by transitioning away from conventional farming models towards systems that work more in line with nature and deliver food at scale. With nearly two thirds of our *GHG emissions* linked to agricultural supply chains, it is also a key pillar of Nestlé's *net zero* ambition.

Regenerative agriculture focuses on advancing on-farm interventions such as minimal tillage, cover crops, diversified crop rotations, agroforestry and improved livestock management. Together, these practices support emissions reductions and carbon removals, while improving soil health, enhancing biodiversity and strengthening *watershed health*.



15. There has been a change in the key ingredients scope from 2026 onwards. The new scope is: cereals and grains; cocoa; coconut; dairy (derivatives and fresh milk); *green coffee*; hazelnuts; meat, poultry and eggs; soy; spices; sugar; vegetables; and vegetable fat oils (including palm oil).

Our objective is to help embed *regenerative agriculture* as the standard approach across the food industry, addressing environmental, climate and social dimensions together. This transformation goes beyond the adoption of individual practices. It focuses on shifting farming systems towards models intended to contribute to long-term outcomes for people, nature and climate.

We recognize that transforming how food is grown takes time and must be tailored to diverse agronomic, climatic and socio-economic contexts. For this reason, we invest for the long term, working closely with suppliers and farmers to enable adoption and continuous improvement. Through such partnerships, *regenerative agriculture* contributes to resilient livelihoods, stable production systems and thriving ecosystems.

In 2030 alone, farmers adopting *regenerative agriculture* practices could remove an estimated 2.85 million tCO₂e.

Delivering *regenerative agriculture* at scale

To ensure the consistent, credible and scalable implementation of *regenerative agriculture* across crops, geographies and sourcing models, we have developed the Nestlé Agriculture Framework.

Our Agriculture Framework provides a structured yet flexible foundation for

action, identifying where *regenerative agriculture* practices deliver the greatest benefits while remaining adaptable to local farming systems and contexts. It builds on established agronomic approaches, including conservation agriculture, *climate-smart farming*, agroecology and precision agriculture.

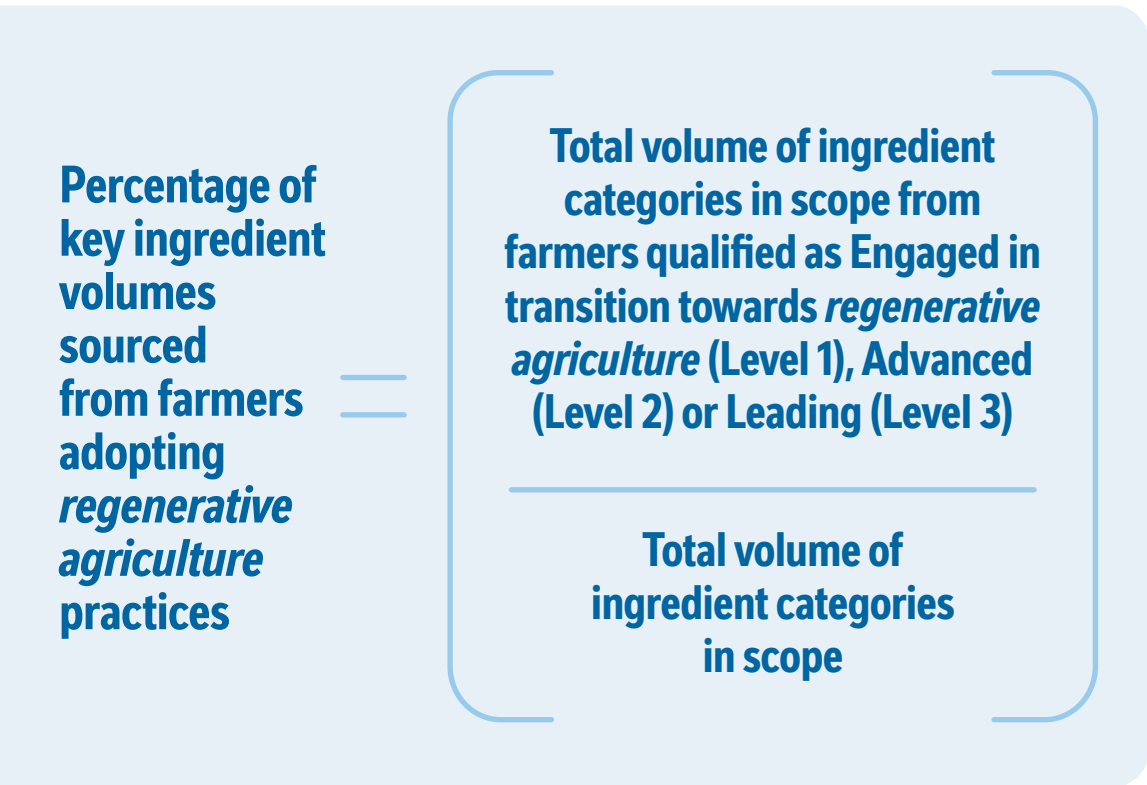
By integrating these approaches within a single, coherent structure, it supports scalable implementation across supply chains while enabling locally relevant application.

Our performance

In 2025, we reached 20.7% key ingredient volumes sourced from farmers adopting *regenerative agriculture* practices.¹⁶

Methodology, metrics and outcomes

We calculate our performance against our target as follows:



We continuously strengthen how progress is measured and reported, moving towards indicators that capture *regenerative agriculture* practices adoption and, where feasible, outcome-based measures related to soil health, biodiversity, water and climate. As primary data quality, methodologies and digital capabilities improve, reported figures are refined to enhance transparency, robustness and confidence in progress.

Progress measurement

In order to measure the progress against our target, we apply the following approaches:

- In *regenerative agriculture* projects, whenever feasible, each farm should be assessed. For farms not linked to such projects, when not possible to assess each farm due to the high number of farms, a sample of farms is assessed. In indirect sourcing via suppliers, when not possible to assess each farm, the supplier should cover as a minimum the number of farms equivalent to the volumes sold to Nestlé or a representative sample.
- Where full traceability is not feasible, like in the context of supplier-driven projects, the assessments should be carried out within the farming *supply shed* of the primary processor or first aggregator that supplies Nestlé (directly or indirectly).

- We keep track of progress through crop-specific assessment tools (*Farm Assessment Tools (FAT)*), which include checklists of *regenerative agriculture* practices and a scoring system which are implemented in farms that are considered part of our supply chain. We also benchmark some of our suppliers' assessment tools versus our own requirements in order to establish equivalences and use the results of these tools to measure *regenerative agriculture* achievements.

Action pillars: what defines *regenerative agriculture*

Our Agriculture Framework is built around five interrelated action pillars that define *regenerative agriculture* and reflect the interconnected nature of farming systems:

- Diverse cropping systems and livestock integration
- Collective and landscape actions
- Soil health
- Biodiversity
- Water security and quality

16. This performance number differs from the one available in our Non-Financial Statement 2025 due to a change in the methodology during the first half of 2026. Now we consider ingredients volumes converted back to their original fresh state, instead of their processed form.

At the heart of these pillars are farmers, whose decisions and *regenerative agriculture* practices connect soil, water, biodiversity, climate and livelihoods. Applied consistently across supply chains, this five-pillar approach enables comparability, measurement and continuous improvement over time.

Action areas: translating pillars into on-farm practices

To translate the action pillars into practical change at farm level, the framework defines action areas that focus on the greatest benefits. These action areas provide clarity on where change matters, while allowing flexibility in how practices are implemented by farmers.

Soil conservation

Support for soil structure, organic matter, water retention and the strengthening of long-term productivity is actioned via *regenerative agriculture* practices that maintain or improve soil health, including permanent and diversified soil cover, minimum tillage, diversified crop rotations and intercropping.

Crop nutrition and protection

Support for emissions reductions, while limiting impacts on soils, water and biodiversity, is actioned via *regenerative agriculture* practices that optimize fertilizer use to reduce emissions and runoff, promote organic or alternative inputs where appropriate, and progressively reduce reliance on synthetic herbicides and pesticides.

Development of natural habitats

Support for enhancing biodiversity within farmland is actioned via *regenerative agriculture* practices such as agroforestry, hedgerows, riparian buffers and other landscape features that support ecosystems such as pollinators and *ecological connectivity* across production landscapes.

Water stewardship

Support for efficient and reduced water use is actioned via *regenerative agriculture* practices that include irrigation management, water-saving techniques and landscape practices that enhance water retention and reduce runoff, particularly in water-stressed regions.

Addressing non-CO₂ agricultural emissions

Beyond carbon dioxide, methane reduction is also a focus in dairy (see page 69) and other selected value chains. Support is actioned via *regenerative agriculture* practices such as improved water management in rice cultivation and methane capture in palm oil processing.

Strategic enablers: enabling scale and credibility

Scaling *regenerative agriculture* requires more than the adoption of individual practices. It depends on a set of strategic enablers that address key barriers to adoption, support large-scale uptake, ensure consistency across regions and safeguard the credibility of reported outcomes.

Supporting the financial transition

Transitioning to *regenerative agriculture* can involve upfront investment, delayed returns or increased risk for farmers. To support adoption, we deploy a range of financial

mechanisms, including co-investment, incentives, premiums, cost-sharing arrangements and risk-sharing models, with particular attention to smallholders and farmers operating in higher-risk contexts. These mechanisms aim to lower barriers to entry, support long-term adoption and enable *regenerative agriculture* practices to become economically viable over time.

Science, research and agronomic expertise

Scientific rigor is central to our approach. Through the Nestlé Institute of Agricultural Sciences and Nestlé R&D, we generate and apply science-based insights to inform



regenerative agriculture practices selection, refine methodologies and strengthen the evidence base for climate, environmental and productivity outcomes. This includes field research, trials, modeling and collaboration with academic and external partners to continuously improve agronomic relevance, impact assessment and innovation.

Innovation and digital enablement

Innovation and digital enablement play a critical role in supporting the effective and scalable implementation of *regenerative agriculture*. Digital solutions help tailor agronomic practices to local conditions, support informed decision-making by farmers and sourcing teams, and reduce complexity. By strengthening data capture and monitoring, digital enablement also supports consistent implementation across regions, enhances comparability of information and accelerates learning and continuous improvement across projects and supply chains.

Putting farmers at the center of the transition

Farmers are at the heart of the transition to *regenerative agriculture*. We collaborate closely with producers to co-design practices adapted to local agronomic, climatic and socioeconomic realities, building on farmers’ knowledge and experience rather than prescribing one-

size-fits-all solutions. This partnership-based approach supports relevance, ownership and long-term adoption.

We are mobilizing significant human, technical and financial resources to support this transition at scale. Today, we source directly from around 600 000 farmers, supported by more than 500 of our staff and thousands of field technicians working alongside producers across regions and supply chains. Where adoption involves upfront investment or transitional risk, particularly for smallholders, we use the enablers (page 93) to facilitate participation and sustained change.

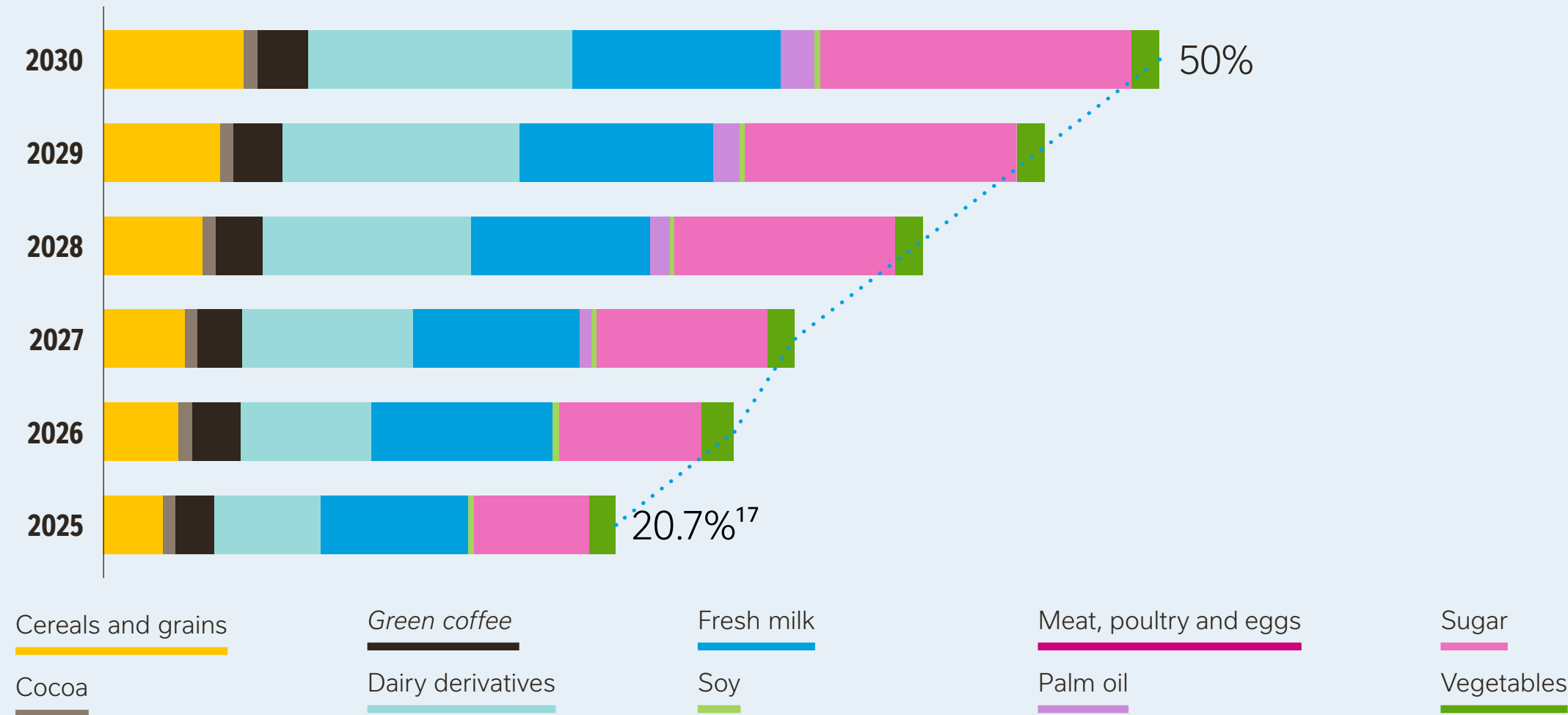
Our aim is to demonstrate that *regenerative agriculture* can deliver resilient production, competitive costs and improved income stability, enabling long-term adoption. Beyond farming practices, we are committed to a *just transition* that creates decent work opportunities, strengthens livelihoods and minimizes negative impacts on farmers, workers and communities. In parallel, we also engage with policymakers, financial institutions and partners to help create enabling conditions for *regenerative agriculture*, including supportive policies, access to finance and collaboration at the landscape and sector levels, reinforcing long-term viability and impact.

Driving sector-wide alignment

Transforming agriculture at scale requires collaboration beyond individual farms and beyond our own supply chains. We work with suppliers, peers and multi-stakeholder initiatives such as the SAI Platform to align on common definitions, metrics and reporting approaches.

Shared frameworks and harmonized methodologies are essential to scale *regenerative agriculture* practices effectively, reduce fragmentation and ensure consistency and comparability of outcomes across the sector. In parallel, engagement with public, financial and civil-society partners helps create enabling conditions for system-wide transformation.

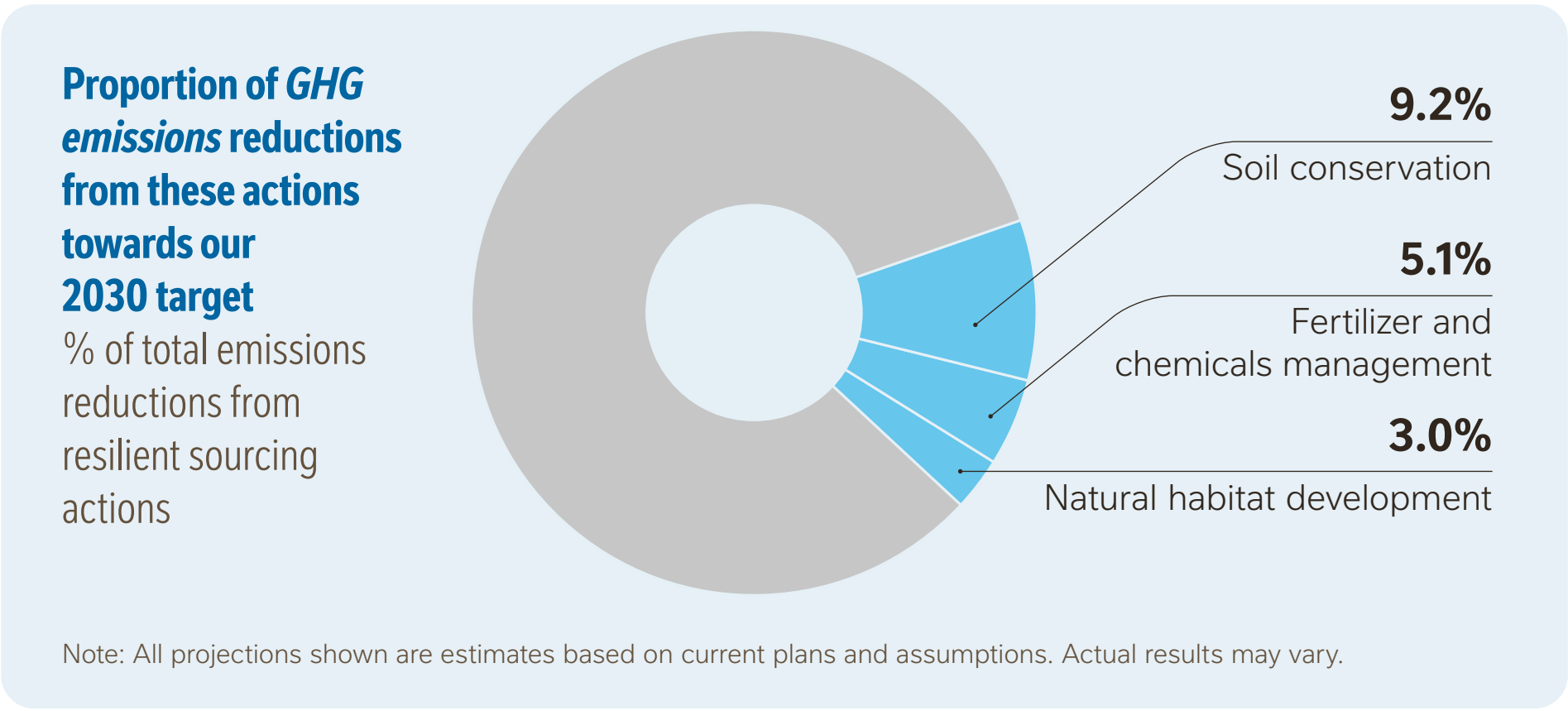
Our expected pathway
By 2030, we aim to achieve 50% key ingredient volumes sourced from farmers adopting *regenerative agriculture* practices



17. This performance number differs from the one available in our *Non-Financial Statement 2025* due to a change in the methodology during the first half of 2026. Now we consider ingredients volumes converted back to their original fresh state, instead of their processed form.
Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary. We report progress annually in our *Non-Financial Statement* and corporate website

Key actions we support

Actions	What we mean
Soil conservation	➔ Implementing <i>regenerative agriculture</i> practices that maintain or improve soil health, such as permanent and diversified soil cover (e.g. cover crops), minimum tillage, diversified crop rotation and intercropping.
Fertilizer and chemicals management	➔ Optimizing fertilizer use to reduce emissions and runoff, promoting organic fertilizers over synthetic ones and continuously reducing the use of synthetic herbicides and pesticides.
Natural habitat development	➔ Increasing natural habitats within farmland through agroforestry, riparian buffers, hedgerows and <i>green buffers</i> .



