



Nestlé in society

2014 Creating Shared Value Report of Nestlé Nigeria

Highlights 2014



Nutrition

Help reduce the risk of under-nutrition through micronutrient fortification



18.3 million
In 2014, we reached over 18 million households with iron - fortified Maggi cubes, making it the single largest carrier of iodine and iron in Nigeria.

Encourage consumption of whole grains and vegetables



310 million
More than 310 million servings of iron-fortified vitamin A-enriched Nestlé Golden Morn were consumed in 2014

Promote healthy diets and lifestyles, including physical activity



62,483 pupils
The Nestlé Healthy Kids programme reached 62,483 pupils and 807 teachers in 112 schools in Lagos, Ogun, Oyo and Ondo states in 2014.



Rural development

Implement responsible sourcing in our supply chain



23,430
tonnes of maize purchased from farmers in Nigeria.



9,660
tonnes of soybean purchased from farmers in Nigeria.



7,170
tonnes of sorghum purchased from farmers in Nigeria



125
tonnes of millet used in our manufacturing operation in Nigeria



Water

Work to achieve water efficiency and sustainability across our operations



1.76
Total water withdrawal (m³ per tonne of product) decreased from 2.14 in 2013 to 1.76 in 2014 while total production volume (tonnes) increased from 252,017 in 2013 to 259,407 in 2014

Treat the water we discharge effectively.



Average quality of water discharged (mg COD/l) decreased from 74 in 2013 to 61 in 2014

Raise awareness of water conservation and improve access to water and sanitation across our value chain



3,275 pupils
In 2014, Project WET (Water Education for Teachers) directly reached 3,275 pupils and 161 teachers in 55 schools in Lagos and Osun States



Environmental sustainability

Improve resource efficiency in our operations



Spent grains generated from maize, millet, soybean and sorghum during processing are not disposed at offsite landfill, but sold to farmers for use as livestock feeds

Provide climate change leadership



+ 76%
Overall energy efficiency increased by 76%, from 42% to 74%. Direct GHG emissions per tonne of product reduced from 186.73 in 2013 to 131.26 in 2014.

Provide meaningful and accurate environmental information and dialogue



Environmental journalists visited Agbara factory during the annual World Environment Day to gain insight on our environmental footprints across the value chain



Our people, human rights and compliance

Assess and address human rights impacts in our operations and supply chain



We respect the human right to water and sanitation, and helping to provide clean, safe drinking water to the communities around our operations

Provide CSV Nutrition Quotient (NQ) and environmental sustainability training for our employees.

To create job opportunities for the unemployed Nigerian Youth, Nestlé launched 'My Own Business (MYOWNBU)' initiative. Nestlé trains sellers to sell Nescafé in open markets. Nestlé also helps operators to set up their kitchen and provides training on safety, sales, hygiene and management.




Enhance gender balance in our workforce



Equality in the work place is a priority for Nestlé Nigeria. Our gender balance initiative encourages a natural gender balance throughout the business.

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 Front cover
Pupils of Sagbe-Obe Community Primary School in Ibadan, Oyo State participating in Nestlé Healthy Kids Physical activity programme. The Healthy Kids programme forms an integral part of our commitment to promote healthy eating and active lifestyles to help children to achieve and maintain a healthy body weight into adulthood.

2014 Performance summary

Nestlé performance indicators provide a focus for measuring and reporting Creating Shared Value, sustainability and compliance. The key performance indicators in this report are specific to Nigeria only. Global equivalent where they exist can be found at www.Nestlé.com/csv/2014/kpis.

Unless otherwise stated, performance indicators are for the year ending 31 December 2014. The environmental figures are in line with Nestlé SHE-PM

(Safety Health and Environment Performance Monitoring) tool. The environmental data covers Agbara (including Nestlé Waters Plant) and Flowergate factories.

The issues are identified through our stakeholder engagement process and they also shape the public commitments we have made. To provide transparency for our stakeholders, in this table we have indicated the correlation between our KPIs and our commitments.

Nestlé in society and Creating Shared Value key performance indicator	2013	2014
Economic		
Total sales (NGN billion)	133.1	143.3
Net profit (NGN billion)	22.2	22.2
Nutrition		
Products featuring Nestlé Nutritional Compass labeling (% of sales)	100%	100%
Popularly Positioned Products (NGN billion)	81.4	84.8
Nestlé television advertising to children under 12 in compliance with policies on responsible marketing (% of sales)	100%	100%
Infant formula marketing staff trained on the WHO Code (% of staff)	100%	100%
Rural development		
Percentage of suppliers that have signed / received Nestlé Supplier Code	100%	100%
Percentage of purchased volume fully compliant with the Nestlé Supplier Code	100%	100%
Water		
Total water withdrawal (million m ³) ^(a)	608,160	596,277
Total water withdrawal (m ³ per tonne of product)	2.14	1.76
Environmental sustainability		
Production volume		
Total production volume (tonnes) ^(b)	252,017	259,407
Materials		
Raw materials used (tonnes) ^(c)	227,017	185,962
Materials for packaging purpose (tonnes) ^(d)	19,099	73,224
Energy		
Total on-site energy consumption (gigajoules) ^(e)	743,845	707,411
Total on-site energy consumption (gigajoules per tonne of product)	2.95	2.28

Nestlé in society and Creating Shared Value key performance indicator	2013	2014
Emission effluents and waste		
Direct GHG emissions (tonnes CO ₂) ^(f)	47,058	42,692
Direct GHG emissions (kg CO ₂ eq per tonne of product)	186.73	131.26
Total water discharge (m ³) ^(g)	183,481	215,646
Total water discharge (m ³ per tonne of product)	0.51	0.63
Average quality of water discharged (mg COD/l) ^(h)	74	61
By-products (kg per tonne of product) ⁽ⁱ⁾	0.05	0.04
Environmental sustainability governance		
Manufacturing sites certified against ISO 14001 (% of sites)	100%	100%

