

# The Nestlé Policy on the Environment



**Nestlé**

Over the past several decades, significant progress has been achieved towards protecting the world's environment. This objective remains a fundamental duty and a collective responsibility that must be shared between the public, governments and the private sector.

As the World Food Company, Nestlé is dedicated to providing consumers with the best food throughout life. Our Company's primary function is the transformation of perishable raw materials into finished products that meet consumers' expectations for safety, quality, convenience and value. From our earliest days, we have recognised the need to protect the environment in our business activities. Exercising this commitment, which is part of our broader commitment towards the good of the community, remains central to our business today and tomorrow.

The Nestlé Policy on the Environment was published in 1991 to define our world-wide strategy on environmental issues and to state our long-standing commitment to environmentally sound business practices. It is communicated internally within the Nestlé Group and externally to all interested parties and institutions. Following its publication, the Nestlé Environmental Management System (NEMS) was established to consolidate all environmental measures taken by the Nestlé Group. The NEMS is being implemented across our entire business.

Today, preserving natural resources and minimising waste has become a part of day-to-day business for our employees and is an integral part of our strategy to achieve global competitiveness. The 1999 update of The Nestlé Policy on the Environment reiterates our strong environmental commitment and reflects our priorities as we move into the new millennium. It also recognises developments in the international environmental arena.

The application of the Nestlé Policy on the Environment at every level of our operation forms an essential part of the Nestlé Corporate Business Principles and enables us to contribute to sustainable development – meeting the needs of the present, without compromising the ability of future generations to meet their own needs.



PETER BRABECK-LETMATHE  
CHIEF EXECUTIVE OFFICER

# Nestlé's Commitment to Environmentally Sound Business Practices

Nestlé respects the environment, supports sustainable development and is committed to environmentally sound business practices throughout the world. To fulfil this commitment, Nestlé:

- integrates environmental principles, programmes and practices into each business;
- strives for the continuous improvement of its environmental performance through application of the Nestlé Environmental Management System (NEMS);
- complies with applicable environmental legislation.

Where none exist, Nestlé's own internal rules are applied; and

- provides appropriate information, communication and training to build internal and external understanding concerning the Company's environmental commitment.

## **Research and Development**

Nestlé's research and development centres have two primary objectives: to create new products and manufacturing processes and to improve those that already exist. Along with product quality and safety, the conservation of resources and the preservation of the environment form an integral part of the development criteria for new projects.

Research and development encompasses a wide range of environmentally-related activities with emphasis on:

- environmentally sound production techniques and sourcing criteria for agricultural raw materials;
- processing methods that minimise water and energy consumption, as well as waste generation;
- packaging designs that reduce total waste and enable environmentally sound disposal options, while safeguarding product safety and quality; and
- innovative ways to recover by-products and thus generate secondary raw materials and energy.

For important product or process innovation and renovation, Nestlé's research and development centres prepare an *environmental impact study*. This covers significant aspects in the product life cycle, from the sourcing of raw materials, through processing to the packaged consumer product and the end-life of the packaging material. This study is carefully evaluated, in conjunction with detailed information on the potential manufacturing site, to ensure that new projects meet Nestlé's environmental standards.

## **The Supply Chain**

Bringing a food product to the consumer involves a continuous process from farm to table. Integrated measures for preserving the environment, and consequently for optimising global environmental benefits, are put in place along the supply chain. Nestlé endeavours to apply the following practices to meet its environmental commitment.

### ***Agricultural Raw Materials***

In general, Nestlé is not directly involved in the production of raw materials. Wherever possible, locally available raw materials are used. They are either obtained directly from producers or purchased through trade channels. Nestlé applies the following principles when sourcing raw materials:

- all raw materials must meet both legal and internal quality criteria, including limits on possible environmental contaminants;
- whenever possible, preference is given to raw materials that are produced by environmentally sound farming methods (e.g. integrated crop management); and
- farmers are encouraged to apply sustainable farming methods and, where appropriate, are provided with assistance in crop production and dairy farming. Such assistance includes the provision of recommendations for the conservation of natural resources (soil, water, air, energy, biodiversity) and techniques for reducing environmental impact.

### ***Manufacturing***

Manufacturing comprises all processes that are necessary to transform perishable raw materials into safe and convenient food products for consumers. Nestlé strives to achieve optimal performance in its manufacturing activities, including the environmental aspects. As such, the manufacturing practices of the Group:

- respect natural resources by emphasising the efficient use of raw materials, water and energy;
- minimise the use of environmentally critical substances;
- continuously seek improvement in the efficiency of production facilities; and
- reduce waste generation and emissions as much as possible, consider recycling of waste as a priority and dispose of non-recyclable waste in an environmentally sound manner. Regular environmental assessments of Nestlé's manufacturing practices are conducted to:
  - evaluate factory performance;
  - review factory compliance with applicable legislation and Nestlé's own standards;

- fully investigate incidents that could affect the environment and take relevant measures; and
- compare results with previous targets and set new improvement objectives.