To guide our sourcing strategy towards 2030, we conducted a detailed analysis, by crop and geography, of interventions required to contribute to our emissions reduction objectives. Drawing on evidence from projects, scientific literature and external expertise, we modeled the potential impact of *regenerative agriculture* practices across key supply chains.

These insights inform sourcing decisions and support prioritization of actions that have the potential to deliver climate mitigation, biodiversity protection and resilient livelihoods. Modeling also helps to identify where *regenerative agriculture* practices can deliver the greatest impact, guiding investment and engagement across crops and regions.



CASE STUDY

The Nescafé Plan 2030

Promoting *regenerative agriculture* practices, *responsible sourcing* and supporting farmers are key drivers of change for the Nescafé Plan 2030.



53%

in 2025, 53% of our *green coffee* came from farmers adopting *regenerative agriculture* practices¹⁸



Regenerative agriculture practices

In coffee, *regenerative agriculture* practices include, for example, agroforestry, integrated weed management and optimising fertilization – with specific actions dependent on the *terroir* characteristics. In partnership with the Rainforest Alliance, our monitoring and evaluation process assesses the adoption of *regenerative agriculture* practices across *farmer units* in multiple *origins*. We utilise a comprehensive *farm assessment tool*, which measures the *regenerative agriculture* status of each *farmer unit*.

Responsible sourcing

The implementation of *responsible sourcing* programs is fundamental to the *Nescafé Plan*. This means *green coffee* is segregated and traceable to an identified *farmer unit*, and independently certified or verified as being produced in alignment with our Responsible Sourcing Core Requirements

Supporting farmers

We have supported this rapid acceleration of *regenerative agriculture* practices in our supply chains through the work of over 1600 field staff, including agronomists. Together with the farmers, in a process of continual

and mutual improvement, we are enabling over 100 000 training sessions covering topics such as measuring and improving soil health, managing organic matter and limiting pesticide use. We also help farmers to cope with climate change by distributing plantlets of coffee varieties more resistant to local climate events. This allows farmers to renovate their farms and improve yields.



94.3%

in 2025, 94.3% of our coffee was *responsibly sourced*



20.3 million

in 2025, we distributed 20.3 million coffee plantlets to support better yields and climate adaptation



18. This performance number differs from the one available in our *Non-Financial Statement 2025* due to a change in the methodology during the first half of 2026. Now we consider ingredients volumes converted back to their original fresh state, instead of their processed form.

RESILIENT SOURCING

Dairy and meat based actions



-26% net GHG emissions reduction in 2025 in our dairy supply chain from the 2018 baseline¹⁹	-25% methane (CH₄) emissions reduction in 2025 in our dairy supply chain from the 2018 baseline
34% dairy sourced from farmers adopting regenerative agriculture practices	60% responsibly sourced dairy ingredients (fresh milk and dairy derivatives)

In Nestlé, dairy is our largest agricultural source of *GHG emissions*. While this is clearly a challenge, it is also an opportunity, because it offers us the best chance to have an impact in our supply chain. For example, in 2025, we achieved a 26% net reduction of *GHG emissions* in our dairy value chain (from the 2018 baseline).

Our *Dairy Plan* is rooted in our operations and fundamentally about delivering the right quality ingredients for our product mix. It is a holistic, farmer-centric initiative designed to support resilient dairy farming and the sourcing of high-quality dairy ingredients, while helping reduce *GHG emissions*, scale *regenerative agriculture*, support farmer livelihoods and animal welfare, and conserve and restore key ecosystems across the Nestlé dairy value chain.

The five pillars of the *Dairy Plan*

- ➔ **Quality:** We believe that quality begins long before milk reaches our products – it starts in the farm, rooted in healthy cows and thriving landscapes. We support dairy practices and controls that help us achieve the quality of ingredients we need for our products.
- ➔ **Farmer livelihoods:** We try to make dairy farming more attractive through financial tools, practical guidance and long-term support to help farmers (including the upskilling and empowerment of all genders and ages) to run businesses that can last.
- ➔ **Climate:** Aligned to our *net zero* ambition, we work to accelerate the reduction of *GHG emissions* at scale in dairy farming by addressing the main sources of emissions and developing lower-carbon solutions.
- ➔ **Animal welfare:** We work with farmers through training and capacity-building to improve dairy farming practices. From balanced nutrition, animal health and transition management to creating a low-stress environment for cows.
- ➔ **Nature:** We support the transition to *regenerative agriculture* with multiple aims: improving soil health, increasing biodiversity, conserving water, building supply chain resilience and supporting farmer livelihoods.



19. Net reductions (%) of *GHG emissions* from the 2018 baseline. Includes removals from inside Nestlé’s value chains and sourcing landscapes (pending the publication of the *SBTi* guidance on neutralization).

Improving productivity while reducing emissions

Our *Dairy Plan* is grounded in the idea that environmental and economic performance go hand in hand. Supporting farmers in improving milk yields through healthy herds and optimized feed helps lower the carbon intensity of dairy production and boost farm profitability. This approach recognizes that every farm is different and tailored solutions are essential for meaningful change at scale.

Managing natural resources

We work with farmers to implement pasture and manure management practices that protect soil health, reduce nutrient loss and lower emissions. This includes rotational grazing, pasture restoration and using biodigesters to convert manure into biogas, creating circular economy models that benefit both climate and farm operations.

We also promote *regenerative agriculture* practices and more efficient use of inputs to reduce the footprint of feed cultivation and enhance resilience.

Driving innovation

In parallel, we are advancing innovation with the Institute of Agricultural Sciences and external partners. Together, we are testing scientifically proven solutions, such as vermiculture and seaweed-based feed additives, which have the potential to transform dairy decarbonization.

We also invest in digital tools and scientific research to identify and scale the most effective interventions, working closely with farmers, cooperatives and technical partners to translate innovation into measurable impact.

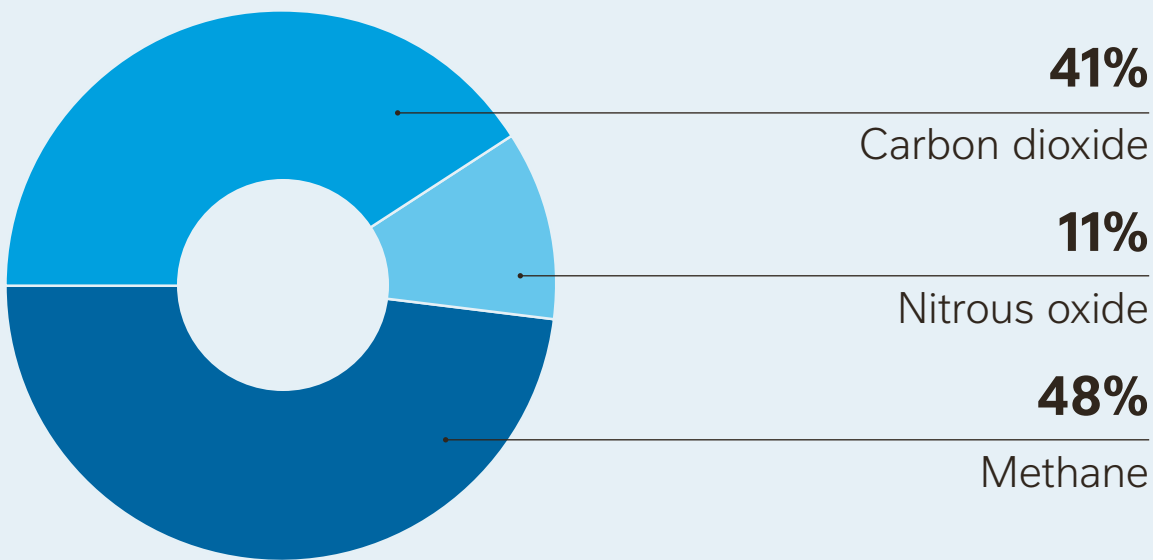
Tackling methane through innovation

Mitigating methane emissions – the most significant GHG in dairy farming – is embedded in our strategy through targeted interventions, such as feed additives (when allowed by regulation) that reduce enteric fermentation, while ensuring animal welfare.

Manure management systems are also key, especially when combined with biodigesters and nutrient recovery technologies. These solutions are deployed in collaboration with farmers and suppliers, as part of our broader *net zero* ambition.

Methane emissions are also a key focus of our *regenerative agriculture* efforts beyond dairy. In rice cultivation, we are supporting farmers to adopt water-saving practices such as alternate wetting and drying (AWD), direct seed broadcasting and low-moisture soil management, all of which help reduce methane emissions from flooded fields. In palm oil supply chains, we are investing in methane capture systems at mill level to convert palm oil mill effluent into biogas, reducing emissions while creating renewable energy.

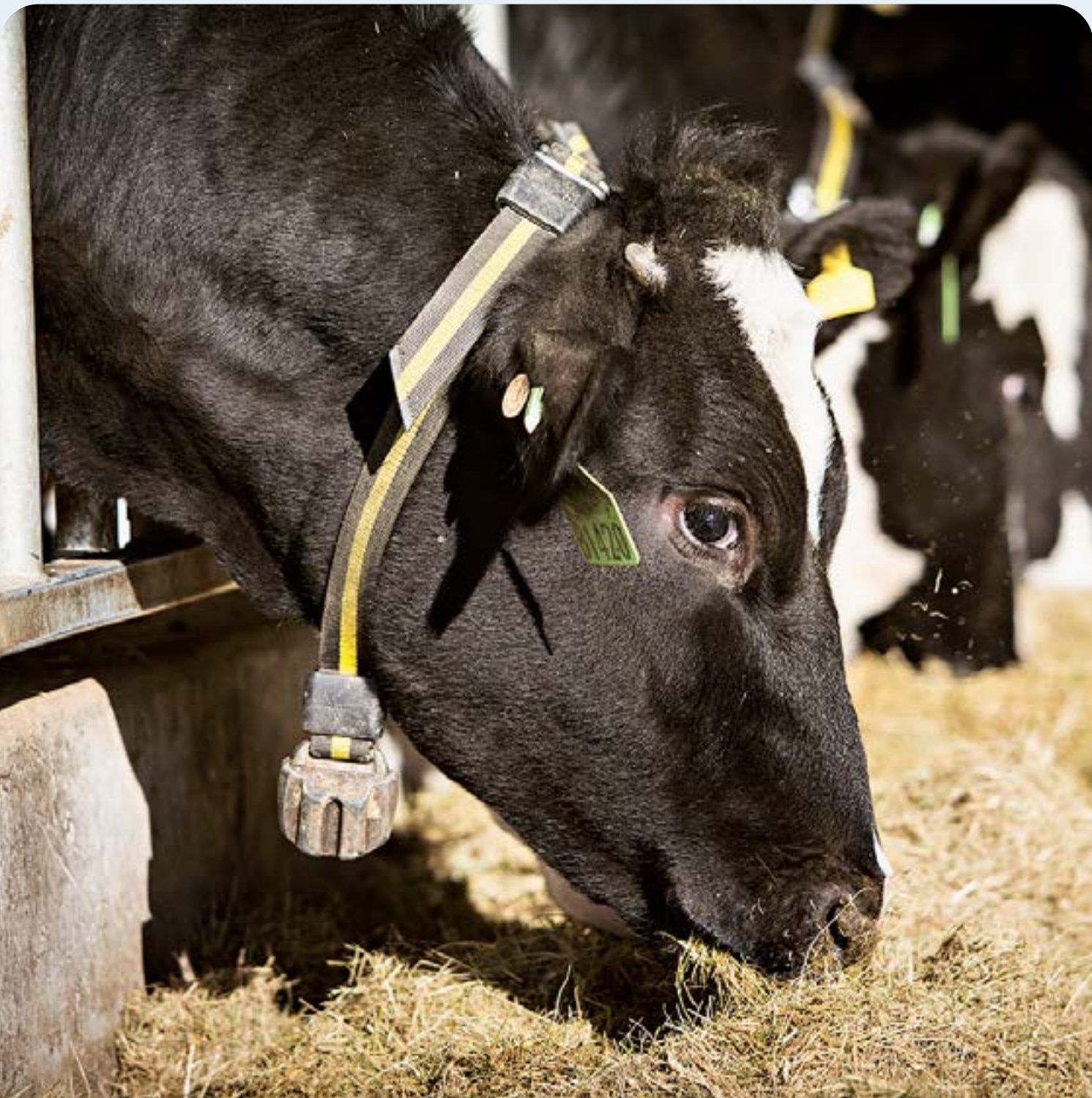
Split of Nestlé GHG emissions from dairy in 2025



CASE STUDY

Building emissions reduction roadmaps with dairy suppliers

We work with over 200 suppliers and more than 130 000 dairy farmers across more than 40 countries to build roadmaps to reduce emissions. The roadmaps, which reflect local conditions and farm archetypes, identify interventions and calculate the scale of deployment necessary to reach our 50% GHG reduction target by 2030.

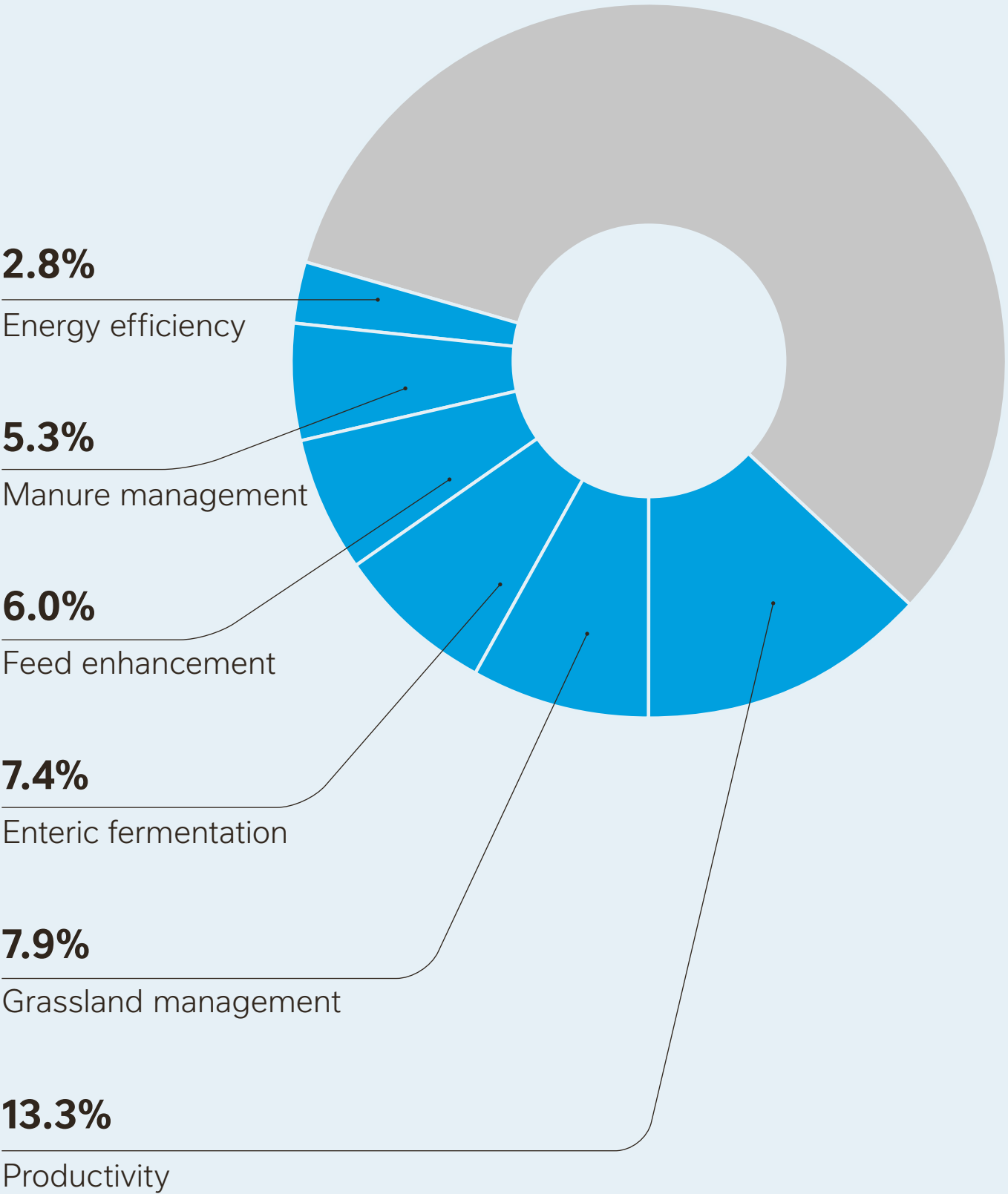


Key actions we support

Actions	What we mean
Productivity	
Breeding	➔ The careful selection of cows to balance health, longevity and productivity, while creating an environment that encourages optimal gene expression.
Cow health and comfort	➔ The use of research, innovation and technology (such as cooling systems).
Optimized feed	➔ The optimization of cows’ diets using the latest research and technology.
Grassland management	
Agroforestry and silvopasture	➔ The integration of trees and scrubs to fields growing feed or grazing cattle.
Pasture management	➔ The use of resilient multispecies pastures that contribute to healthier soils and support more balanced cow diets.
Hedgerows and riparian buffers	➔ The planting of hedges and riparian buffers to help protect habitats.
Enteric fermentation	
Nature-based supplements	➔ The enhancement of cow’s diets with supplements to improve nutrition and support productivity.