Our People		
Total workforce (number of employees)	2,288	2,294
Total rate of new employee hires (%)	1%	4%
Total rate of employee turnover (%)	1%	4.3%
Lost-time injuries and illnesses rate (per million hours worked) (employees, on-site contractors and on-site members of public)	0.3	0.6
Total recordable injuries and illnesses rate (per million hours worked) (employees, on-site contractors and on-site members of public)	0.5	1.0
Total number of fatalities (employees, on-site contractors and on-site members of public)	0	0
Average hours of training per year per employee per category	24	21
Leadership positions held by women (%)	33.3%	33.3%
Local Management Committee members native to country	33.3%	59%

- (a) Total water withdrawal – the sum of water used by Nestlé factories from all sources, including purchases from suppliers as well as surface, ground and rain water sources. This includes water that may be treated through industrial services (such as softening and demineralizing), non-contact cooling water, water used for cleaning and water used by itself as a raw material (e.g. for bottled waters).

(b) Total production volume – the total of all products produced at our factories, based on net weight (i.e. without packaging).

(c) Raw materials used – the total of all input resources used (i.e. natural resources used for conversion to products) to manufacture a product, including manufacturing losses, but excluding packaging material and water withdrawal. The 2014 data reflects improvement in production efficiency in Agbara factory resulting in use of less raw materials.

(d) 2013 data was for Agbara factory only, while the 2014 data reflects full-year data for Agbara and Flowergate factories as well as Nestlé Waters Plant.

(e) Total on-site energy consumption – the sum of all energy consumed in our factories, whether purchased or produced – less any energy that, in some cases, is sold. This includes total direct energy consumption.

(f) Direct greenhouse gas emissions – the sum of all on-site
- greenhouse gas emissions at our factories which arise from combustion processes used to manufacture products as well as the CO₂ equivalents from refrigerants losses.

(g) Total water discharge – the sum of all water effluents discharged from Nestlé factories. Water effluents are generated in manufacturing from processing, cleaning and some cooling processes and are discharged to subsurface waters, sewers that lead to rivers, oceans, treatment facilities and ground water. 2014 data reflects total waste water flow in all our manufacturing facilities: Agbara and Flowergate factories as well as Nestlé Waters Plant.

(h) Average quality of water discharge – is expressed by the quantity of Chemical Oxygen Demand (COD) per volume of water, commonly used to measure the amount of organic compounds in water. A decrease in COD represents improvement of water quality.

(i) By product (for recovery) – any materials generated during the manufacture of a product that leave the factory and are destined for reuse or recovery, including recycling, composting and incineration with heat recovery. They are not limited just to the product; they also include all materials used to support the manufacture.

A message from our global Chairman and our CEO

We are pleased to share our 2014 Creating Shared Value Report including an assessment of the challenges we face and the real progress we have made in meeting our societal commitments. This report underlines our firm belief that for a company to prosper over the long term and create value for shareholders, it must create value for society at the same time. Each and every commitment is based on our own convictions, not convenience. Respect, for people, different cultures, the environment and for the future of the world we live in, is the foundation of Creating Shared Value.

These commitments serve both external and internal purposes. They have helped frame our external communications but, equally importantly, they guide our management and all of us at Nestlé across Business Units, Zones and Markets in our collective efforts to reach these specific objectives. They also take into account the views of our stakeholders. We meet regularly with NGOs, academics, multilateral agencies, governments and others to listen and learn from their criticisms and encouragement. Our efforts are strengthened by this dialogue.

Our shareholders also guide us with insightful questions about these societal commitments and how they strengthen our business. This we can explain. Our ambition to be the leading Nutrition, Health and Wellness company is at the heart of our corporate strategy and what we live for as a company. We care deeply about people's health and wellness, and are investing for the future through our network of research centres, the Nestlé Institute of Health Sciences, Nestlé Health Science and the new Nestlé Skin Health. A deep understanding of nutrition, and access to tastier and healthier food and beverages, is what our consumers demand and what society needs.

Water too is an essential part of good nutrition and, at the same time, a human right and the linchpin of food security. We actively promote healthy hydration at all ages while making every effort to reduce water use in our own operations and advocating for inclusion of a specific goal on water in the post - 2015 development agenda. Our new Cero Agua factory in Mexico, a dairy



Peter Brabeck-Letmathe Speaking at the 2014 CSV Forum
Peter Brabeck-Letmathe (Chairman, Nestlé) welcoming guests from government, academia, civil society and business to the 6th Creating Shared Value Forum in Switzerland, which was co-hosted with the United Nations Conference on Trade and Development.



Paul Bulcke visiting the Food Safety Institute in Beijing
Paul Bulcke (CEO, Nestlé) visiting Beijing in March 2014, to open the Nestlé Food Safety Institute, which works with authorities to help provide the scientific foundation for food safety policies and standards.

factory with a positive water impact, exemplifies our commitment to reducing water use in our own operations and how we embrace new technologies and innovative ways to achieve this goal. Water is a business opportunity, an operational challenge and a societal issue that is of deep concern to us all. As we have said many times, we will run out of water long before we run out of oil.

Likewise, rural development and our work with farmers combined with our Responsible Sourcing Guideline help address the need to build sustainable farming communities, but also to answer our own consumers' demands to know 'where does my food come from?' Our rural development work helps secure the quality and quantity of supply of our key categories and increase the attractiveness of farming for future generations.

We continue to actively manage our commitments to environmental and social sustainability, necessary for operating our factories and for the sustainable growth and development of the communities and countries where we operate. Our commitment to youth employment, called the Nestlé needs YOUth Initiative, helps strengthen and develop the skills and employability of young people across Europe. This programme will soon be extended globally.