In addition, Nestlé exchanges information on environmental protection technology and practices in order to ensure a wide use of best practices.

Nestlé encourages its contract manufacturers to use environmentally sound manufacturing practices.

### ***Packaging***

Packaging serves a major role in our daily lives. It protects food products from spoilage and ensures safety from manufacture through storage, distribution and consumption. Packaging may also provide tamper-evidence features. It communicates information, including nutritional information and serving instructions, and provides the convenience demanded by today's consumers.

Nestlé is committed to reducing the environmental impact of packaging, without jeopardising the safety, quality or consumer acceptance of its products. It is Nestlé's objective to develop safe and wholesome packaged foods using the most efficient and appropriate packaging materials available, while, at the same time, satisfying consumer requirements and expectations.

Nestlé seeks packaging solutions that:

- result in the lowest possible weight and volume of packages;
- take into account new packaging materials and processes that reduce the impact on the environment;
- avoid the use of substances that can adversely impact the environment during packaging production and disposal;
- decrease packaging waste at all stages, including package manufacturing, utilisation and disposal;
- increase the use of recycled materials wherever possible; and
- increase the recyclability and compatibility of its packages with existing waste management schemes.

Regular assessments of Nestlé's packaging are carried out and action plans are implemented.

Nestlé supports industrial and governmental efforts to promote integrated waste management that takes into consideration matters such as source reduction, reuse, recycling, composting, energy recovery and landfill.

Nestlé encourages suppliers of its packaging materials to adopt sound environmental practices.

***Distribution*** Distribution of products from the factory to the customer involves transport and storage. Efficient management of the distribution system is essential to preserve the safety and quality of Nestlé's products, to ensure a high level of customer service, and to meet its commitment to environmentally sound business practices.

To this end, Nestlé:

- selects appropriate transportation modes, with particular attention given to optimum unit loads (pallets), vehicle-capacity utilisation, route planning and consolidation with outside partners, scheduling and fuel conservation;
- optimises warehouse and distribution centre locations and environmentally efficient operational systems; and
- identifies and implements measures to reduce energy consumption and waste.

Nestlé encourages its distribution service providers to use environmentally sound practices.

***Marketing*** Marketing is based on the principle of satisfying consumers' needs. The overall trust of consumers in Nestlé's brands and products comes from a quality image that has been continuously strengthened for over 130 years. Nestlé strives to increase this trust through its commitment to environmentally sound business practices.

For this reason, Nestlé:

- opposes short-term, opportunistic "green marketing" that can mislead the consumer;
- bases environmental claims in advertising, promotional material, labelling and corporate communications on solid scientific evidence; and
- selects materials and printing methods for merchandising materials such as consumer offers, in-store promotions, display materials, leaflets and printed materials in light of environmental considerations.

**Information,  
Communication  
and Training**

Nestlé provides information on its activities, including those related to the protection of the environment. Within this context, Nestlé:

- communicates its environmental efforts, both inside and outside the Company, to build understanding concerning its environmental commitment;
- fosters strong environmental awareness and responsibility among its employees through training programmes; and
- shares environmental information with governments, local communities, industry, consumers and other interested stakeholders.

**Legislation**

Nestlé complies with all laws and regulations which apply to its activities, including those involving the environment. To promote an effective regulatory system with respect to the environment, Nestlé:

- participates in legislative and regulatory discussions between international organisations, government representatives, industry, the scientific community and consumer associations;
- supports appropriate voluntary initiatives designed to protect the environment;
- fosters rational environmental laws and regulations;
- opposes unjustified prohibitions and other discriminatory measures; and
- favours the harmonisation of environmental laws, regulations and standards in order to eliminate existing and future trade barriers.

## Environmental Management

The Nestlé Environmental Management System (NEMS) is an essential corporate management tool that consolidates all organisational and technical measures taken by the Group to achieve environmentally sound business practices. The NEMS objectives include the following:

- to provide a systematic approach that ensures compliance with Nestlé's environmental policy, applicable legislation and Nestlé's operational standards;
- to ensure the continuous improvement of Nestlé's environmental performance, for example through the conservation of natural resources and the minimisation of waste;
- to achieve compatibility with international voluntary standards on environmental management systems, such as ISO 14001 and the European Union Eco-Management and Audit Scheme; and
- to build mutual trust with consumers, governmental authorities and business partners.

The Nestlé Environmental Management System is being implemented throughout Nestlé's entire operation.