Actions	What we mean
Feed enhancement	
Lower-carbon feed	➔ The use of <i>regenerative agriculture</i> to try to reduce the carbon footprint of feed crops.
Cover crops and reduced tillage	➔ The planting of crops in between harvests and less intensive tillage with the aim of conserving the soil, reducing erosion and supporting natural fertilization.
Using organic fertilizers	➔ The use of manure, cover crops, legumes and soil amendments aims to promote healthier and more productive soils.
Addressing deforestation risks	➔ Applying our assessed <i>deforestation-free</i> requirements in our supply chain.
Manure management	
Manure	➔ The development of additional sources of income through by-products such as biogas, biodiesel, liquified CO ₂ , compost fertilizers and the use of earthworms.
Energy efficiency	
Renewable energy	➔ The replacement of high-carbon energy sources with renewable solutions while improving energy efficiency.
Transportation	➔ The use of new digital tools to help optimize routes and load efficiencies, while shifting to renewable fuels.

Proportion of GHG emissions reductions from these actions towards our 2030 target
% of total emissions reductions from resilient sourcing actions



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary.

RESILIENT SOURCING

Supplier partnerships



2.85 million tCO₂e

estimated reduction
potential by 2030

Most of our impacts and dependencies on climate, nature and people happen in our upstream supply chain. This means the only way to address them is through strong partnerships and shared roadmaps with our ingredient and co-manufacturing suppliers.

The way we partner with suppliers to ensure they meet our Responsible Sourcing Core Requirements is tailored to their position and role in our supply chain. We also take a different approach with smallholder farmers, who are often not supplying us directly.

The outcome of these collaborations is estimated to cut our carbon footprint by around three million tCO₂e in 2030, while also creating opportunities for innovation and efficiency in shared value chains.

From processing to decarbonization

Often the ingredients we source from our suppliers have already undergone some processing, such as cooking, drying, chilling and freezing. These can be relatively energy intensive activities, with associated *GHG emissions*.

We are partnering with our suppliers to find opportunities to decarbonize these processes.

This includes exploring opportunities to avoid unnecessary processing steps, to reduce the amount of energy needed and to switch to lower-carbon energy sources, such as renewable electricity (including the use of *energy attribute certificates (EACs)*) or biofuel, in accordance with sustainability requirements.

Embedding sustainability aspects into sourcing decisions

We prefer to work with suppliers who share our vision for *regenerative food systems at scale* and our shared commitment to making it happen. We are embedding this preference within our sourcing strategy.

Accelerating sustainability with co-manufacturers

As with our ingredient suppliers, we are increasing engagement with co-manufacturers that produce for us across multiple business dimensions, including sustainability. Together, we are building comprehensive action plans to reduce environmental impacts and align with our *Roots of Net Zero*: Nestlé's Climate and Nature Strategy and Transition Plan ambition. These plans focus on sourcing from *regenerative agriculture*, improving manufacturing efficiency, switching to lower-carbon energy sources (including the use of *energy attribute certificates (EACs)*) and advancing packaging sustainability solutions.





Key actions we support

Actions	What we mean
Lower-carbon ingredient processing	➔ Reducing emissions during the transformation of raw materials into ingredients by using more renewable electricity and improving energy efficiency.
Supporting co-manufacturers	➔ Assisting co-manufacturing suppliers in implementing sustainability-focused operations, mainly through renewable energy use and improved energy efficiency in processing activities.
Incentivizing action through preferential sourcing	➔ Prioritizing suppliers who adopt sustainability practices and are willing to engage with us on sustainability topics.

Proportion of GHG emissions reductions from these actions towards our 2030 target

% of total emissions reductions from resilient sourcing actions

1.5%

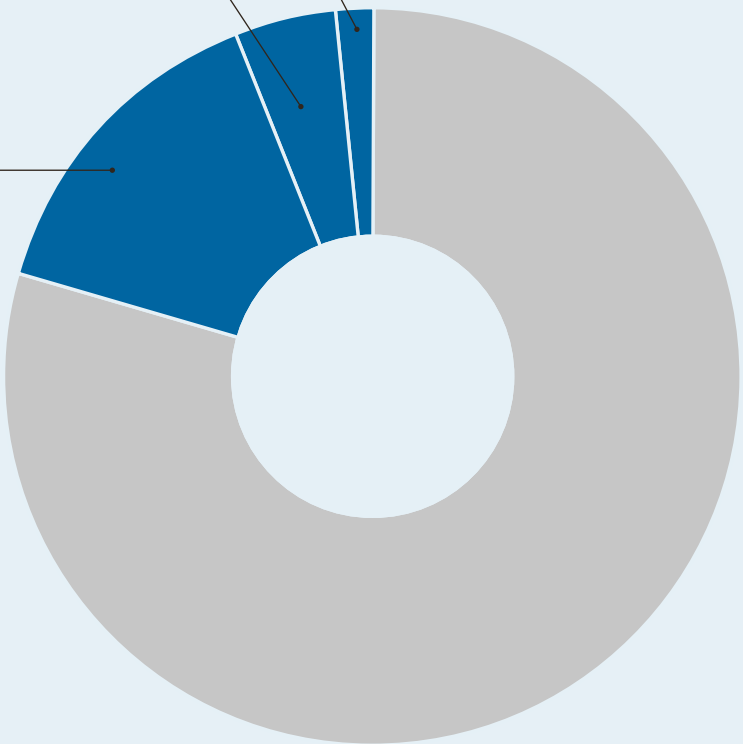
Incentivizing action through preferential sourcing

4.6%

Supporting co-manufacturers

14.0%

Lower-carbon ingredient processing



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary.

RESILIENT SOURCING

Dependencies and engagement

With approximately 65% of Nestlé's ingredient sourcing footprint contributing to *Scope 3 GHG emissions*, working with suppliers and partners to improve practices is critical to achieving reductions.

We are addressing our sourcing emissions through our *regenerative agriculture* and *responsible sourcing* programs. Actions focus on priority commodities where we have the potential to make the largest emissions reductions. Across all resilient sourcing levers, progress depends on these external factors and engagements.

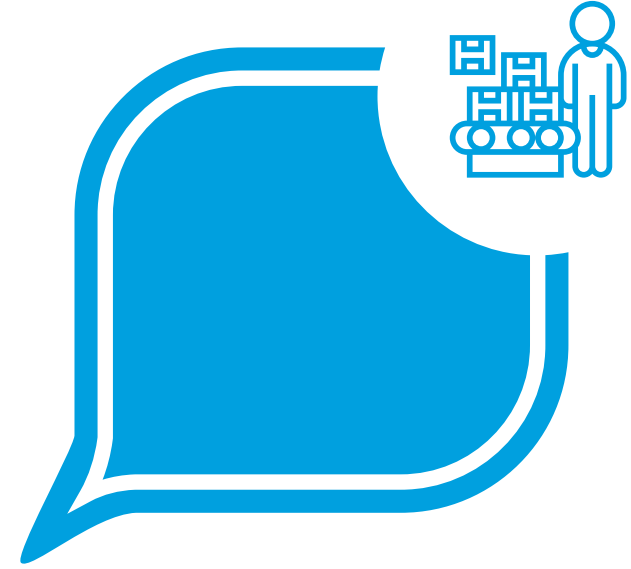


Dependencies to navigate change

- ➔ Public policy support: creating enabling frameworks that incentivize environmental land management alongside food production, aligning agrifood systems with the 1.5°C climate target.
- ➔ Supplier and farmer engagement: collaborating with upstream supply chain partners, including intermediary suppliers and farmers, to implement *responsible sourcing* practices beyond our direct operations.
- ➔ Resilient agricultural systems: for a reliable supply of agricultural ingredients despite climate change impacts and ecosystem degradation, to ensure continuity and long-term viability.
- ➔ Next-generation workforce: securing the future of *regenerative agriculture* through the engagement of and support for the next generation of farmers and farm workers.

How we engage to enable progress

- ➔ Active collaboration through the SAI Platform Regenerating Together framework to harmonize *regenerative agriculture* outcomes progress measurement, across the industry and beyond.
- ➔ Strategic partnerships with the World Farmers Organization and The Nature Conservancy to support the transition to more resilient and *regenerative food systems*.
- ➔ Inspiring the farmers of tomorrow through agripreneurship: training and enabling them to develop knowledge and skills, and supporting them in the management of their farms.
- ➔ Working closely with suppliers to help drive food system transformation across the value chain.



OPERATIONS

Levers 5–8

- 5. Manufacturing efficiency
- 6. Packaging sustainability
- 7. Lower-impact logistics
- 8. Mobility and downstream product storage



OPERATIONS

Manufacturing efficiency



98.6%

renewable electricity in Nestlé's manufacturing sites, owned R&D centers and owned distribution centers at the end of 2025

Resilience in our operations is about adapting our business to be more prepared for a changed climate with increased water stress, while at the same time being ready for incoming regulations. Manufacturing accounts for around 7% of our 2018 emissions baseline for our *net zero* by 2050 target. As a core part of our direct operations, it is where we have the greatest control.

Improving efficiency and redesigning processes

Cutting emissions starts with improvements in efficiency and shifts towards renewable energy, and extends to smarter resource use across water and waste. Across our factories worldwide, we continue to lower energy use through projects ranging from LED lighting to heat recovery and smarter energy management during non-production hours. These actions reduce *GHG emissions* and cut costs.

We also analyze manufacturing processes to identify redesign opportunities that enhance operational efficiency while reducing emissions. For example, studies guide us on where renewable thermal energy, such as biomass boilers, can replace fossil fuels, or where electrification is feasible. In parallel, we are redesigning production lines to optimize energy use and reduce overall consumption. Because these shifts often require significant CAPEX, we now apply an internal carbon cost as a criterion to ensure investments support lower-carbon operations.



Expanding renewable electricity and natural refrigerants

We achieved 98.6% renewable electricity in Nestlé's manufacturing sites, owned R&D centers and owned distribution centers at the end of 2025, via *power purchase agreements*, *green tariffs*, *energy attribute certificates (EACs)* (e.g. renewable energy certificates) and on-site production. Our approach is to help increase demand for renewable power and drive new wind and solar infrastructure.

At the same time, we are phasing out refrigerants with high *global warming potential (GWP)*, such as hydrofluorocarbons. They are being replaced with natural alternatives such as ammonia, CO₂ and hydrocarbons. However, progress in renewable energy adoption remains limited, currently at 6% reduction, due to long payback periods and high CAPEX requirements at site level. To improve this performance, we are advancing energy efficiency projects and exploring technological solutions with shorter payback periods, such as heat pumps, while leveraging available tax incentives.

Managing water and waste

We apply a circular economy approach to reduce water use, avoid waste and recover resources wherever possible. In 2025, total water use reduction in factories amounted to 2.9 million cubic meters. Waste is systematically sorted to maximize

reuse and recycling, minimizing disposal to landfill. These actions strengthen resource efficiency, support community well-being and reduce our environmental footprint.

Supporting nature and communities

We have identified our manufacturing sites located in proximity to protected areas or key biodiversity areas that could negatively affect these biodiversity-sensitive areas. In addition to existing measures to manage waste and wastewater and limit local environmental pressures, we aim to prioritize these sites and progressively implement local biodiversity management plans to further strengthen impact management for surrounding ecosystems. For example, we have already conducted a biodiversity diagnosis in France to identify sensitive habitats and threatened species around our factories. It will inform the definition of our local action plans to enhance biodiversity, with, for example, green areas management plan. Our projects also create positive social impact, for example, by using farm waste as biomass in boilers for renewable energy, supporting local development and livelihoods.

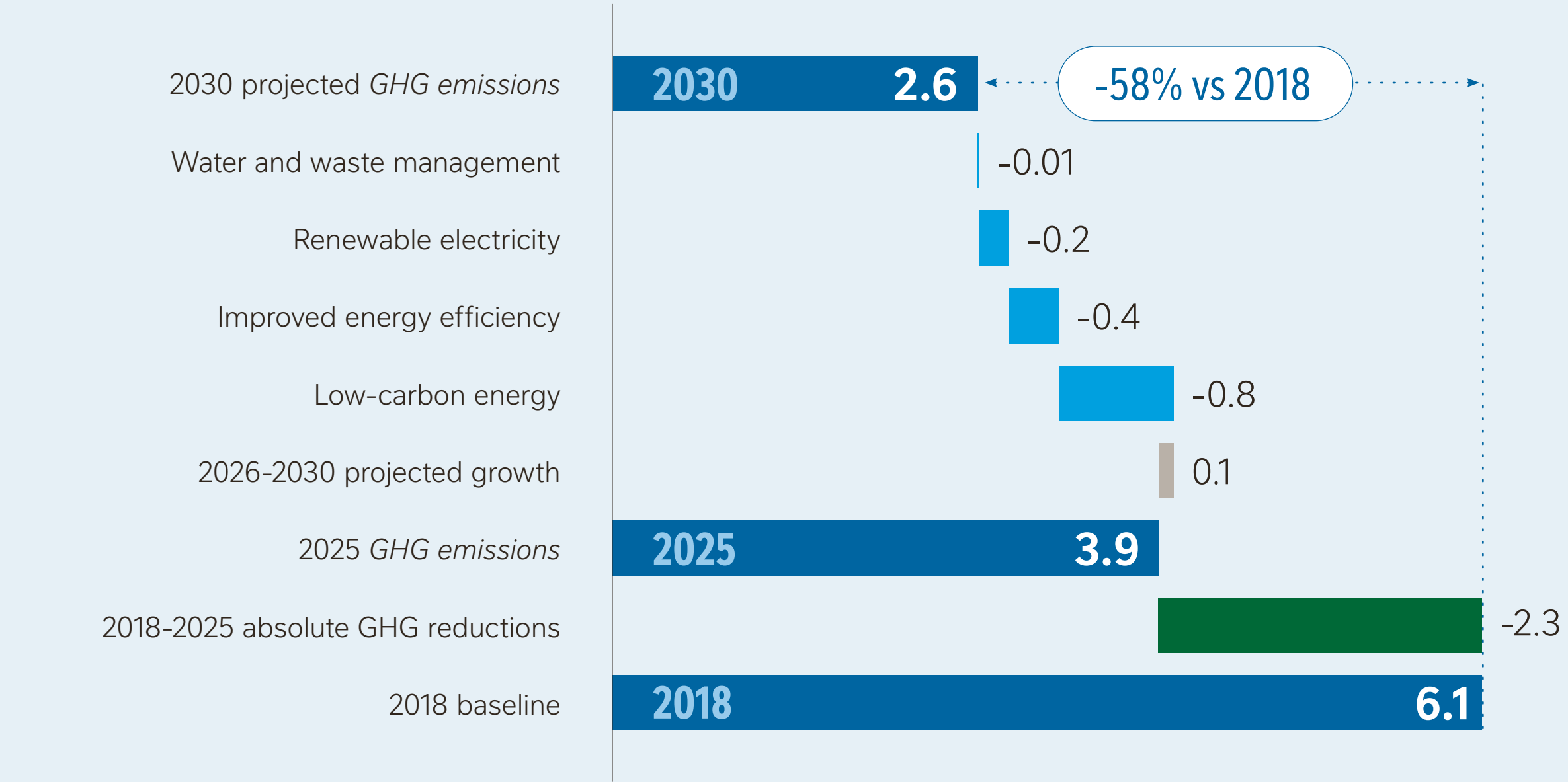


Key actions we support

Actions	What we mean
Low-carbon energy	➔ Switching to energy sources with lower emissions, including electrification and phasing out fossil fuels. ➔ Using natural refrigerants and refrigerants with lower GWP than conventional options.
Improved energy efficiency	➔ Enhancing energy efficiency across operations. ➔ Re-engineering production processes to improve efficiency and upgrade machinery (CAPEX investments).
Renewable electricity	➔ Using electricity from renewable sources.
Water and waste management	➔ Reducing water use, minimizing waste generation and improving waste sorting.

Projected GHG emissions reductions from manufacturing efficiency

Million tonnes of CO₂e



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary. The subtotals may not add up to the graph totals due to rounding. We report progress annually in our [Non-Financial Statement and corporate website](#).