At Nestlé, Creating Shared Value is the way we do business and it is embedded in our holistic management thinking. Integrating business opportunity and societal need is what we expect of our leaders and employees. Internal management tools help facilitate this process, such as a strategic portfolio tool that assesses our brands against financial and nutrition targets, a capital expenditure process that includes societal indicators, and a Rural Development Framework which digs deep into the needs of cocoa, coffee and dairy farmers and farming communities, helping us to better target our efforts and investments. Our challenge is to find a consistent method of measuring the business value of Crating Shared Value as well as to assess societal impacts and not just activities. We will continue to develop our thinking on this during 2015.

Join us on our Creating Shared Value journey which focuses business on the long term where the success of society and economic activity are intimately intertwined and mutually reinforcing. It should also lead to more effective, collective action to address some of society's deepest concerns and challenges. Better dialogue, engagement and partnership are required if we are to help address the 'double burden' of malnutrition, water scarcity, sustainable farming, climate change, human rights and more.

This year, again, we have introduced some new commitments in the areas of responsible marketing to children, anti-corruption and internal and external grievance mechanisms. With this report, we also restate our support for the UN Global Compact, as a founding member of the UN Global Compact Lead – an important platform for corporate sustainability leadership. We look forward to your feedback on our commitments and on this report.

Peter Brabeck-Letmathe
Chairman

Paul Bulcke
Chief Executive officer

A message from Managing Director and Chief Executive of Nestlé Nigeria

At Nestlé, we continuously strive to build sustainable relationships with people, stakeholders and communities whom we touch through our business; we are pioneer of this business approach called Creating Shared Value (CSV), which epitomises our desire to create prosperity and help improve the quality of life for people in an inclusive manner.

We believe that we can create value for our shareholders and society by doing business in ways that specifically help address global and local issues in the area of nutrition, water and rural development. We identify opportunities to link our core business activities along our value chain to actions that help to address social issues.

With CSV, we continuously and consistently make efforts that all of our activities contribute to the society through values chain and impacts, context for growth, value for Nestlé and the society.

Nestlé has been nourishing Nigerians since 1961, and as a result of this, we have earned the trust of our consumers not only for the quality of our products but also for our commitment to improve the lives of the communities. Over the years, we have proven that it is possible to do well as a company, by doing good for the community and society at large.

Our third stand-alone Report for the year ended 31 December 2014, unless otherwise stated, covers CSV activities and initiatives embedded in Nestlé Nigeria operations.

We hope that you find this report useful in giving you a better understanding on how we operate, as we aim to share information transparently about

our long-term impact on society and how this is intrinsically linked to the creation of our long-term business success. We would appreciate your input and views to enable us to improve our performance. If you have any comments or feedback, we are happy to receive them. You can find our contact details at the end of this Report.



Dharnesh Gordhon
Managing Director and Chief Executive.



Dharnesh Gordhon launches 2013 Nestlé in society report at 2014 CSV Media Workshop

Dharnesh Gordhon, CEO Nestlé Nigeria launching *Nestlé in society: Nestlé Nigeria Creating Shared Value Report 2013* during the 3rd CSV media workshop held in 2014. The event is part of our efforts to mainstream nutrition, water and rural development news reporting in Nigeria.

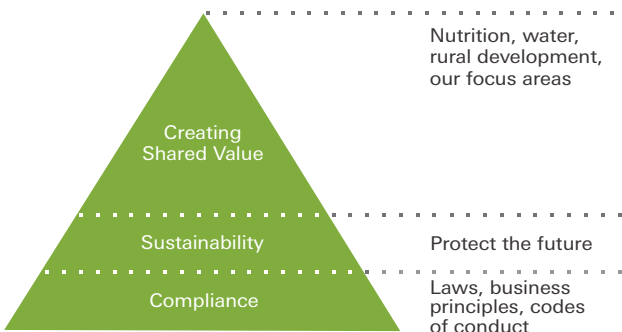
Creating Shared Value at Nestlé

Nestlé has grown from a company founded nearly 150 years ago on the success of a life-saving infant cereal to a global leader in Nutrition, Health and Wellness. Our growth has enabled us to help improve the lives of millions of people – through the products and services we provide and through employment, our supplier networks and the contribution we make to economies around the world. Globally, 4.1 million families earn a living because of Nestlé, including many rural smallholders in developing countries. In 2014, we supported the livelihoods of 695 000 farmers and directly employed 339 456 people. Our total group salaries and social welfare expenses were almost CHF 16 billion and we paid corporate taxes of CHF 2859 million. .

We see this value creation as a basic requirement for successful business, but it doesn't stop there. Being a global leader brings not only a duty to operate responsibly, but also an opportunity to create long-term positive value for society. We call this Creating Shared Value, and we embed it firmly in our holistic management thinking across all parts of our business.

Our ambition is to be the leading Nutrition, Health and Wellness company. As the population grows and healthcare challenges increase, the intrinsic value of our nutrition agenda will continue to expand. That's why Nutrition, Health and Wellness are at the heart of Creating Shared Value. As critical issues facing society, water and rural development are also top priorities, representing both business opportunities and operational challenges. All this is underpinned by a duty to protect scarce natural resources for the future. Our commitments to environmental and social sustainability ensure we can continue to be part of the long-term solution. Finding better ways to collaborate and secure collective action is key to addressing society's most critical challenges and maximizing the shared value we can create.

Creating Shared Value



Our 2014 performance in these leading environmental and sustainability indices illustrates our progress on the commitments.

Carbon Disclosure Leadership Index – In October 2014, we received a Climate Disclosure Leadership Index Award from environmental sustainability ratings agency CDP, having achieved a score of 98 out of 100.

CDP Water programme – The CDP Water programme promotes corporate water stewardship. Nestlé's response was scored for the first time in 2014. We received a 'Leadership ' rating, with a maximum score of 20 and we were recognized for our water strategy and public policy commitments.

Dow Jones Sustainability Indices – The Dow Jones Sustainability Indices measure the performance of the world's sustainability leaders. In 2014, we maintained our score of 88, placing us second in our industry.

FTSE4Good – Nestlé remains included in FTSE4Good which measures the performance of companies that meet globally recognized corporate responsibility standards.

Oxfam Behind the Brands – Once again in 2014, Nestlé topped Oxfam's Behind the Brands ranking, which assesses the world's ten largest food and beverage companies across seven themes including women in the supply chain, farmers and land rights.

Global Materiality

What are material issues?

According to the Global Reporting Initiative’s (GRI) G4 guidelines, material issues or (‘material aspects’) are “those that reflect the organisation’s significant economic, environmental and social impacts, or that substantively influence the assessments and decisions of stakeholders.”

In simple terms, materiality is about identifying the issues that matter most to our business and to our stakeholders. We plot economic, social and environmental issues that are of most concern to our external stakeholders against the risks or opportunities they present to Nestlé - including for our reputation, operations and finances. This helps us to meet a number of objectives:

- To keep abreast of changes and new challenges for our business;
- To provide a robust basis for making decisions on what is covered by our Creating Shared Value report and ensure it meets different stakeholders’ need for information; and
- To meet the GRI G4 requirements for materiality.

Refreshing our materiality assessment

In 2014, we engaged SustainAbility, an independent think tank and strategic advisor, to re-assess Nestlé’s material issues. They applied a rigorous methodology that allows for greater precision in the scoring and ranking of material issues than in previous years. The methodology involved first identifying issues, and the broad range of external stakeholders who have an interest in each of them, before assessing the level of stakeholder concern and business impact of each issue and plotting issues on a materiality matrix.

This year, we paid greater attention to the interests and priorities of the socially responsible investment community through tracking sources such as the Access to Nutrition

Index, the Dow Jones Sustainability Index, shareholder resolutions and analyst reports on the food sector.

Assessing impacts across the value chain

For the first time in 2014, material issues were considered and plotted on a value chain map. This was done according to where and when the financial, operational and reputational impacts of each issue is felt along the value chain - e.g. during agricultural production by Nestlé, at point of sale or when a product reaches the consumer. This process allows us to focus our monitoring and reporting of an issue at stages in our value chain where it has the greatest impact.

New or reframed material issues

As a result of the assessment, the following material issues are **new** or have been **reframed** from the 2013 analysis:

- business ethics;
- maternal, infant and young child nutrition;
- resource efficiency and waste
- traceability
- responsible marketing;
- human resources
- community development and unemployment;
- women’s empowerment

The changes reflect evolving priorities for our stakeholders and our business, and align with the new reporting requirements under GRI G4. They were framed with input from Nestlé experts and Group Risk Management, to ensure an appropriate level of insight on priorities.

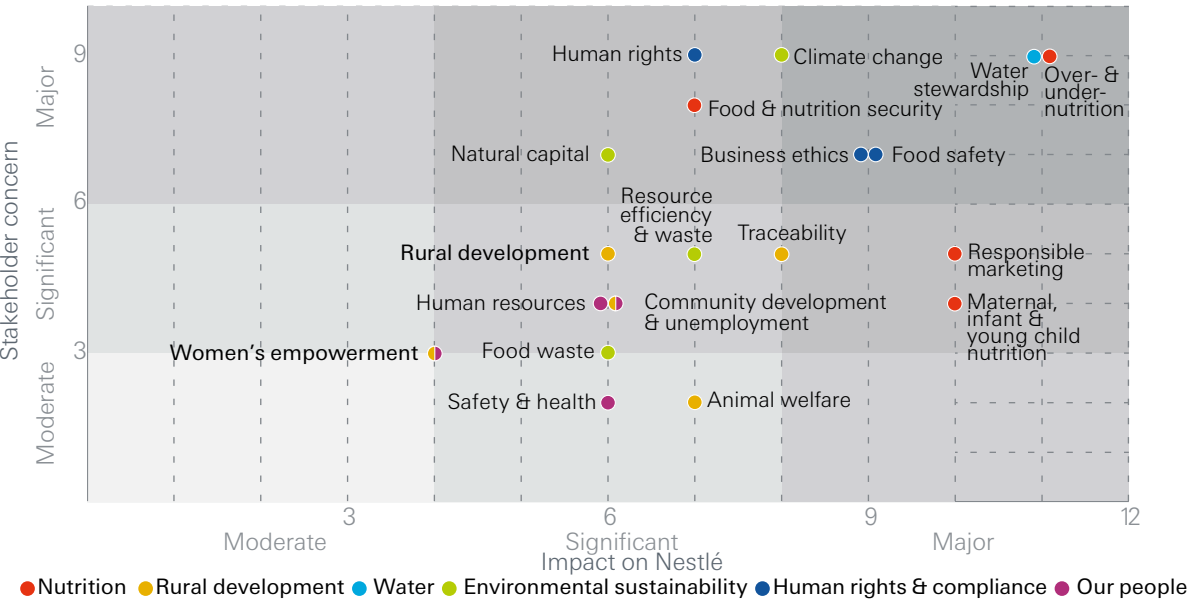
Nestlé’s material issues

Our 19 material issues are organised under eight categories that relate to our commitments for Creating Shared Value.

Nutrition	
Food and nutrition security	Contributing to the availability of – and affordable access to sufficient, safe, nutritious food.
Over and undernutrition	Supporting optimal Nutrition, Health and Wellness through the life course. Helping to address overnutrition, undernutrition, related micronutrient deficiencies, conditions such as being overweight and obesity, and non-communicable diseases (NCDs) through portfolio transformation, product and service development and renovation, and popularly positioned products.
Maternal, infant and young child nutrition	Improving the nutrition of mothers, infants and young children for better health and well-being outcomes.
Responsible marketing	Marketing in ways that are appropriate to consumer audiences and shaping consumer behaviour to promote better health and environmental outcomes.
Rural development	
Animal welfare	Safeguarding the well-being of animals in the supply chain and in product testing and promoting animal health and wellness.
Rural development	Directly and indirectly promoting economic activity and improving livelihoods of agricultural workers in the supply chain to promote sustainable agricultural communities.
Women’s empowerment	Empowering women to participate fully in society and the economy across the value chain.
Community development	
Community development and unemployment	Improving people’s lives through community and societal participation and improving access to employment, education and skills development.
Responsible sourcing	
Traceability	Ensuring that key ingredients have been grown and processed responsibly and can be traced back to the origin where possible.