OPERATIONS

Packaging sustainability



12%-17%

by 2030, we aim to achieve 12%-17% *virgin plastic* reduction, from the 2018 baseline²⁰

Packaging plays an essential role in protecting our products, preserving quality and helping deliver safe food and beverages to consumers. Packaging accounts for around 11% of our 2018 emissions baseline for our *net zero* by 2050 target. At Nestlé, we are guided by a vision where packaging does not end up in landfills or as litter.

Our Packaging Sustainability Strategy is comprehensive and adaptable to local requirements. Packaging has an environmental footprint through the materials it uses, the *greenhouse gas (GHG) emissions* linked to its production and end-of-life treatment, and the waste it can generate when collection, sorting and recycling systems are not available or not used effectively.

Redesigning for lower impact

We are transforming the way we design, use and manage packaging, while supporting the systems needed to collect, sort, recycle and utilize materials at scale. We continue to reduce our packaging through innovation, focusing on redesign and optimization, and moving to alternatives to plastic or to compostable materials. In doing so, we reduce our reliance on *virgin plastics* and strive to become more circular, lowering our impact on climate and ecosystems, working toward a circular economy for packaging through three priorities: less packaging, better packaging and better systems.

The three strategic priorities of our Packaging Sustainability Strategy:

- ➔ **Less packaging:** We are reducing overall packaging, especially *virgin plastics*, and eliminating unnecessary packaging through redesign and innovation. We progressively increase recycled content in our packaging. We aim to reduce the need for disposable packaging and we are working on innovative, alternative delivery systems.
- ➔ **Better packaging:** Together with industrial partners, we are developing new packaging materials and solutions that eliminate problematic packaging and are designed for recycling. We are replacing plastic with paper-based material where this is possible and preferred by consumers.
- ➔ **Better systems:** Just reducing or improving packaging alone cannot drive transformation. We are supporting the establishment of well-functioning collection, sorting and recycling infrastructure. We are advocating for harmonized regulations, supporting effective and efficient *Extended Producer Responsibility (EPR)* schemes and Deposit Return Systems (DRS). We are encouraging behavior change across the packaging value chain.

20. In light of the announced future divestment, the target excludes Nestlé Waters and Premium Beverages. It is subject to change once the divestment is concluded, based on its impact on the packaging product mix. For more details see our Packaging Sustainability Strategy.

Our packaging sustainability strategy

1. Reduce

- ➔ Eliminate unnecessary packaging and reduce *virgin plastics*
- ➔ Integrate recycled content into our packaging materials

5. Rethink behaviors

- ➔ Rethink behaviors in our operations, with partners and consumers

2. Reuse and refill

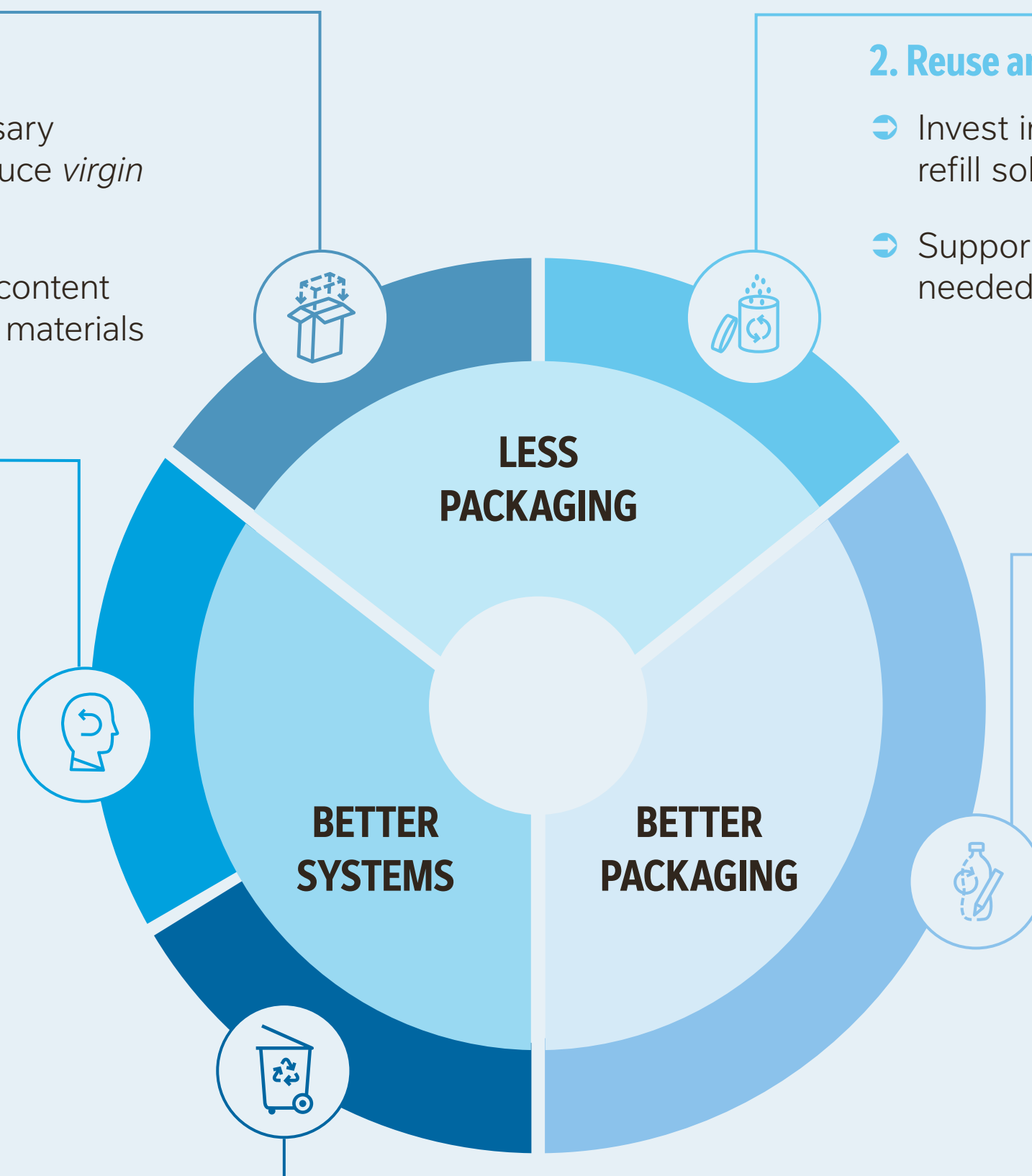
- ➔ Invest in innovative reuse and refill solutions
- ➔ Support enabling conditions needed to scale these models

3. Redesign

- ➔ Design our packaging to be ready for recycling systems
- ➔ Collaborate with industrial partners to develop alternative materials and solutions

4. Recycle

- ➔ Engage in post-consumer collection, sorting and recycling systems
- ➔ Support governments to accelerate recycling infrastructure development
- ➔ Support well-functioning packaging *Extended Producer Responsibility (EPR)* schemes
- ➔ Help build waste management systems through our *Plastic Recovery and Recycling Plan (PRRP)*



Leveraging synergies and supporting better regulations for a systemic change

We recognize that progress depends on collaboration. We work with industry peers and selected partners from local to global levels to help accelerate change. In doing so, we can share learnings, drive economies of scale, promote wider customer adoption and encourage consumer behavior change.

Decarbonizing supply and closing the loop

Packaging emissions do not stop at materials. We are working with suppliers to improve energy efficiency in processes and equipment and to accelerate the use of renewable energy in packaging production (including the use of *energy attribute certificates (EACs)*). Additionally, increasing the share of recycled content (e.g. plastic, paper and aluminum) further reduces dependence on virgin resources, lowering pressure on natural resources exploitation. Our actions shown on the next page explain more on how we are addressing decarbonization with respect to packaging.

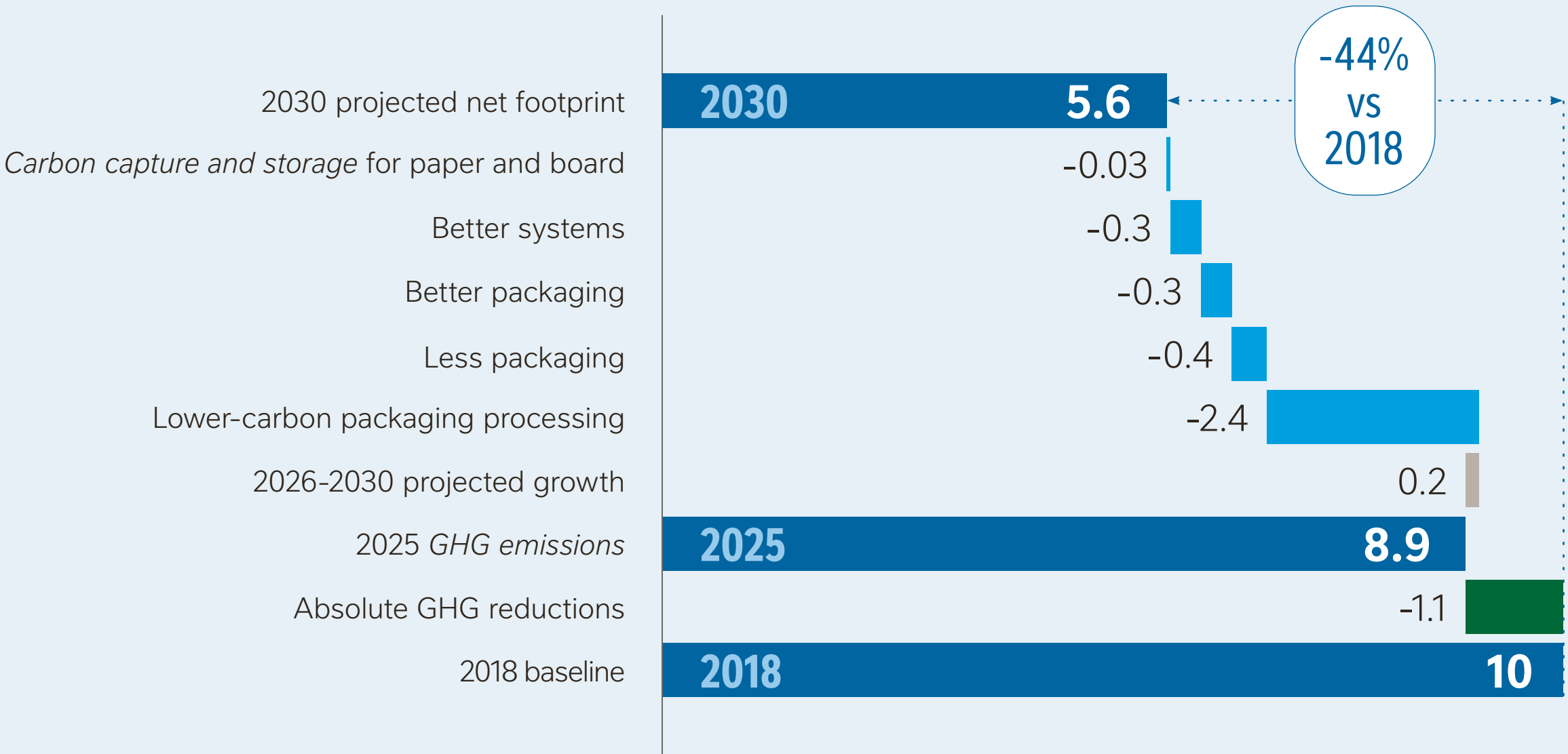


Key actions we support

Actions	What we mean
Lower-carbon packaging processing	➔ Reducing emissions during packaging production by improving energy efficiency and switching to lower-carbon energy sources, such as renewable electricity (including the use of <i>energy attribute certificates (EACs)</i>).
Less packaging	➔ Reducing packaging material use, especially <i>virgin plastic</i> , integrating more recycled content and promoting reuse and refill systems.
Better packaging	➔ Designing our packaging to be ready for recycling systems by simplifying the materials we use (e.g. single polymer plastic) or moving to alternative materials to plastic such as paper.
Better systems	➔ Supporting infrastructure for waste collection, sorting and recycling in <i>markets</i> where we operate by contributing to well-designed <i>Extended Producer Responsibility (EPR)</i> programs or through our voluntary <i>Plastic Recovery and Recycling Plan (PRRP)</i> .
Carbon capture and storage for paper and board	➔ Capturing CO ₂ from mill emissions generated during the production of paper and board materials, compressing it and storing it underground.

Projected GHG emissions reductions from packaging sustainability

Million tonnes of CO₂e



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary. The subtotals may not add up to the graph totals due to rounding. We report progress annually in our [Non-Financial Statement and corporate website](#).

OPERATIONS

Lower-impact logistics



Transporting and distributing our ingredients and products accounts for around 7% of our 2018 emissions, the baseline for our *net zero* by 2050 target. We are working to cut this footprint by improving efficiency, using renewable electricity in our owned distribution centers and shifting towards low-carbon transport solutions.

Smarter logistics for lower emissions

Efficient logistics reduce emissions and deliver cost savings. In our owned distribution centers, we are cutting energy use, switching to renewable electricity, phasing in natural refrigerants and minimizing waste. Similar improvements are being implemented across our transportation network. Route optimization software helps identify the most efficient paths, integrating real-time traffic data and predictive analytics to avoid congestion. Optimizing vehicle loads ensures that each trip is as productive as possible, lowering both fuel use and costs.

Transitioning to other transport means

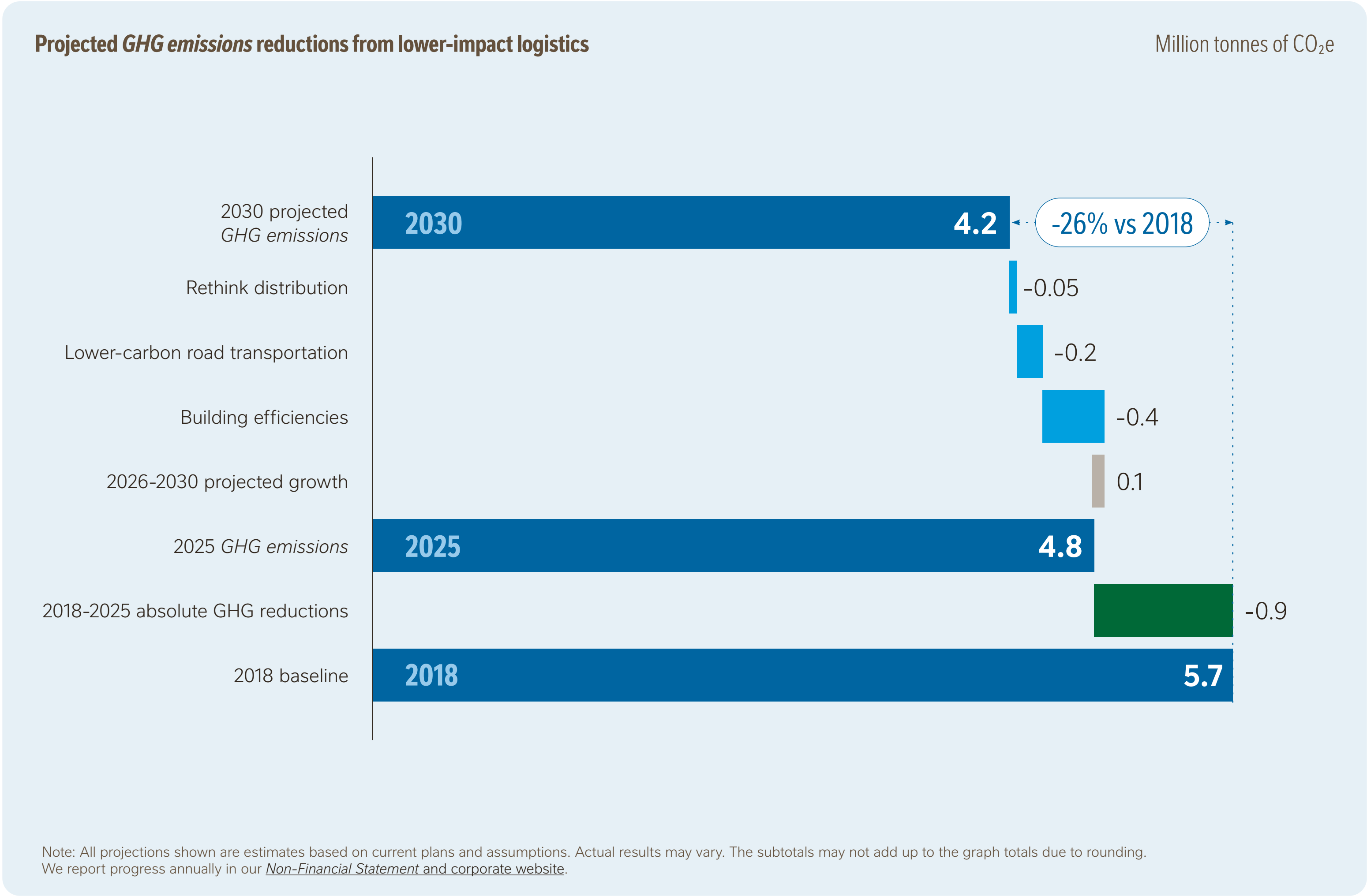
Low-carbon transport options are key to our decarbonization plan. We are shifting from fossil-fuel trucks to electric, hydrogen and biofuel alternatives, and promoting the use of biofuels in ocean freight. Fleet modernization is another priority, as replacing older vehicles with more efficient models reduces emissions.

Rethinking distribution models

We are also redesigning our distribution models to rely on modes of transport with lower-carbon intensity. Wherever feasible, rail and water freight are favored over air, as they are generally more energy efficient and less emission intensive. Intermodal solutions allow us to integrate these modes into our supply chain more effectively, helping to decarbonize long-haul transport.