Water	
Water stewardship	Implementing the actions, individually and/or collectively, needed for the sustainable management of shared water resources, including enabling access to water, sanitation and hygiene.
Environmental sustainability	
Climate change	Reducing greenhouse gas emissions and contributing to the mitigation of and adaptation to the negative effects of climate change.
Food waste	Avoiding losses of raw materials and waste of food products, including in consumer and post-consumer use, distribution, manufacturing and agriculture.
Natural capital	Identifying and preserving elements of ecosystem services that generate value directly and indirectly.
Resource efficiency and waste	Reducing the direct and indirect use of resources, reducing waste and optimising opportunities for recovery, reuse or recycling of by-products and disposing of waste appropriately.
Human rights and compliance	
Business ethics	Upholding ethical principles in the business and workplace.
Food safety	Ensuring a high-quality product and preventing health risks arising from handling, preparation and storage throughout the value chain.
Human rights	Respecting human rights in our business activities, operations and supply chains.
Our people	
Human resources	Maintaining positive relations with employees and promoting positive working conditions.
Safety and health	Targeting zero accidents in the workplace and promoting safe and healthy employee behaviours.

2014 Nestlé materiality matrix



Our commitments

Nestlé’s public commitments directly relate to our material issues, helping us drive continuous improvement and enable stakeholders to hold us accountable. In some instances, the title of a commitment has been updated from last year, to provide greater clarity and transparency, although our ambitions remain unchanged.



Nutrition

Provide nutritionally sound products designed for children

Help reduce the risk of under-nutrition through micronutrient fortification

Encourage consumption of whole grains and vegetables

Promote healthy diets and lifestyles, including physical activity

Promote healthy hydration as part of a healthy lifestyles

Provide education programmes for good nutrition and feeding practices

Market breast-milk substitutes responsibly



Rural development

Implement responsible sourcing in our supply chain



Water

Work to achieve water efficiency and sustainability across our operations

Treat the water we discharge effectively

Raise awareness on water conservation and improve access to water and sanitation across our value chain



Environmental sustainability

Improve resource efficiency in our operations

Provide climate change leadership

Provide meaningful and accurate environmental information and dialogue



Our people, human rights and compliance

Assess and address human rights impacts in our operations and supply chain

Ensure that all employees and stakeholders can easily report possible compliance violations

Work against corruption and bribery

Ensure all Nestlé units have basic safety and health protection systems for all employees

Enhance gender balance in our workforce

Provide CSV, Nutrition Quotient (NQ) and environmental sustainability training for our employees



Stakeholder engagement

Engaging with our stakeholders underpins Creating Shared Value (CSV), enabling us to identify emerging issues, shape our responses and continue to drive performance improvements.

We understand the importance of maintaining an effective dialogue with our stakeholders, it helps us to create shared value and to deliver our commitments, which often requires a collaborative approach.

Our stakeholder groups

Our stakeholder network is vast, ranging from people we engage with regularly during our operations to those whose public positions influence our activities. The following groups (in alphabetical order) are fundamental to our continuing business success in Nigeria:

- Academia
- Communities
- Consumers and the general public
- Customers
- Employees
- Government at all levels
- Industry and trade associations
- NGOs
- Shareholders and financial community, and
- Suppliers (including farmers and smallholders)

Nestlé stakeholder convening.

In 2015, we will hold stakeholder convening in Lagos to discuss our CSV performance, understand stakeholder expectations and concerns, and discuss ideas for developing our CSV strategy particularly in the areas of water, nutrition and rural development.

Our stakeholder convenings are organised to ensure we receive independent opinions and feedback on our CSV key focus areas and commitments.

The outcome of our stakeholder convening will be fed back to senior management and taken into account in the development of our policies, commitments and actions for the following year.



Promoting CSV concept in local media

In furtherance of effort to mainstream nutrition, water and rural development news reporting in Nigeria, we held our third CSV media workshop in 2014. The workshop was aimed at raising the level of nutrition, water and agricultural/rural development news reportage in Nigeria.

The event was widely reported in the social media. Tweets about the event reached more than 230,000.



Nutrition

Nestlé has been providing safe and quality nutrition for Nigerians since 1961 and we seek to provide consumers with the best-tasting, most nutritious choices of food and beverages, at every stage of life. As the population grows and healthcare challenges increase, the intrinsic value of our nutrition agenda will continue to expand. That’s why Nutrition Health and Wellness are at the heart of Creating Shared Value.

Our role in nutrition

Good nutrition is vital for everyone’s health and well-being. Our goal is to help our consumers reach and maintain optimal nutrition and health throughout their lives and to achieve- this, we are learning more about the contribution our foods and beverages can make at every life stage. It begins with the information we provide to mothers and caregivers about the crucial first 1,000 days of a child’s life, which promotes breastfeeding as the best start a child can have.

We are improving our food and beverages to enhance their nutritional value, either by reducing or adding nutrients, and increasing the benefits to many popularly positioned products with micronutrients such as iron, vitamin A, iodine and zinc.

Supporting healthy nutrition from infancy

The very start of our lives, specifically the first 1,000 days, is a unique period that is crucial to achieving our optimal potential. A healthy balanced diet and lifestyle before and during pregnancy helps functional development of the brain. It helps immune systems to develop more robustly, and can decrease a child’s likelihood of being overweight or obese later in life. In the same way, poor nutrition and/or a lack of active lifestyle, at any life stage, gradually erodes our health. Nestlé seeks to help consumers stay on, or as near as


possible to, an optimal health trajectory. As a manufacturer of nutritious foods and beverages for mothers, caregivers, children and babies, we place significant focus on contributing to better health in the first 1,000 days of life.