OPERATIONS



Key actions we support

Actions	What we mean
Building efficiencies	➡ Improving energy efficiency in distribution centers, optimizing truck loading rates and delivery routes.
Lower-carbon road transportation	➡ Switching truck fuel to lower carbon alternatives (e.g. biogas, hydrogen) and electrifying the fleet.
Rethink distribution	➡ Increasing intermodal transport (more sea and rail, less air freight).



OPERATIONS

Dependencies and engagement

Dependencies to navigate change

Manufacturing efficiency

- ➔ Public policy support: offering incentives and frameworks that enable large-scale investment in energy infrastructure, such as upgrading national electricity grids.
- ➔ Reliable access to renewable energy and fuels: to ensure manufacturing continuity during the transition to *net zero* operations.
- ➔ Innovation: to develop increasingly efficient technologies, with a focus on process improvements and electrification.

Packaging sustainability

- ➔ Public policy support: enabling a circular economy through incentives for redesign, innovation and infrastructure, influencing packaging from design to end-of-life treatment, and laying foundations for large-scale collaboration and economic viability.
- ➔ Waste management infrastructure: for collection, sorting, recycling and composting systems in all *markets*, including facilities capable of handling diverse packaging types and producing food-grade recycled content.
- ➔ Customer and consumer engagement: adopting new packaging formats, right-sized packaging and the use of local recycling facilities to ensure circularity.

Driving towards lower-impact logistics

- ➔ Public policy support: accelerating the transition by incentivizing investment and enabling the scaling of lower-carbon logistics solutions.
- ➔ Development of infrastructure: such as electric vehicle charging stations and reliable rail networks is necessary to support the shift to low-emission transport modes.
- ➔ Logistics service provider engagement: as we do not own our fleets, to enable our strategy, collaboration with carriers, fuel providers and infrastructure partners is essential.

How we engage to enable progress

Manufacturing efficiency

- ➔ Member of RE100: supporting global policy priorities to accelerate renewable energy deployment in challenging *markets*.
- ➔ Local collaboration with energy providers: to ensure reliable access to low-carbon energy for manufacturing operations.

- ➔ Internal leadership: on innovation and efficiency improvements within manufacturing sites, driving progress through direct operational control.

Packaging sustainability

- ➔ Advocacy: for meaningful regulatory developments supporting circularity.
- ➔ Support: for the UN Plastics Treaty and Extended Producer Responsibility legislation to improve end-of-life packaging management.
- ➔ Collaboration: with public and private stakeholders to strengthen waste management infrastructure and prevent plastic leakage into nature and landfills.

OPERATIONS

Mobility and downstream product storage



Overheads represent around 8% of our 2018 emissions, the baseline for our *net zero* by 2050 target, including downstream product storage, employee commuting, company vehicles, leased freezers, leased coffee machines, business travel and owned sites that are not factories or distribution centers (e.g. offices and R&D sites). We are embedding sustainability across these day-to-day activities, working with customers, employees and partners to reduce impacts while ensuring business continuity.

Lower-impact product storage and operations

Storage in retail and customer distribution centers is the largest share of our overhead and others emissions category. Together with customers, we are improving storage practices by promoting energy-efficient equipment (such as natural refrigerant

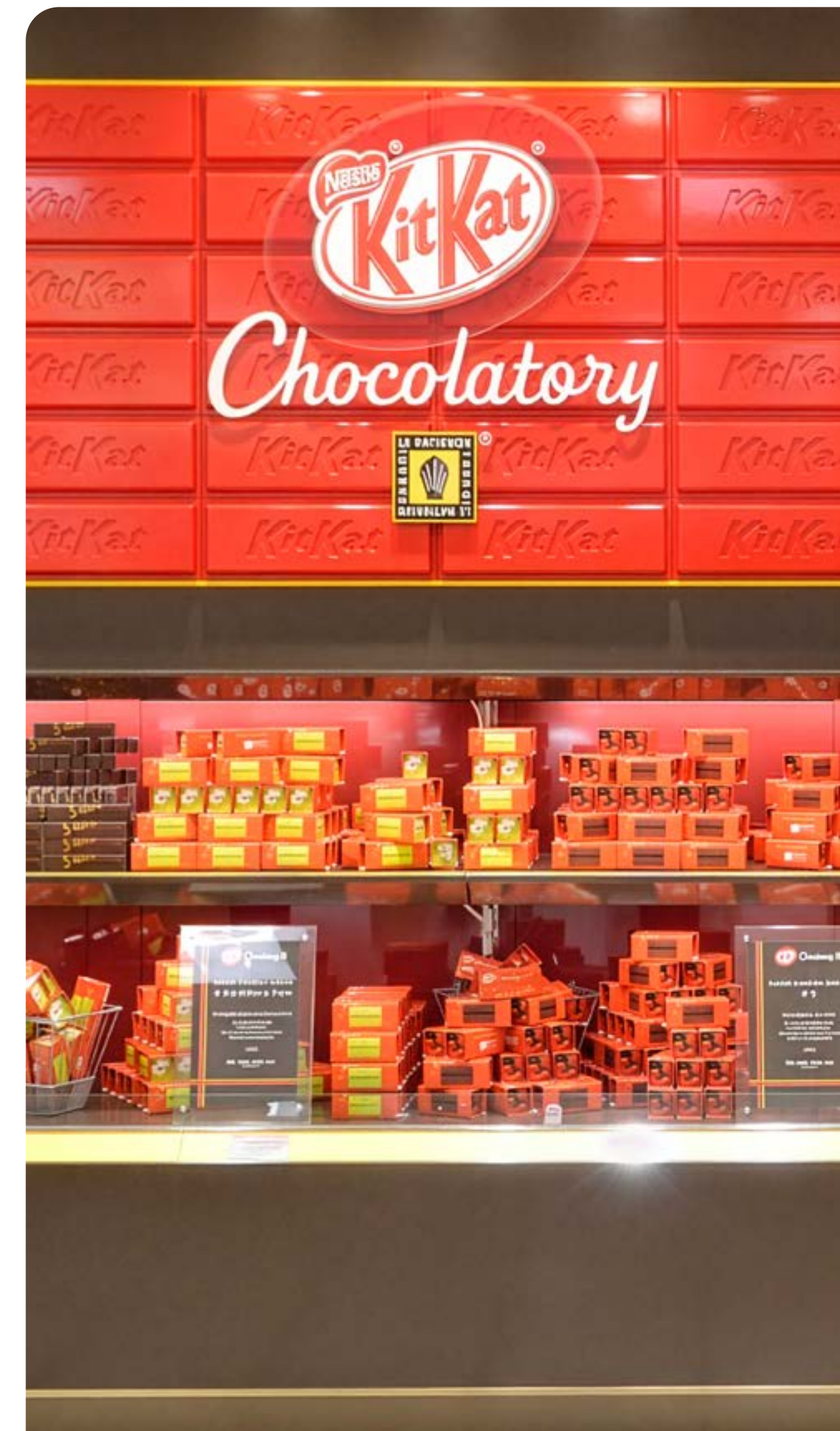
freezers and LED lighting) and switching to lower-carbon energy sources (including the use of *energy attribute certificates (EACs)*) and advanced inventory systems that reduce time in storage without compromising food safety. We apply the same principles to our owned distribution centers and facilities.

We are also transitioning to more efficient freezers and professional coffee machines, and switching to refrigerants with low *GWP*, while increasing the use of renewable electricity in our owned offices and R&D sites.

Decarbonizing employee transport

We promote lower-emission travel by encouraging flexible working, remote collaboration tools, greater use of public transport and uptake of lower-emission vehicles.

Our global vehicle fleet is progressively shifting to low-emission options, while our business travel policy prioritizes lower-carbon journeys, wherever possible.

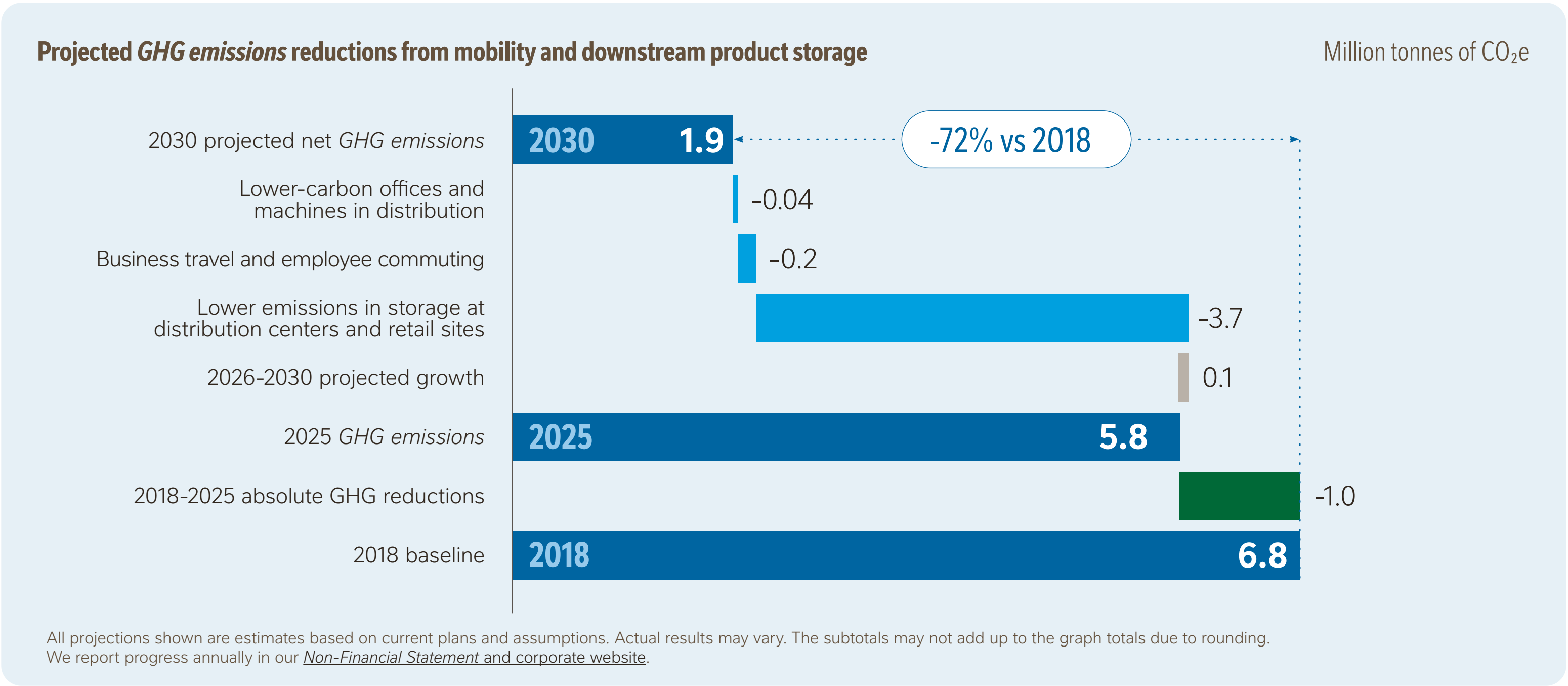


OPERATIONS



Key actions we support

Actions	What we mean
Lower emissions in storage at distribution centers and retail sites	➤ Reducing emissions at distribution centers and retail sites by using more renewable electricity, improving energy efficiency and adopting natural refrigerants.
Business travel and employee commuting	➤ Reducing emissions from employee travel and commuting through alternative mobility initiatives.
Lower-carbon offices and machines in distribution	➤ Using renewable electricity and improving energy efficiency in offices and distribution equipment.



OPERATIONS

Dependencies and engagement

Our dependencies to navigate change

- ➔ Public transport infrastructure: availability of reliable public transport options to support lower-carbon employee commuting and business travel.
- ➔ Retail partner collaboration: joint efforts with retail partners to reduce emissions across the product life cycle, from farm to plate, including emissions from storage and retail operations at customer-owned sites.

Our engagements to enable progress

- ➔ Provision of decision-support tools and incentives: to employees to encourage changes in transport choices.
- ➔ Commercial team partnerships: with key customers to advance shared climate goals.
- ➔ Development of a partnership framework: based on aligned strategies, environmental data sharing and co-financing of climate action.





PRODUCT MIX

Lever 9

9. Product recipe optimization



PRODUCT MIX

Product recipe optimization



Our brands are central to advancing climate and nature goals. Through recipe reformulation, product line diversification and food waste reduction, we cut emissions while continuing to deliver trusted nutrition. Each product we create is an opportunity to lower our footprint and inspire consumers to make choices taking into account sustainability considerations.

Transforming our product mix

We aim to transform our product mix to reflect both market demand and our climate targets. This involves two complementary approaches: lowering the environmental impact of our product recipes by exploring alternative proteins and plant-based options; and reducing high-emission ingredients. These efforts are supported by transparent labeling and a central tracking system that allocates emissions to business lines, helping brands link corporate targets to product-level action. We also apply strict internal standards and participate in leading industry pledges to ensure our communications support healthier choices and protect young audiences. So far, product mix transformation initiatives have already reduced more than 900 000 tCO₂e.

Cutting food waste

Food waste is a global challenge that drives *GHG emissions* and misuses land, water and fertilizers. Upstream, we support farmers with technical assistance and preservation systems to reduce losses and generate new income. In factories, we repurpose foods that we cannot sell for feed, energy or donations. Our *Nestlé Environmental Requirements Standard* mandates that all our factories, warehouses and distribution centers ensure no waste for disposal is being sent to landfill. Downstream, we donate millions of single food items to food banks and help reduce consumer confusion around expiration dates through initiatives such as the *Too Good to Go's Consumption Dates Pact*. In 2025, the Nestlé Food Bank Alliance was launched, with the aim to reduce food waste. The work of this alliance includes sharing best practices to support local food banking efforts on the ground, collaborating on food waste reduction initiatives and enhancing employee-giving opportunities.

Our approach is guided by our internal standards, such as the *Nestlé Environmental Requirements (NER)*, which prohibit on-site incineration and mandate proper disposal. We also engage with civil society and waste workers through the *Fair Circularity Initiative* to ensure ethical and inclusive waste management. These efforts help cut emissions, support communities and strengthen circularity across our operations.



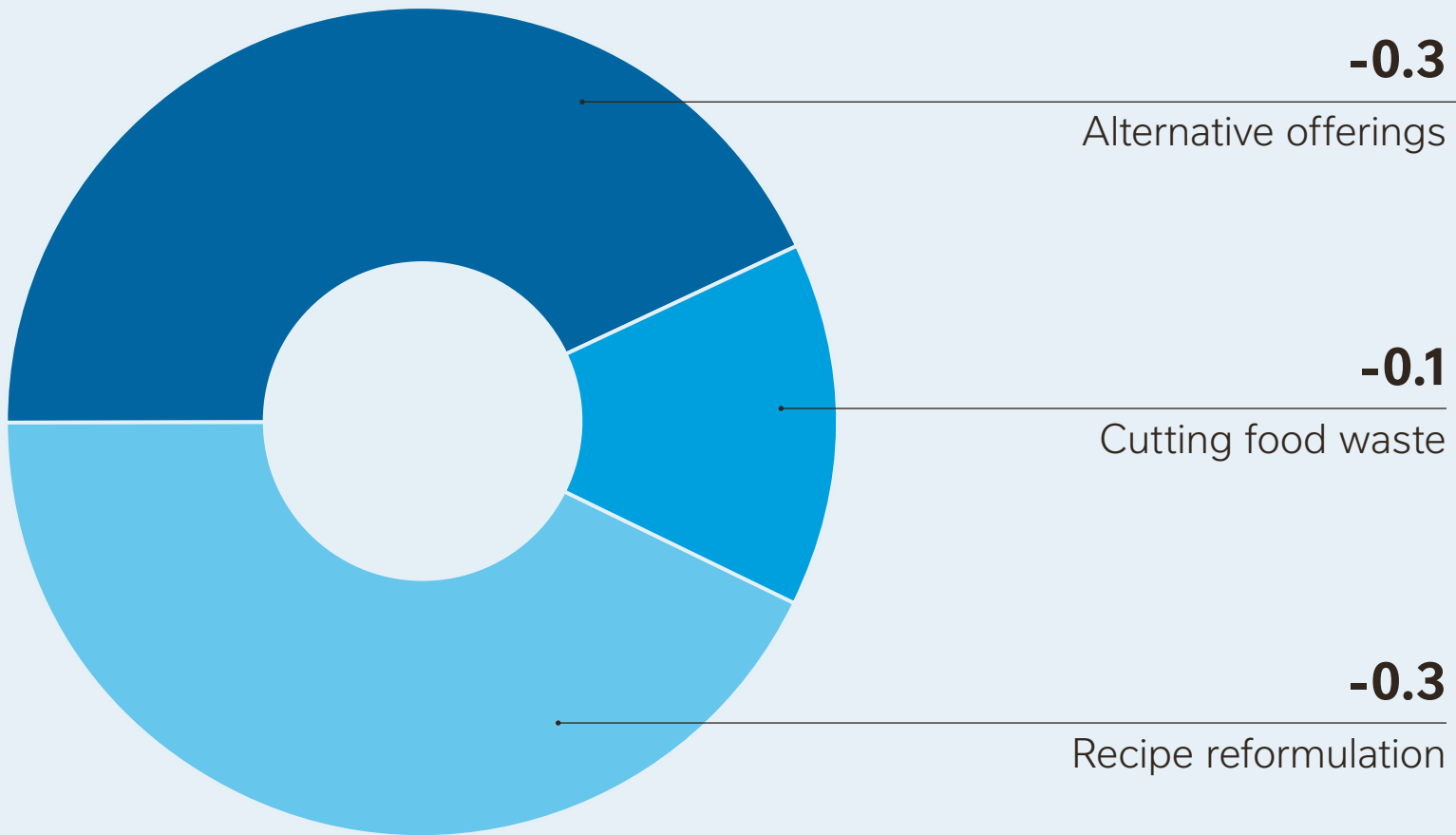
PRODUCT MIX



Key actions we support

Actions	What we mean
Recipe reformulation	Changing product composition to reduce high-emission ingredients.
Alternative offerings	Exploring alternative proteins and plant-based options.
Cutting food waste	Reducing food waste across the value chain.

Proportion of *GHG emissions* reductions from these actions towards our 2030 target
Million tonnes of CO₂e



Note: All projections shown are estimates based on current plans and assumptions. Actual results may vary.



CASE STUDY

Plant-based innovation in recipe reformulation

We are integrating more plant-based ingredients into our recipes to meet diverse dietary preferences and reduce environmental impact. In line with our commitment to food system transformation, we are exploring innovative formulations that combine nutritional quality with sustainability efforts.

In 2023, our R&D teams developed a nutritious, affordable milk alternative by combining milk and soy. This hybrid product delivers the same protein quality as cow milk while reducing environmental impact. Though not a high-volume product, it reflects a growing pipeline of innovations that blend animal and plant-based ingredients to meet evolving consumer expectations and sustainability goals.

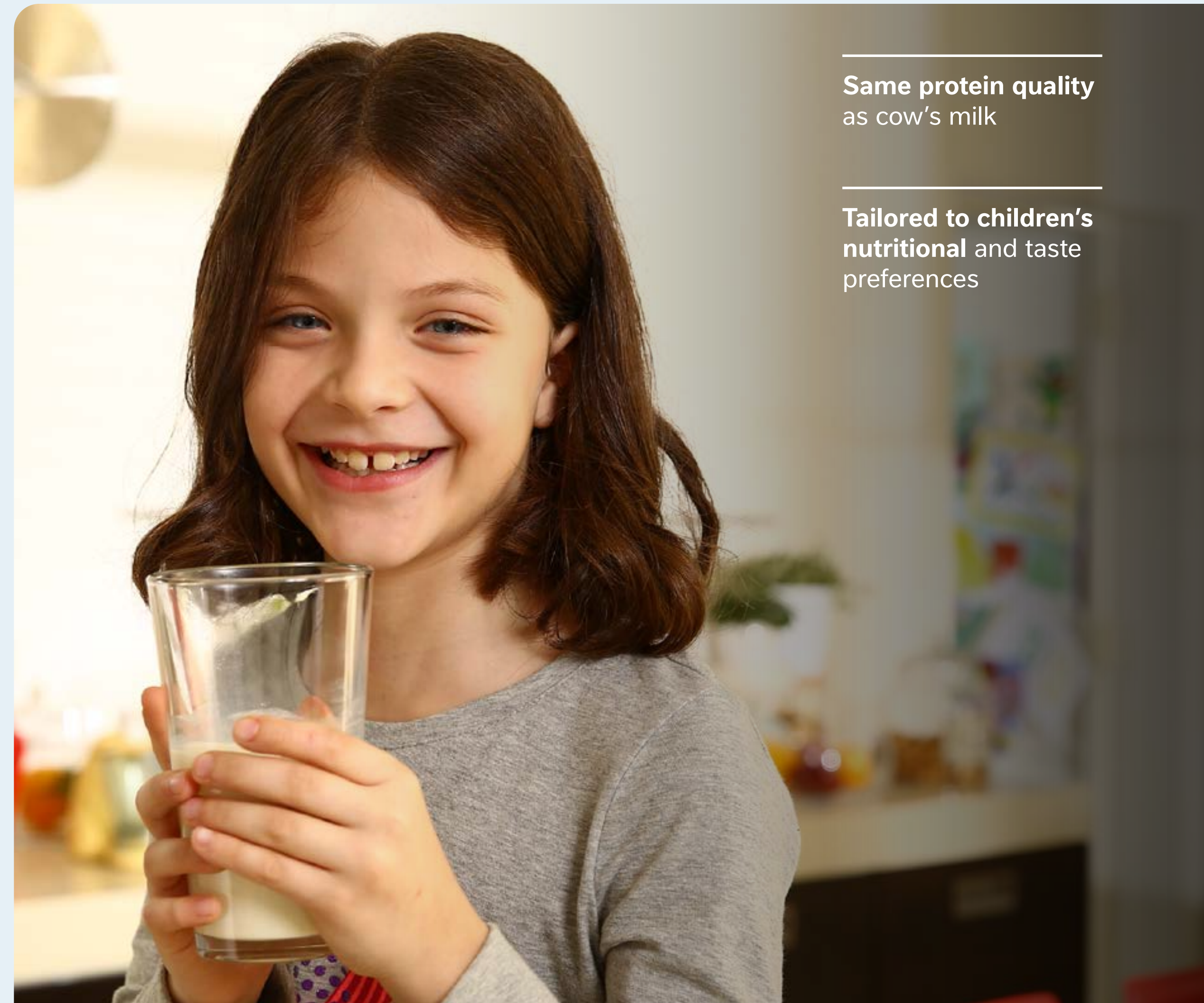
We apply a science-based approach to reformulation, ensuring nutritional integrity aiming to reduce sugar, salt and saturated fat. At the same time, we explore new ingredients and technologies that enable scalable change across our product mix.

Delivering nutrition and sustainability for children

This innovation was developed with a clear focus on children's nutritional needs and taste preferences. The product blends milk with locally sourced soy to offer valuable nutrients such as protein, fiber, iron and calcium, while maintaining affordability and a pleasant taste and texture. Developed by our R&D teams in Côte d'Ivoire and Switzerland, it reflects our commitment to creating accessible, nutritious solutions that help in promoting balanced eating habits from an early age.

Scaling plant-forward recipes

Plant-forward recipes such as this hybrid milk innovation are part of our broader effort to diversify our ingredient base, reducing reliance on animal-sourced inputs. We believe that working closely with suppliers and leveraging our R&D capabilities help us scale similar solutions across categories. These efforts contribute to more resilient supply chains.



Same protein quality
as cow's milk

Tailored to children's
nutritional and taste
preferences

PRODUCT MIX

Dependencies and engagement



Our dependencies to navigate change

- Consumer communication standards: clear policies or international standards that enable companies to make credible environmental claims based on lifecycle assessments, helping consumers engage in decarbonization efforts.
- Regulatory flexibility for ingredient innovation: removal of barriers to incorporating lower-impact alternative ingredients, especially in highly regulated segments such as infant nutrition.
- Market acceptance of novel ingredients: consumer openness to inherently lower-impact ingredients such as seaweed and plant-based dairy alternatives.
- Regulatory context for food consumption: policies that support the reduction of food waste across the value chain, including clearer definitions of expiration dates and incentives for redistribution of surplus food.

Our engagements to enable progress

- Participation: via *FoodDrinkEurope (FDE)* in the EU Platform on Food Losses and Food Waste, contributing to policy development and best practices for reducing food waste.
- Partnership with the Global FoodBanking Network (GFN) collaborating on food waste reduction initiatives.
- Membership: in the European Alliance for Plant-based Foods, positioning plant-based options at the heart of the transition towards more sustainable and healthier food systems.

OUR ENABLERS

Chapter five

Creating Shared Value is not just about our direct actions, it is also an outcome of strong governance, oversight and accountability, and financial and investment-based decisions. To support a culture that prioritizes value for all, we also need to develop and nurture the right skillsets. Without these in place we would not be able to realize long-term environmental and social value.

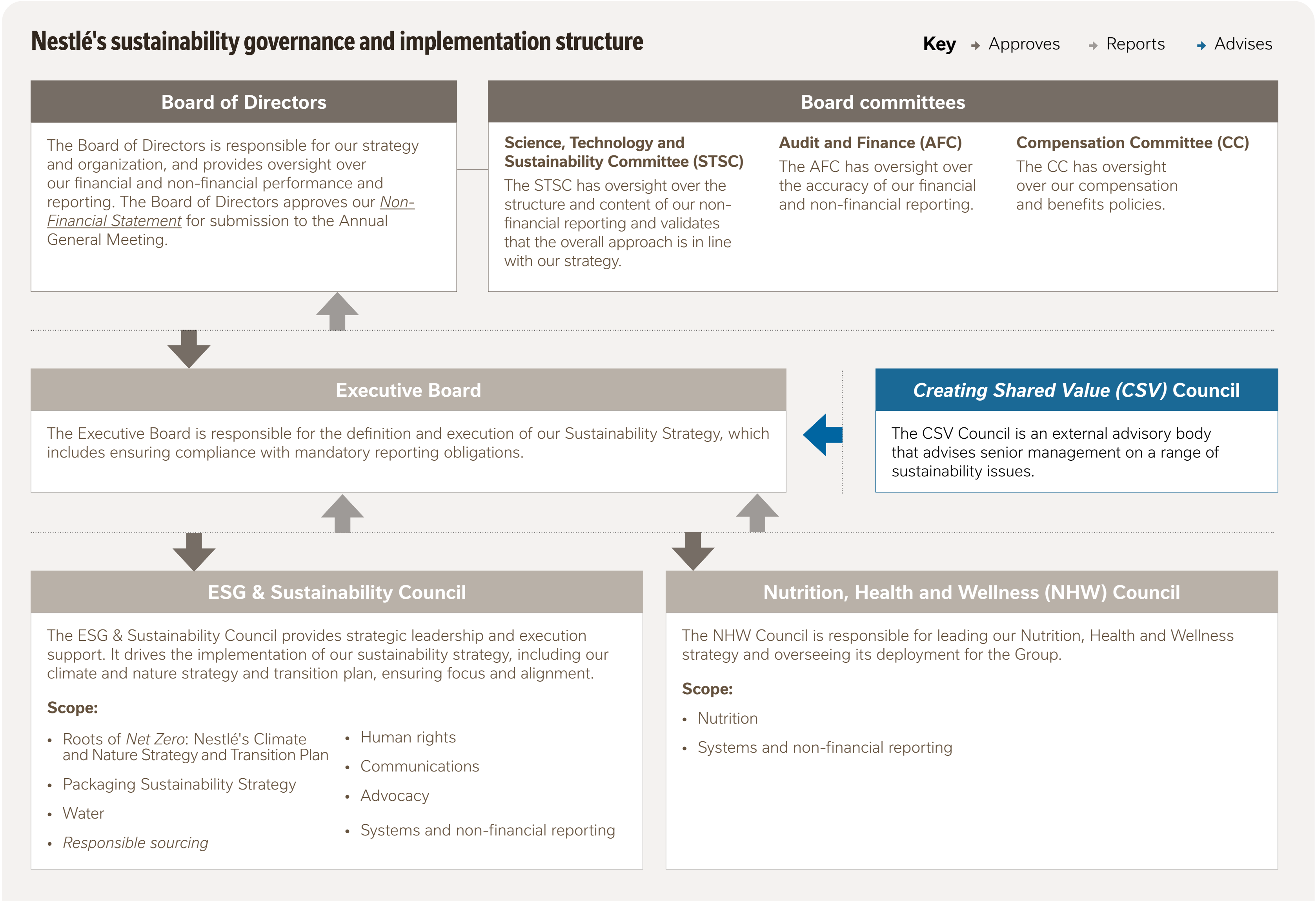
Our Enablers

- ➔ Governance
- ➔ Our policies
- ➔ Finance and investment
- ➔ Systems and tools
- ➔ Skills and culture
- ➔ Climate and nature policy advocacy

OUR ENABLERS

Governance

The Roots of *Net Zero* approval and oversight is integrated into our overall corporate sustainability governance.



OUR ENABLERS

Our policies

Policies¹ provide how we manage sustainability across our business. They guide decisions, set clear expectations with partners and ensure climate and nature action is part of our decision-making.

We have a wide range of policies covering climate, water, biodiversity, resource use, workers in the value chain and affected communities. These policies support the implementation of our action plans and drive joint action with supply chain partners. For example, climate considerations are already embedded in procurement contracts. We are also developing additional nature-related requirements to reduce negative impacts while avoiding trade-offs across our supply chain.

Supporting our climate and nature ambition

Our policies reflect two core priorities:

- ➔ Avoiding and reducing impacts by tackling the root causes of environmental degradation in the right locations in order to preserve existing habitats. This includes action on deforestation, *responsible sourcing* and reducing consumption.
- ➔ Restoring and regenerating ecosystems to strengthen our value chain resilience, meaning consistent supply, lower risk and better yields.

Embedding human rights

Human rights are embedded in our governance and policies to ensure that decisions take account of their implications. We were early adopters of the United Nations Guiding Principles on Business and Human Rights, which have guided much of our work in this area.

Our Human Rights Policy is operationalized through our Human Rights Framework and Roadmap,² with due diligence at the center of our approach. Ten Salient Issue Action Plans define how we assess, address, monitor and report on each issue identified as salient. These are the human rights most at risk of severe negative impact on people through our activities or business relationships. Examples include child labor, gender equity and *IP&LCs'* land rights.

Each salient issue is managed globally and addressed through locally implemented actions across our operations and supply chain, whether they relate directly to climate or not.



1. For more on our policies see "Policies overview" (page 29) of the *Non-Financial Statement 2025*.
2. We are in the process of drafting our human rights strategy for 2026-2030.



Our policies translate commitments into action, embedding sustainability across our value chain. They guide decision-making that mitigates impact, builds resilience and enables transparent and measurable progress.

Policy

Climate

Nature

People

Nestlé Agriculture Framework



Nestlé Responsible Sourcing Core Requirements



Nestlé *Environmental Requirements*



Nestlé Rules of Packaging Sustainability



Nestlé Human Rights Policy



OUR ENABLERS

Finance and investment

We integrate sustainability into financial planning and investment, ensuring resources are directed to initiatives that cut emissions, conserve nature and protect long-term business resilience.

We align our sustainability strategy through annual financial planning. Climate scenario analyses show how our strategy performs under different futures, helping us identify physical and transition risks, opportunities and management actions.

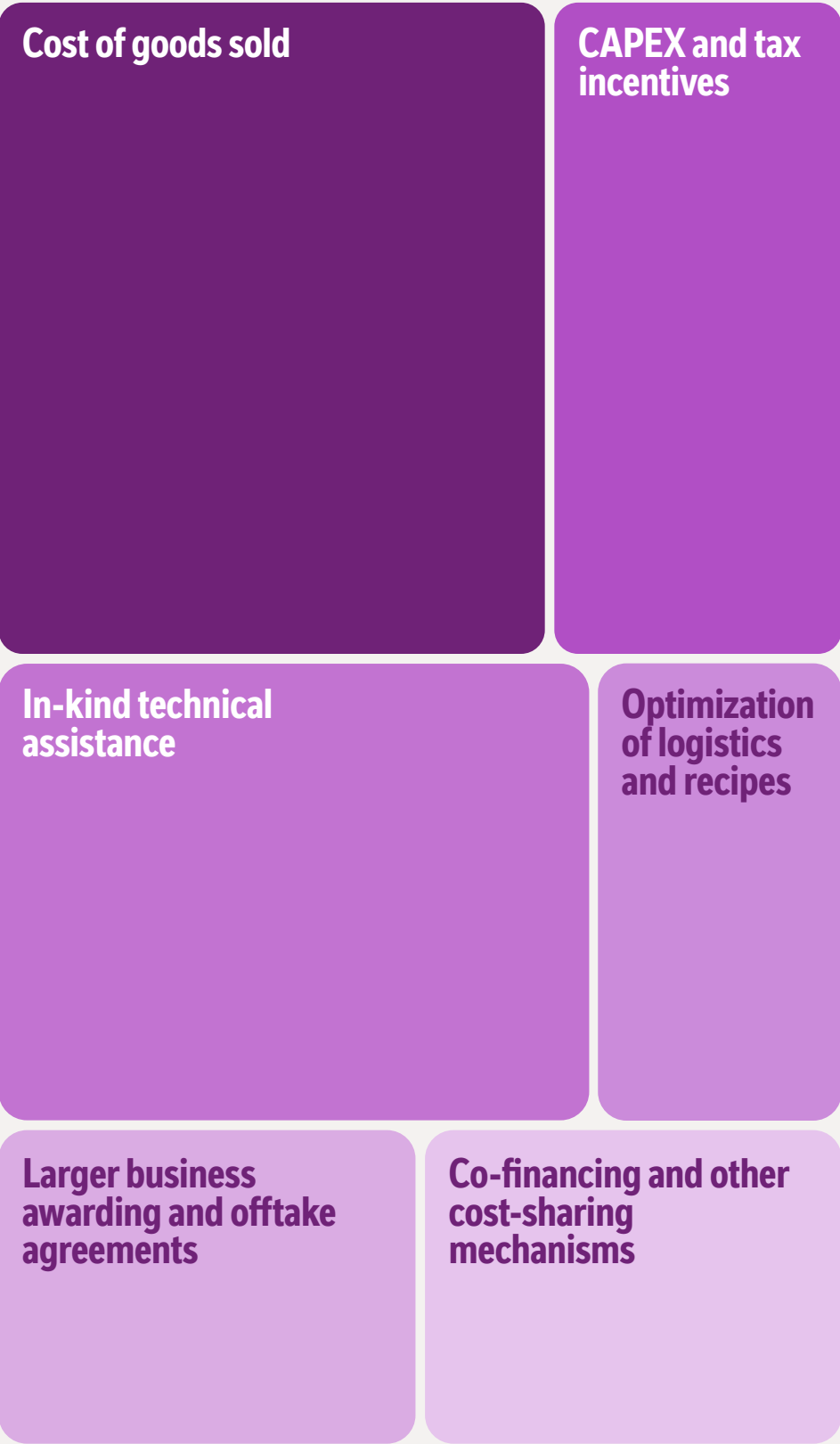
Investing in the transition

Investments in *net zero* and nature create value by helping to avoid costs, secure and diversify supply, and strengthen consumer trust. To enable these investments, we deploy various mechanisms, such as microfinance, commodity premiums and payments for ecosystem services, which reduce farm input costs, as well as CAPEX co-financing and technical assistance from partners such as Forest Carbon and

the Earthworm Foundation. Activities supporting our Roots of *Net Zero* climate and nature strategy and transition plan are integrated across business functions and embedded in broader operational and strategic initiatives. As a result, Nestlé does not report financial resources for its climate and nature strategy and transition plan as a separate, isolated disclosure. The infographic to the right provides an indicative, proportional view of the financial resources allocated across key funding mechanisms supporting delivery of the strategy.