Nutrition

Nutritious products for children

Our commitment



Provide nutritionally sound products designed for children

We seek to help improve our food offerings for children by assessing all of our products against the Nestlé Nutritional Foundation (NF) criteria. These criteria are based on nutrition science and public health recommendations for dietary intake, issued by authorities such as the World Health Organization (WHO). The nutritional criteria cover factors such as sugar, fat, salt and calorie content, and levels of protein, calcium and fibre. If a food or beverage product meets all the criteria of the Nestlé Nutritional Profiling System, it attains NF status¹ - meaning we consider it an appropriate choice for consumers as part of a balanced diet.

Our progress

We continued to make steady progress in improving children's food environments by assessing all our children's products against international public health recommendations.

1.

Products for which 50% or more of consumers are below 12 years old, or are designed for or perceived as being designed for this age group.
2.

The Nestlé Nutritional Foundation criteria are based on nutrition science and public health dietary recommendations such as those of the World Health Organisation (WHO) and other global or local authorities. Our products are evaluated against these criteria, using the Nestlé Nutritional Profiling System, which determines their nutritional value and whether they achieve the Nestlé Nutritional Foundation status.


All children's products sold by Nestlé in Nigeria meet Nestlé Nutritional Foundational criteria² for children based on nutrition science and dietary recommendations, such as those published by the World Health Organization.



Nutrition

Promoting healthy lifestyles for children

Our commitment



Promote healthy diets and lifestyles, including physical activity

We have always believed that over the long term, healthy populations, healthy economies and healthy business performance are mutually reinforcing. We seek to promote healthy eating and active lifestyles to help children to achieve and maintain a healthy body weight into adulthood, and the Nestlé Healthy Kids Global Programme forms an integral part of our commitment to help children to develop positive eating habits.

Our progress

We continued implementation of the Nestlé Healthy Kids Global Programme in Lagos, Ogun, Oyo and Ondo states where the initiative directly reached 62,483 primary school pupils and 807 teachers in 112 schools.

Measuring the effectiveness of our Healthy Kids Programme is a key priority. In 2014, the Department of Human Nutrition of the University of Ibadan developed a monitoring and evaluation framework and also carried out the exercise. The results of the impact assessment showed effectiveness in improving the overall nutrition knowledge and dietary behaviour of participating children.

Based on the monitoring and evaluation, we seek to strengthen the programme. It will be moving from strictly school education to a system approach in which school nutrition policy, school food service, family and community involvement in nutrition education will empower children to make healthy dietary decisions.

62,483

In 2014, the Healthy Kids programme reached 62,483 children and 807 teachers in 112 schools in Lagos, Ogun, Oyo and Ondo States.



Supporting parents in raising healthier children

We believe getting it right early in life pays big dividends in terms of health and well-being throughout life. Nestlé Nigeria aims to support parents with the information they need to make the most informed decisions about their children's health and eating habits, such as the importance of regular consumption of fruits and vegetables and of exercise. In 2014, we organised a Nestlé Healthy Kids parents-child nutrition workshop to assist families in creating a supportive environment at home for healthy lifestyle behaviours.



Promoting consumption of vegetable via Healthy Kids' school vegetable garden

Recognizing the educational and health benefits of school gardens, we launched the Healthy Kids School Vegetable Garden Initiative in Lagos, Ogun, Oyo and Ondo states in 2014. The programme encourages children to plant and eat more indigenous fruits and vegetables such as – “Efo tete” or African Spinach , “Gbure” or Waterleaves, “Ila” or Okro, as they are affordable and easily grown.



Nutrition

18.3 million

In 2014, we reached 18.3 million households in Nigeria with iron-fortified *Maggi* cubes while over 8 million households benefitted from our iron-fortified, vitamin A-enriched Nestlé *Golden Morn*.

Supporting nutrition and health

Nestlé invests continuously in the innovation and renovation of our portfolio of food and beverage products. We seek to enhance taste and nutritional value, helping consumers to maintain or achieve their maximal potential for physical and mental function. For all consumers, our aim is to assist with healthy ageing, from childhood through to adulthood. While recognising that ageing brings physical change, conditioned by social and environmental factors, we want to help consumers keep on or as close as possible to optimal nutrition and health through early, mature and late adult stages.

With micronutrient deficiencies remaining a major public health concern in Nigeria, we continue our efforts to develop foods and beverages fortified with micronutrients – vitamins and minerals - that can help to tackle under-nutrition.

We are producing a growing number of these fortified Popularly Positioned Products (PPPs) – high quality foods and beverages that provide nutritional value at a price that lower-income consumers, the sector most vulnerable to deficiencies, can afford.

Addressing malnutrition

Our commitment



Help reduce the risk of undernutrition through micronutrient fortification

Our progress

We continued to make good progress in helping address micronutrient deficiencies in Nigeria through fortification

of affordable, nutritious foods and beverages. We are reaching vulnerable populations, notably mothers and children, with our fortified culinary products and all family cereals..

In 2014, we reached 18.3 million households in Nigeria with iron-fortified *Maggi* cubes; while over 8 million households benefitted from our iron-fortified and vitamin A-enriched *Golden Morn*.

We are also collaborating with Federal Ministry of Agriculture and other relevant agencies in sourcing conventionally-bred staple crops which are biofortified to promote planting and consumption. We are establishing a supply chain for vitamin A-rich maize in north Nigeria, where the average yield of maize in Nigeria is only 1-2 tonnes per hectare. Our aim is to significantly improve yield while at the same time providing the fortified crop for our own supply chain and for direct consumption by the local community.



Nutrition

2.3 million

In 2014, *Maggi* Star Kitchen reached 2.3 million people (via door to door sampling, special women event and compound shows).



Tackling dietary deficiencies in Nigeria through Maggi

Our work with *Maggi* focuses on tackling nutrient deficiencies with popular products aimed at those who need them most. Two examples of these nutrients are iodine and iron.