In addition, the large scale and co-benefits generated by our transition triggers mutual interests for Nestlé and third parties to seek avenues to co-invest to amplify impact. Innovative financing models are being explored to help generate the right incentives to accelerate the transition.

Financial mechanisms supporting our sustainability strategy



Note: Budget resources are expressed in terms of proportion: smaller to larger areas correspond to budget spend.





Financing priorities and partnerships

We focus first on carbon reductions that deliver fast results at the best costs, such as assessed *deforestation-free* commodities and livestock interventions, while *regenerative agriculture* delivers longer-term benefits that accelerate the achievement of post-2025 milestones. We continue to invest in CAPEX and R&D in renewable energy, packaging and farming technologies.

To scale solutions, we co-finance projects with suppliers, project developers and governments, supporting biodiversity, *regenerative agriculture* and a food system based on *regenerative agriculture*, while building cost efficiency.

Financial impacts and risk management

Our climate and nature transition plan influences revenues (e.g. lower-carbon and plant-based products), product mix decisions through *ESG* due diligence in acquisitions and divestments, and capital expenditures guided by ISO 14001 and hazard assessments.

Cash-flow modeling integrates climate- and nature-related risks following *TCFD* recommendations. Risks are also reflected in our annual enterprise risk assessment.

Evaluating project impact with *net impact value*

We use a customized form of implicit carbon pricing *NIV*, which is the total cost of decarbonization projects divided by their expected carbon emissions reductions over five years. These prices vary by the type of decarbonization. As our *NIV* covers categories of projects for our entire value chain, 100% of our emissions within the scope of our *net zero* by 2050 target are covered by our internal carbon pricing scheme.

The cost of decarbonization is also integrated into our mergers and acquisitions due diligence. Based on *NIV*, we assess the hundreds of projects (both OPEX, the operating expenses of daily, short-term business operations, and CAPEX) that are commissioned each year towards achieving our GHG reduction targets. This is an internal calculation method that assigns a monetary value to emission reduction efforts. This helps evaluate the cost-effectiveness of projects and is a useful benchmark to assess the true cost of a project.

OUR ENABLERS

Systems and tools

Reaching *net zero* and delivering on our nature and people ambitions requires smart investment, discipline and transparency. We are building systems that track our investment and ensure every reduction is measured, verified and reported with rigor.

Tracking, reporting and governance

Our progress towards our climate targets is tracked through our *Greenhouse Gas Performance System (GPS)*, an internal accounting tool aligned with the GHG Protocol. *GPS* integrates data from across our business and the value chain and uses it to calculate the most accurate representation of our corporate footprint.

Each of our ingredients' footprints were calculated using primary supplier-specific LCA data sources through our supplier engagement.

GPS is built in line with the *SBTi* Corporate Manual and combined with our baseline restatement policy to ensure like-for-like tracking of progress towards our targets.

Our climate progress is assured and disclosed annually through our *Non-Financial Statement*.

Project investments and impacts, including carbon reductions and removals, are monitored in our *ESG* project product mix management system.

Ensuring that financial flows and non-financial outcomes are tracked side by side allows us to manage our annual target setting and budget cycles, and optimize our investments, by making informed decisions.

This integrated approach means that behind every percentage point of reduction is a system built for rigor, ensuring that climate progress is both measurable and enduring.



ROOTS: our in-house integrated tool

To support the rollout of our integrated nature, climate and people transition plan, we have developed an in-house tool: ROOTS. This tool enables us to assess our nature-related impacts, better understand our pressures on ecosystems and take targeted action to reduce them while prioritizing the most sensitive areas of our value chain.

ROOTS methodology closely follows leading frameworks such as *SBTN* and *TNFD*, combining data on what we source, where it comes from and how it is produced. It leverages external datasets and a geographical information system (GIS) to assess the State of Nature in our sourcing regions and quantify our land, water and biodiversity footprints.

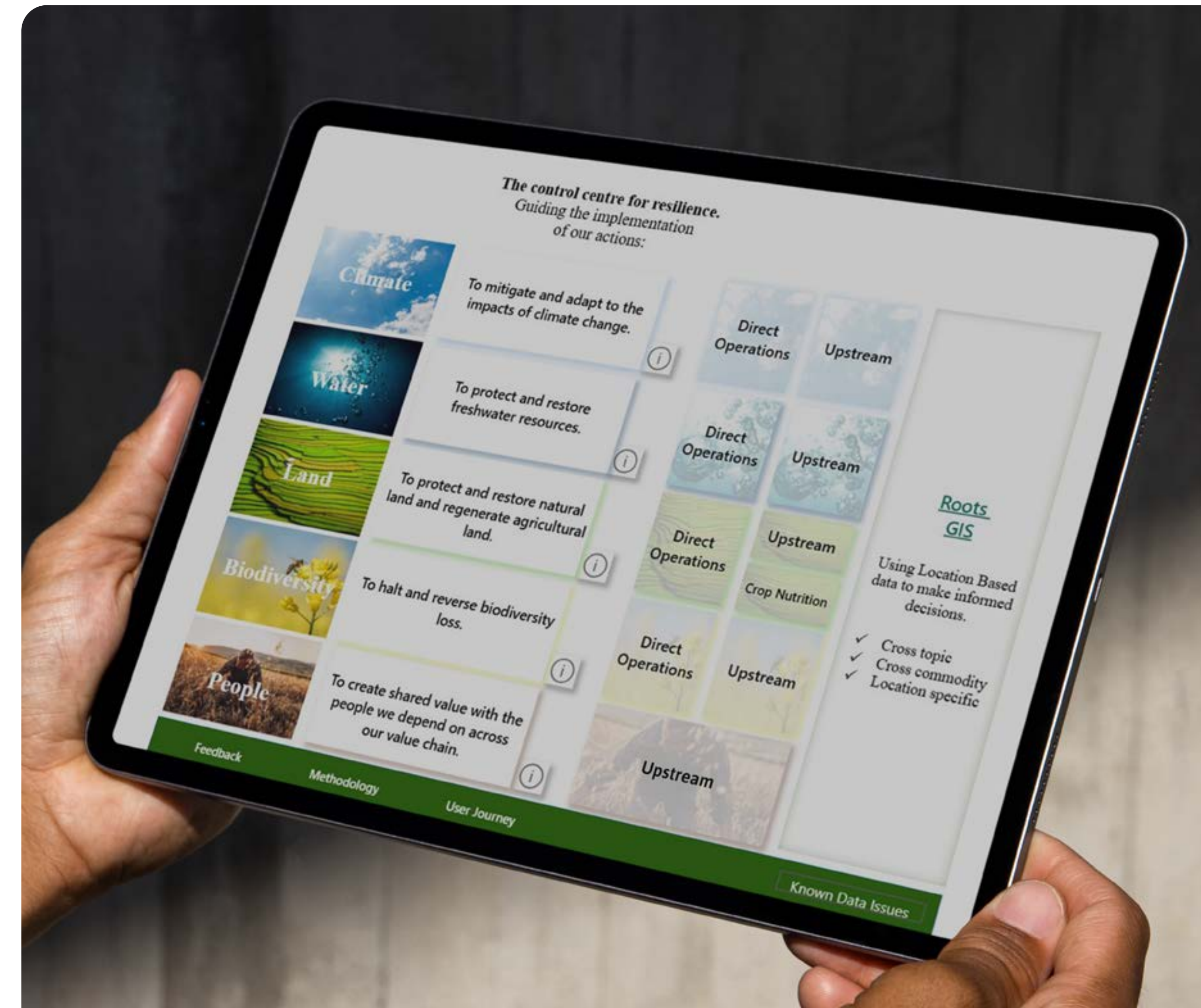
By bringing these insights together, ROOTS helps us identify priority landscapes and guide action.

Ultimately, the next phase will consist of a GIS-based dashboard that overlays sourcing locations, footprints, ecosystem condition and project interventions. This will strengthen decision-making, enable more effective prioritization and support transparent, data-driven reporting while enhancing supply chain resilience.

Independent assurance and verification

We rely on a robust *MRV* system that combines internal monitoring tools, internal audits and external verification. To ensure transparency and credibility, we commission audits from an international certification agency and engage external stakeholders.

For our annual *Non-Financial Statement*, we work with a single third-party provider, EY, to deliver independent assurance. EY provides limited assurance on selected *ESG* KPIs, including climate- and nature-related metrics and targets.





OUR ENABLERS

Skills and culture

We invest in lifelong learning, both with our direct employees and throughout our supply chain. We aim to empower farmers and give our people the skills to adapt and thrive in a *just transition*.

Empowering our employees

To prepare our workforce for the future, we launched the *Lifelong Learning* campaign to highlight the critical skills needed in an ever-evolving landscape.

As part of our annual learning plan, we have defined the sustainability skills most relevant to our transition ambition. These include:

- Core sustainability functional skills such as climate change mitigation, *regenerative agriculture*, water sustainability and *responsible sourcing*.
- Embedding sustainability in functional skills across commercial, legal and human resources disciplines.

- Transversal skills such as adaptability, critical thinking and systems thinking, which cut across functions and are essential for driving transformation.

Empowering farmers

Through programs such as our global Nestlé needs YOUth program, we are driving local solutions, aiming to benefit people across the world. This initiative aims to help young people gain access to apprenticeships, traineeships and job opportunities – empowering them with the skills they need to thrive. A key focus is inspiring the farmers of the future by encouraging agripreneurship and showing that farming can be a viable and rewarding career.

Attracting young people to agriculture is crucial for the future of the food system. We nurture agripreneurs by providing training, technical support and entrepreneurial skills to help them run farms more sustainably based on *regenerative agriculture* practices. Each year, our network of young farmers continues to grow.

Our *Farmer Connect* program works directly with farmers to secure raw materials, train them in good practices and help build farms that are productive and adaptable.

Climate and nature policy advocacy

Why advocacy matters

Nestlé’s ability to deliver its integrated climate and nature transition plan depends not only on actions within our operations and value chains, but also on the broader policy environment. The transformation of food systems required to achieve our climate, nature and social goals cannot be delivered by companies alone. It requires effective public policies, investment frameworks and collaboration across governments, businesses, farmers and civil society.

We therefore engage constructively in public policy discussions at global, regional and national levels to help create the conditions for climate-resilient, *regenerative food systems*. Our advocacy supports science-based policies that accelerate investment and innovation, strengthen farmer resilience, protect and restore ecosystems, and enable progress at scale. Consistent with our corporate goals, we advocate for policies aligned with the *Paris Agreement’s* objective of limiting global warming to 1.5°C and support government action to halt and reverse nature loss by 2030 in line with the *Kunming-Montreal Global Biodiversity Framework*. Through both direct engagement and participation in industry associations and coalitions, we seek to promote policy outcomes that support *regenerative food systems*, food security and resilient livelihoods.

For more information, see our [Nestlé advocacy web page](#).

Our high-level advocacy positions on climate and nature matters

Advocacy position	Description
Increasing global ambition	Despite significant progress to date, the world has still not raised its collective ambition level enough to limit global temperature increases to 1.5°C. We advocate for the development of ambitious and investable Nationally Determined Contributions (NDCs) that align with the 1.5°C pathway. This includes supporting a <i>regenerative food system</i> at scale approach to reach <i>net zero</i> . We also encourage governments to translate their NDCs and other COP commitments into national and/or regional legislation to ensure progress. That is why we support policy instruments that can help countries achieve the objectives of the <i>Paris Agreement</i> . These encompass policies that apply a meaningful price on <i>GHG emissions</i> (e.g. carbon taxes, cap-and-trade systems), when they are part of a broader policy framework that supports ambitious NDCs, are based on robust and transparent modeling of expected outcomes, and set a fair price on carbon to drive meaningful change and avoid carbon leakage.



Encouraging *regenerative agriculture*

We support and encourage policy measures to incentivize the transition towards *regenerative agriculture* practices as the norm for agricultural production.

To complement and scale voluntary action, we need to raise policy makers’ awareness of the expected benefits of *regenerative agriculture*. These benefits include climate mitigation and adaptation, enhanced biodiversity across soils, ecosystems, and water systems, and improved water retention – while also supporting farm resilience by maintaining productivity and protecting profitability. We encourage the development of harmonized frameworks that clearly define *regenerative agriculture*. This will ultimately help measure progress consistently across the board, scale up implementation of *regenerative agriculture* practices and enable additional public-private funding to incentivize farmer adoption of these practices at scale.

We support increased public and private research and development investment into *regenerative agriculture*, including seeds, low-carbon fertilizers, solutions for the traceability of raw materials, soil health monitoring and biocontrol solutions.

Promoting landscape-level biodiversity action and monitoring

Nestlé supports the development of robust biodiversity monitoring approaches and advocates for greater collaboration across the public, private, scientific and civil society sectors to advance biodiversity measurement. We support the testing and adoption of emerging monitoring technologies, the sharing of data and best practices, and the establishment of landscape-level monitoring systems that enable collective assessment of biodiversity pressures, dependencies and outcomes.

Nestlé believes that coordinated action and harmonized monitoring approaches are essential to improve credibility, scale and effectiveness in demonstrating the biodiversity benefits of *regenerative agriculture* and other nature-related interventions.

Supporting *Scope 3* carbon removals via natural climate solutions

There is an urgent need for clearer and more widely accepted international standards on the value of high-quality *Scope 3* carbon removals within value chains, and recognition that these form an essential part of reaching *net zero* in the land use sector. *Scope 3* carbon removals, in the form of natural climate solutions (NCS), offer multiple potential co-benefits, including safeguarding biodiversity and water resources and generating positive social impacts.

Scope 3 carbon removals also reflect a long-term commitment to our sourcing regions and communities on the ground. Reflecting this, NCS should be promoted by governments, policymakers and companies with significant land-based footprints (e.g. agriculture and food companies) and supported by robust standards including clear accounting, monitoring, reporting and verification rules.

We advocate for NCS to be an allowed and recommended tool to address climate change, regulated under the GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol), the *Science Based Targets initiative (SBTi)* and other recognized standards. Governments should recognize the NCS contribution – that goes far beyond carbon – through inclusion in Nationally Determined Contributions and National Biodiversity Strategies and Action Plans.

Supporting access to renewable electricity and energy

We advocate for pledges and policies that promote the uptake of renewable energy and for clear standards on methodology for calculating the *Scope 3* emissions impacts of renewable energy and alternative fuels. We also advocate for aligned definitions on accepted mechanisms for claiming renewable energy consumption.

We advocate for policies consistent with applying a meaningful price on *GHG emissions*, which will help enable access to lower-carbon technologies such as alternative fuels for maritime shipping.

Enabling lower-impact logistics	We advocate for the development of the right regulatory environment, specifically policies and public investment supporting intermodal transport and rail corridors. We also advocate for technological development, commercialization and public investment for electric, hydrogen and biogas infrastructure, including charging stations. We also advocate for the provision of lower-carbon solutions to accelerate the decarbonization of shipping and distribution networks.	Credible, science-based nature credit markets	Nestlé supports the development of credible, science-based nature credit markets that can help mobilize investment for ecosystem restoration, conservation and <i>regenerative agriculture</i> . We advocate for robust, transparent and environmentally sound approaches, while remaining neutral on specific standards or methodologies. Given the rapid emergence of multiple frameworks, Nestlé supports efforts to harmonize nature credit standards and align them with global biodiversity and climate goals to ensure integrity, consistency and trust.
Improving corporate accountability	To build trust in corporate actions on climate, we support the development of ambitious and clear voluntary and regulatory requirements for <i>net zero</i> commitments and disclosures. A level playing field with widely agreed standards would help raise ambition levels across the private sector and ease the implementation of our own plan. In particular, we support standards that drive dual accounting of both market and location-based GHG accounting, which provides a full and accurate picture of companies’ decarbonization activities.	Improving consumer communications and claims	We advocate for clear international standards so companies can make credible claims (e.g. based on lifecycle assessments for products) to allow consumers to engage in the decarbonization and nature preservation efforts of companies.
Indicators, metrics and standards alignment on nature	Nestlé supports the development of harmonized, science-based approaches to measuring, managing and disclosing nature-related impacts and dependencies. We advocate for the adoption of practical frameworks such as <i>SBTN</i> and <i>TNFD</i> that enable businesses to set credible targets, improve risk management and drive action for biodiversity, freshwater and land stewardship. To maximize impact and reduce reporting complexity, we also support greater alignment of nature metrics and disclosure requirements across global frameworks and initiatives, helping create a consistent and effective system for nature-related accountability. In particular, we support the emergence of a Nature Measurement Protocol to guide credible, comparable and decision-useful nature-related information.		