Inadequate dietary iodine is a common and serious deficiency affecting one third of pre-school children in Nigeria. Lack of iodine is the major cause of preventable brain damage. Severe iodine deficiency during pregnancy can result in mental retardation of an infant or miscarriage. To help address the problem, we ensure all our *Maggi* bouillons contain iodine and a majority of them are fortified with iron. Each serving (i.e. a meal for 6 people prepared with 5 cubes or 2 tablets) provides for over 30% of the recommended daily allowance of iodine and 15% of the recommended daily allowance of iron.



Maggi Star Kitchen on the road

In 2014, *Maggi* Star Kitchen – one of our communication initiatives focusing on health and nutrition, reached 2.3 million people (via door to door sampling, compound shows, special women event).

Maggi Star Kitchen travels to towns and cities week by week, providing information about balanced diets, micronutrient deficiencies and the importance of culinary hygiene through interactive cooking demonstrations, women's forums, group discussions and presentation on micronutrient fortification.






Nutrition

Helping consumers lead healthier lives

Nestlé Nigeria is committed to promoting balanced diets and regular physical activity. We work with partners to communicate the importance of diet and exercise in achieving or maintaining health and wellbeing, as well as hydration, eating whole grains, fruit and vegetables.

Promoting healthy hydration

Our commitment

 **Promote healthy hydration as part of a healthy lifestyle**

The human body contains an average of 60% water, two-thirds of which is contained inside our cells. Water is involved in many of our body's vital functions; it carries and distributes essential nutrients to cells, removes waste products, helps to control our body temperature, lubricates our joints and acts as a shock absorber for our organs. We get around 20% - 30% of our daily water from food and the remainder from the fluids we drink.

The hydration level in our bodies fluctuates constantly and water requirements vary from one person to another, depending on physical activity, ambient temperature, health status, physiological condition, age and gender.

Our progress

In 2014, we continued implementation of our fact-based healthy hydration modules in the Nestlé Healthy Kids schools. The modules aimed at raising awareness about the importance of proper hydration for children and cover the role of water in the body, the concept of water

606

Primary school and teachers trained on Healthy Hydration in 2014.

balance and the signs and effects of dehydration, and information about calories in beverages.

Furthermore, we expanded Project WET, a global water education programme, to Osun State. Project WET's interactive activities are also used at our factories each year to mark World Water Day.




Osun State Deputy Governor, Otunba Mrs Grace Titilayo Laoye-Tomori welcoming teachers to the launch of Project WET in Osun State in 2014.



Nutrition

Consuming more whole grains and vegetables

Our commitment

 **Encourage consumption of whole grains and vegetables**

Whole grains and vegetables are excellent sources of fibre, vitamins and minerals. However, diets in Nigeria do not contain enough. Nestlé is helping to tackle this problem through our commitment to encourage consumption of whole grains and vegetables.

Our progress

We continued to market our *Maggi* products portfolio with advertising and information campaigns that promote home cooking and meals with vegetables.

Also, we continued to make steady progress in encouraging consumption of whole grains via *Golden Morn*.

More than 310 million servings of iron-fortified, vitamin A - enriched Nestlé *Golden Morn* are consumed in Nigeria every year.



Adesina, Agric Minister, tastes Golden Morn Millet

The Minister of Agriculture and Rural Development, Akinwunmi Adesina tasting *Golden Morn* millet, a delicious, nutritious and instant family cereal made from best-quality locally sourced whole grains, when he visited Agbara factory in 2014.

The Minister tweeted: "I tasted Nestlé's new breakfast cereal from millet. Awesome! Millet farmers now make a lot of money. Millet is gold!"

310 million

servings of iron-fortified, vitamin A-enriched Nestlé *Golden Morn* consumed in Nigeria in 2014



Promoting consumption of iron-fortified and vitamin A-enriched cereals in Nigeria

Dharnesh Gordhon, CEO Nestlé Nigeria (right) and Akinwunmi Adesina, Minister of Agriculture and Rural Development (left) display a sachet of Nestlé *Golden Morn*, produced from millet purchased from local smallholder farmers, during the Minister's visit to Agbara factory in 2014. Apart from helping to support farming as a business and a livelihood of choice that offers an attractive income, we also help promote consumption of whole grains in Nigeria.

6,535

healthcare professionals benefitted from NNIA (Nestlé Nutrition Institute Africa) programmes in 2014.

Nutrition education

Nestlé believes that education can play an important role in promoting good nutrition and healthy lifestyles. To this end, we have global educational programmes designed to address the concerns of the groups that are most involved in implementing good practices: healthcare professionals; and parents/caregivers.

Our commitment



Provide education programmes for good nutrition and feeding practices

Our Progress

The Nestlé Nutrition Institute Africa (NNIA)

The Nestlé Nutrition Institute Africa is a multidisciplinary, educational organization dedicated to the science of nutrition for people of all ages in the African continent. NNI Africa forms part of the global structure of the Nestlé Nutrition Institute (NNI), a not-for-profit organization offering a variety of on-and offline unbranded high-quality educational services to healthcare professionals addressing global nutrition and health concerns.

NNI Africa engages with healthcare professionals, medical students, scientists and nutrition communities to share leading science-based nutritional education, resources and research covering topics including maternal and infant nutrition, geriatrics and obesity management.

In 2014, 6,535 healthcare professionals from Central and West Africa participated in NNI Africa's training programmes. To maximize the reach of our programme, the NNI provides an education grant to ESPGHAN (The

European Society for Paediatric Gastroenterology, Hepatology and Nutrition) to educate African paediatricians in gastroenterology and nutrition. Eighty-seven doctors from 18 African countries (including Nigeria) have been trained since 2012, and 30 more will be trained in 2015. Our aim is to build up a critical mass of trained paediatricians in gastroenterology and nutrition who will then cascade their knowledge to others.



Promoting maternal and infant nutrition via Nestlé mobile clinic

In furtherance of efforts to support mothers and caregivers and ensure they get nutrition right in the first 1,000 days, we provided a fully equipped mobile clinic to Akwa Ibom State government in 2014. About 580 people have benefitted from the initiative.