Unlocking more resilient
and productive farming
systems in India by growing
cocoa and other high-value
commodities beneath
palm trees

**“In the hands of the farmers
that grow our ingredients,
Roots of *Net Zero* takes
root: a journey to rethink
how we plan, produce
and progress together,
nurturing and leveraging
ecosystem services in
stronger partnership with
communities. It is the
expression of our identity,
and fosters resilience.”**

Benjamin Ware

Nestlé Global Head of Climate
and Responsible Sourcing

APPENDIX



Glossary

Defined term	Definition
Advancing <i>regenerative food systems</i> at scale	Nestlé’s intention to <i>advance regenerative food systems at scale</i> means: – Advancing: by raising Nestlé’s voice and using its influence to drive progress, in collaboration with others. – <i>Regenerative food systems</i>: that go beyond reducing harm to actively restoring ecological systems, while at the same time strengthening the social, economic and human rights foundations that food production depends on – so that food systems can sustain nature, people and livelihoods over the long term. – At scale: because the planet, communities and individuals need global, systems-level change.
Blue water	<i>Blue water</i> refers to fresh surface water and groundwater resources (e.g. rivers, lakes, and aquifers) that are abstracted, consumed or discharged as part of an organization’s activities and value chain.
Carbon capture and storage (CCS)	Technology that captures carbon dioxide from a smokestack or flue, such as in a coal-fired power plant or a cement factory, and then sequesters that carbon dioxide underground. Processes that capture carbon dioxide and use it to produce commercial products are known as carbon capture and use.

Child Labor Monitoring and Remediation System (CLMRS)	Together with the International Cocoa Initiative (ICI), we developed and implemented the <i>Child Labour Monitoring and Remediation System (CLMRS)</i> as a means of targeting prevention, mitigation and remediation assistance to children involved in or at risk of child labor, as well as to their families and communities.
Climate-smart farming	<i>Climate-smart farming</i> is an integrated approach to managing landscapes (cropland, livestock, forests and fisheries) that addresses the interlinked challenges of food security and climate change. A holistic approach, its objective is to enhance food security and promote sustainability while addressing climate change issues.
Creating Shared Value (CSV)	How we work towards delivering long-term positive impact for all our stakeholders. More information on our strategy is available here.
Dairy plan	The Nestlé <i>Dairy Plan</i> is a holistic, farmer-centric initiative designed to support resilient dairy farming and the sourcing of high-quality dairy ingredients, while helping reduce <i>GHG emissions</i>, scale <i>regenerative agriculture</i>, support farmer livelihoods and animal welfare, and conserve and restore key ecosystems across the Nestlé dairy value chain.
Deforestation-free	<i>Deforestation-free</i> means that commodities in scope were assessed as produced on land that has not been subject to deforestation or conversion after a specific cut-off date that varies by commodity, but no later than December 31, 2020. Commodities accounted as <i>deforestation-free</i> include in part commodities subject to the requirements of the EU Deforestation Regulation. However, the scope of disclosed metric goes beyond these jurisdiction-specific mandatory requirements as part of Nestlé’s global approach on deforestation.

Dependencies, impacts, risks and opportunities (DIROs)	<i>DIROs</i> stand for <i>dependencies</i> (ecosystem services the organization relies on), <i>impacts</i> (positive and negative effects of the organisation’s activities), <i>risks</i> (potential financial, operational or reputational consequences) and <i>opportunities</i> (potential benefits). This is a structured framework used by the <i>TNFD</i> to identify, assess and manage an organization’s relationship with nature, and to identify material nature-related issues and integrate them into operations and reporting.	Energy attribute certificates (EACs)	Contractual instruments that convey information (attributes) about a unit of energy, including the resource used to create the energy and the GHG emissions associated with its production and use. EAC is a generic term that includes all types of contractual instruments that convey rights to attributes from various types of energy (e.g. gas, electrical, thermal). Renewable energy certificates (REC) are an example of EAC, used for electricity suppliers and consumers, that convey one megawatt-hour of electricity generated from renewable sources.
Direct suppliers	<i>Direct supplier(s)</i> are entities or individuals having a direct business relationship with Nestlé (e.g. through a contract or because they invoice Nestlé), which includes their employees, agents and subcontractors, as well as co-manufacturers.	Environmental, social and governance (ESG)	A framework of criteria used to assess an organization’s environmental performance, social responsibility and governance practices, including risks and opportunities beyond financial performance.
Double Materiality Assessment (DMA)	A process to identify material impacts, risks and opportunities for the purpose of preparing non-financial disclosures in accordance with the European Union’s Corporate Sustainability Reporting Directive (CSRD). The <i>DMA</i> aims to identify how a company interacts with sustainability matters, in terms of the company’s impacts on people and the environment (“impact” or “inside-out” materiality) and the related financial risks and opportunities for the company (“financial” or “outside-in” materiality)	Fair Circularity Initiative	The <i>Fair Circularity Initiative</i> brings businesses together around the aim of ensuring that the human rights of workers within the informal waste sector are respected and their critical role in circular value chains is recognized.
Ecological connectivity	<i>Ecological connectivity</i> can be defined as the degree of connection between the various natural environments present within a landscape, in terms of their components, spatial distribution and ecological functions.	Farmer unit	A group of identified farmers, organized and managed by a specific entity. This is the starting point for traceability of <i>green coffee</i> lots.
Ecosystem services	<i>Ecosystem services</i> are the benefits humans obtain from ecosystems, including provisioning, regulating, supporting and cultural services (e.g. food provisioning, fresh water, climate regulation, air and water purification, and pollination).	Farm Assessment Tools (FAT)	To assess the maturity level of <i>regenerative agriculture</i> implementation, we created <i>Farm Assessment Tools (FAT)</i>. The tools consist of a set of <i>regenerative agriculture</i> practices and outcomes related to soil health, biodiversity, water, livestock and farm management. To meet each crop specificities, the approach has been tailored with crop-specific tools.
		FoodDrinkEurope (FDE)	The European food and drink industry association representing manufacturers, which advocates for policy, sustainability standards and sector-wide practices across the EU food system.

Forest, Land and Agriculture (FLAG)	Setting science-based targets in line with the <i>SBTi FLAG</i> guidance and defining appropriate decarbonization strategies can drive a <i>net-zero</i> future that protects businesses’ interests and allows ecosystems to thrive and play a critical role in tackling climate change.	Greenhouse Gas Performance System (GPS)	Nestlé’s internal accounting tool integrating data from across the business and the value chain and using it to calculate the most accurate representation of our corporate footprint aligned with <i>GHG Protocol</i> standards. Used to measure, track, manage and report <i>GHG emissions</i> performance.
Future best cost solutions	<i>Future best cost solutions</i> are pipeline opportunities not yet secured that are expected to close remaining roadmap gaps at optimized cost, leveraging future market conditions, innovation, and scale efficiencies.	Global Restoration Program (GRP)	Through our <i>Global Restoration Program</i> we implement reforestation projects in our supply chain and sourcing landscapes.
Good agricultural practices	Farm-level and post-farm practices ensuring efficient agricultural production aligned with environmental, social and economic performance objectives.	Global Warming Potential (GWP)	A metric measuring how much heat a greenhouse gas traps in the atmosphere relative to CO ₂ over a given time period. Used to compare climate impacts across gases.
Green buffer	<i>A green buffer</i> is a designated area of vegetation strategically placed to create a living barrier between different land uses.	Healthy soils	Soil health is defined as the continued capacity of soil to function as a vital living ecosystem that sustains plants, animals and humans. <i>Healthy soils</i> support clean air and water, bountiful crops and forests, productive grazing lands, diverse wildlife and beautiful landscapes.
Green coffee	<i>Green coffee</i> is the raw and unroasted beans of the coffee plant.	High Carbon Stocks area	<i>A High Carbon Stocks (HCS) area</i> refers to a region or land area that contains a significant amount of carbon stored in its vegetation and soil. These areas are typically characterized by dense forests or vegetation that play a crucial role in carbon sequestration and mitigating climate change. Identifying and protecting HCS areas is important for preserving biodiversity, maintaining <i>ecosystem services</i> and reducing <i>greenhouse gas (GHG) emissions</i> .
Greenhouse gas (GHG) emissions	Greenhouse gases (GHGs) absorb energy, slowing down its rate of escape back to space, leading to planetary warming. Different GHGs effect this warming at different rates (see <i>Global Warming Potential (GWP)</i>). GHGs include carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O) and fluorinated gases.		

Human Rights and Environmental Due Diligence (HREDD)	<i>Human Rights and Environmental Due Diligence (HREDD)</i> is a structured approach to risk management that helps businesses to identify, prevent, mitigate and remediate potential or actual human rights and environmental risks and impacts in their operations and supply chains. It is based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. <i>HREDD</i> is increasingly required by regulations.	Kunming-Montreal Global Biodiversity Framework	The <i>Kunming-Montreal Global Biodiversity Framework</i> (GBF) is an historic framework that supports the achievement of the Sustainable Development Goals and sets out an ambitious pathway to reach the global vision of a world living in harmony with nature by 2050.
Impacts, risks and opportunities (IROs)	<i>Impacts, risks and opportunities</i> (also referred to as <i>IROs</i>) aid the understanding of what a business’s impact is in terms of <i>environmental, social and governance</i> matters, from the perspective of impact materiality, financial materiality, or both.	Land use change	A change from one land use category to another as a result of human activity. Land transformation is another term for <i>land use change</i> . Statistical Land Use change (sLUC) and Direct Land Use Change (dLUC) are differing approaches to calculating <i>land use change</i> .
Indigenous Peoples and local communities (IP&LCs)	<i>IP&LCs</i> is a collective term used internationally to refer to people who are self-identified as Indigenous or part of local communities, maintaining long-standing cultural, economic and ecological relationships with land and nature.	Landscape initiative	On-the-ground multi-stakeholder programs to set common goals, take collective action while reconciling different interests, and monitor progress towards improving social, environmental and economic outcomes at a landscape scale, within the wider geographical area surrounding the farmland used to produce our agricultural raw materials.
Just transition	<i>Just transition</i> refers to a framework aimed at making the shift towards <i>regenerative food systems at scale</i> as fair and inclusive as possible, creating decent work opportunities and minimizing negative impacts on farmers, workers and communities. It encompasses a range of actions aimed at mitigating the negative social and economic impact of climate and agriculture action, while maximizing the benefits for all stakeholders, especially those most vulnerable (e.g. farmers, women, migrant workers), for example, through building resilience, improving livelihoods and promoting human rights. It requires anticipating, preventing and addressing the social and economic risks associated with climate and agricultural transitions, while supporting the fair sharing of benefits, such as improved resilience, productivity, and income opportunities, particularly with smallholder farmers, workers, women and migrant workers who may be disproportionately affected.	Markets	<i>Market(s)</i> is used to describe geographic entities where Nestlé operates.
		Monitoring, reporting and verification (MRV)	The annual process of <i>monitoring, reporting and verification (MRV)</i> of <i>greenhouse gas (GHG) emissions</i> to ensure data is accurate and verifiable.
		Nature-based solutions	<i>Nature-based solutions</i> (NbS) are strategies that use natural processes and ecosystems to address societal challenges, benefiting people, climate and nature at the same time. <i>Nature-based solutions</i> are actions aiming to conserve, manage, and restore natural and modified ecosystems, such as agroforestry, soil management and peatland and forest restoration.

Nestlé Environmental Requirements Standard (NER)	This standard applies to all product categories and the following Nestlé plants: production plants under Nestlé’s operational control, distribution centers operated by Nestlé, R&D facilities, specialized laboratories, Nestlé-owned milk collection centers and data centers. It aims to ensure proper environmental protection and minimize the environmental impact of Nestlé’s operations.
Net Impact Value (NIV)	Nestlé uses a customized form of implicit carbon pricing mechanism through a <i>Net Impact Value (NIV)</i> metric. <i>NIV</i> is the total cost of decarbonization projects divided by their expected carbon emissions reductions over five years. These prices vary by the type of decarbonization. As our <i>NIV</i> covers categories of projects for our entire value chain, 100% of our <i>net zero GHG emissions</i> are covered by our internal carbon pricing scheme. The cost of decarbonization is also integrated into our mergers and acquisitions due diligence.
Net zero	In 2019, we announced our ambition to reach <i>net zero GHG emissions</i> by 2050 at the latest. In 2026, we updated our timebound plan, the Roots of <i>Net Zero</i> , which underpins our Group’s climate and nature strategy and acts as our transition plan aligned with a 1.5°C pathway as validated by the <i>Science Based Targets initiative (SBTi)</i> . We will balance any remaining emissions through high-quality <i>nature-based solutions</i> , such as agroforestry, <i>silvopasture</i> and the restoration of forests and peatland.
Origins	<i>Origins</i> are entities or individuals responsible for the harvest or primary production of the materials and ingredients we source for the manufacturing of our products (e.g. farms, plantations, fishing vessels), including packaging materials.
Paris Agreement	The <i>Paris Agreement</i> is the international treaty on climate change adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on December 12, 2015.

Plant-forward recipes	<i>Plant-forward recipes</i> is a style of cooking and eating that puts vegetables, fruits, whole grains and legumes at the center of the plate.
Plastic Recovery and Recycling Plan (PRRP)	<i>Plastic Recovery and Recycling Plan (PRRP)</i> is a Nestlé voluntary program aiming to facilitate the development of collection, sorting and recycling initiatives supporting the transition towards well-designed Extended Producer Responsibility (EPR) systems.
Power purchase agreements (PPAs)	Long-term contracts in which a buyer agrees to purchase electricity from a generator at a pre-agreed price and volume over a defined period, often to secure renewable energy supply.
Regenerative agriculture	In line with the Sustainable Agriculture Initiative Platform, Nestlé defines <i>regenerative agriculture</i> as an approach to farming, which aims to conserve and restore natural resources, primarily soil, as well as water and biodiversity, while capturing carbon in soils and plant biomass and to support farmers’ livelihoods. Examples of <i>regenerative agriculture</i> practices include reduced tillage and agroforestry. More information is available in our Nestlé Agriculture Framework .
Regenerative food system	A <i>regenerative food system</i> is one that goes beyond reducing harm to actively restoring ecological systems, while at the same time strengthening the social, economic and human rights foundations that food production depends on – so that food systems can sustain nature, people and livelihoods over the long term.
Regenerative landscapes	A land-management system that is inclusive, combining conservation and ecosystem restoration; driven by measurable outcomes in soil, water, biodiversity, climate and livelihoods; works to restore degraded lands and design landscapes to be resilient to environmental change; and delivers <i>ecosystem services</i> to communities and neighboring agricultural producing lands.

Responsible sourcing	For Nestlé, <i>responsible sourcing</i> means improving the traceability of our ingredients and monitoring how they are produced. This involves applying our environmental and human rights requirements – detailed in our Responsible Sourcing Core Requirements – at the different stages of our supply chain. Examples of these requirements include that land and resources of <i>Indigenous Peoples and local communities</i> are respected and that no deforestation and no conversion of forests and other ecosystems occur in our supply chain.	Silvo-pastoral systems	<i>Silvo-pastoral systems</i> are when trees, hedgerows and agricultural/ horticultural crops and/or livestock are produced on the same piece of land, providing co-benefits such as additional sources of farm income, carbon sequestration in trees and soil organic matter, protection against wind erosion, improved water management and provision of habitats for beneficial insects, pollinators, birds and other species.
Science Based Targets initiative (SBTi)	The <i>SBTi</i> is a corporate climate action organization.	Social safeguarding	<i>Social safeguarding</i> is a process for protecting people from being harmed by interventions – such as those put in place by a <i>landscape initiative</i> – intended to do good. It includes understanding how people might be at risk, what could be done to mitigate that and how to check that this is happening in practice.
Science Based Targets for Nature (SBTN)	The <i>SBTN</i> is a group of organizations working to shape private sector and city impacts on nature by using science-based targets	Supply shed	A <i>supply shed</i> is a group of farms or suppliers in a specifically defined geography (for example, part of an agricultural cooperative) that Nestlé sources an ingredient or multiple ingredients from. This is, for example, the approach in case of a <i>regenerative agriculture</i> project on a cereal farm supplying a silo that Nestlé sources from but for which we don’t have traceability to farm level.
Scope 1, 2 and 3	<i>Scope 1</i> accounts for direct <i>GHG emissions</i> from sources that are owned or directly controlled by the reporting company. <i>Scope 2</i> accounts for indirect emissions associated with the generation of imported/purchased electricity, heat or steam. <i>Scope 3</i> allows for the treatment of other indirect emissions that are a consequence of the activities of the reporting company, but occur from sources owned or controlled by another company.	Task Force on Climate-related Financial Disclosures (TCFD)	The Financial Stability Board (FSB) created the <i>TCFD</i> to develop recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing a specific set of risks – risks related to climate change.
Sedex Members Ethical Trade Audit (SMETA)	<i>SMETA</i> is an audit that helps organizations to understand standards of labor, health and safety, environmental performance and ethics within their own operations or at a supplier site.	Taskforce on Nature-related Financial Disclosures (TNFD)	The Taskforce on <i>Nature-related Financial Disclosures (TNFD)</i> is a market-led, science-based and government-supported global initiative providing organizations with a risk management and a disclosure framework to act on evolving nature-related <i>Dependencies, Impacts, Risks, Opportunities (DIROs)</i>

<i>Too Good to Go's Consumption Dates Pact</i>	<i>The Too Good to Go's Consumption Dates Pact</i> brings together industry, retail, NGOs, trade organizations and digital operators in the fight against food wastage.
United Nations Educational, Scientific and Cultural Organization (UNESCO)	<i>UNESCO, the United Nations Educational, Scientific and Cultural Organization</i> , is a specialized agency dedicated to strengthening international cooperation in the fields of education, science, culture and information.
Verisk Maplecroft	<i>Verisk Maplecroft</i> is a global risk analytics company providing <i>ESG</i> , climate, political and economic risk data for leading institutional investors and multinational corporations. It combines proprietary risk datasets with expert research on countries, industries and commodities.
Water-resilient value chain	<i>A water-resilient value chain</i> is designed to reduce exposure to water risks and enhance the resilience of the ecosystems and communities it depends on.
Watershed health	<i>Watershed health</i> refers to the condition and functioning of a watershed so it can sustainably provide clean water, support ecosystems and remain resilient to external pressures.



Nestlé

Good food, Good life

THE ROOTS OF NET ZERO

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