The initiative is targeted at women traders, shop owners and daily wage workers in open market to ensure quick access to antenatal care and general health checks. The programme will also provide immunization and preventive nutritional advice for all mothers and children up to 3 years of age.

1,471

personnel (including field sales staff, distributors and vendors) involved in sales and marketing of breast-milk substitutes (BMS) were trained on Nestlé Policy and instructions for Implementation of the WHO Code in 2014.

Responsible marketing of our products

We believe breast-milk is the best food for infants and this is why we promote exclusive breastfeeding for the first six months of life. However, there are still numerous barriers to breastfeeding. In consultation with their healthcare providers, if mothers and families decide that optimal breastfeeding is not possible, infant formula – the only suitable breast-milk substitute (BMS) recognised by the World Health Organization – plays a vital role in providing essential nutrients to infants. We are committed to market BMS responsibly. As we seek to continuously improve, we encourage stakeholders to share their comments with us. We will also continue to engage with key stakeholders to increase collaboration, promote responsible conduct in marketing of breast-milk substitutes.

Responsible marketing of breast-milk substitutes

Our commitment



Market breast-milk substitutes responsibly

Our Progress

We continue to market our breast-milk substitute in line with the aims and principles of the WHO International Code of Marketing of Breast-milk Substitutes (WHO Code) as implemented by the Federal Government of Nigeria.

We invest substantial resources to ensure our marketing practices comply with the aim and principles established

by the WHO Code. Our actions rely on five key pillars: compliance, good governance, transparency, constructive engagement and continuous improvement.



Supporting nursing mother employees to breastfeed

We actively support breastfeeding by employees in our own facilities. Our "Tinu Baby Room" at the Ilupeju head office enables nursing mother employees to breastfeed their babies during working hours. We believe that new parents should be given the option to take time off before returning to work. This is reflected in our maternity and paternity leave policies. We offer four months maternity leave and five-day paternity leave. This provides an environment that is supportive to new parents and reflects our commitment to mothers, beginning with our very own employees.



Nutrition

Training employees, distributors, and third party suppliers and informing retailers

It is crucial that our people working in infant nutrition fully understand the importance of complying with our Policy and Instructions for Implementation of the WHO Code.

In 2014, we trained 392 Nestlé personnel, including personnel involved in sales and marketing of breast-milk substitutes. The training efforts have been further complemented by the global online training modules on the fundamentals of breastfeeding and the WHO Code rolled out in 2014.

We also do our utmost to ensure that third parties, such as our numerous retailers and distributors, comply with our Policy and Instructions for Implementation of the WHO Code.

There are a number of challenges in this area, including reaching out to several distribution points, which are often small outlets with whom we have no direct relationship.

To address these challenges, we invest considerable resources to make third-party retailers fully aware of the importance of complying with our Policy and Instructions for Implementation of the WHO Code.

In 2014, we trained 1,079 distributors and third party suppliers in our Policy and Instructions for Implementation of the WHO Code.

Addressing stakeholders concerns

We recognise the importance of responding to questions consumers and other stakeholders may have about infant food and breast-milk substitutes. Our internal and external grievance mechanisms to report concerns include:

WHO Code Ombudsman System: We encourage our employees to contact us if they have any questions or

concerns regarding the marketing of our BMS products. Our internal WHO Code Ombudsman System allows employees to report concerns about our infant food marketing practices confidentially, outside their line management. Any employee can report allegations or concerns about Code compliance directly to the Group Ombudsman.

Nestlé Integrity Reporting System: This approach is supported more widely by the Nestlé Integrity System, which enables all employees to anonymously report any non-compliant behaviour they observe.

Tell Us system: We investigate all concerns and allegations about non-compliance with the Nestlé Policy and/or national regulations implementing the WHO Code. Our Tell Us system provides all external stakeholders with a means to report potential violations via the internet.

Engaging constructively with stakeholders

We believe that effective cooperation between all key stakeholders, including governments, industry and civil society organisations, is necessary to ensure the responsible marketing of breast-milk substitutes.

In 2014, we collaborated with the Federal Ministry of Health as well as Lagos, Rivers and Enugu State governments to commemorate the 2014 World Breastfeeding Week.

Furthermore, we held many activities to promote greater awareness and advocacy for breastfeeding in Nigeria. This included breastfeeding workshops for healthcare professionals, reinforcing our commitment to the WHO Code among employees, and highlighting the importance of breastfeeding through newspaper and social media campaigns.



Rural Development

40,385

tonnes of grains purchased from local farmers in Nigeria in 2014

We rely on local farmers in Nigeria to supply us with the agricultural raw materials we need for our products. The smallholder farmers and farm workers are essential to the on-going success of our business, so we have vested interest in contributing to the sustainable development of the rural areas where they work.

We support the sustainable development of the rural communities where we source and manufacture because they are essential to our business. Our contribution to the rural economy also extends to the agricultural support and capacity-building farmer programmes to increase yields, crop quality and income levels.

We understand that loyalty between farmers, suppliers and the Company is supported and enhanced by investments along the value chain. This may include the provision of improved planting materials, training programmes, technical support and financing support. In this way, we help create the circumstances that allow farmers, and the communities in which they live, to pursue their livelihoods by choice.

Responsible sourcing

With consumers and other stakeholders increasingly looking for information about where our ingredients originate and how they were produced, responsible sourcing – the sourcing of raw materials in full compliance of our Responsible Sourcing Guideline (RSG) criteria, with traceability and transparency throughout our supply chains – has never been more important.

Sourcing at Nestlé

Our commitment



Implement responsible sourcing in our supply chain

As an important part of responsible sourcing, we ensure that the decisions we make on purchasing raw or processed materials align with our own commitments and policies, and be sure that our suppliers apply the same principles and values as we do, and meet our high standards.

Our Progress

We continued to make steady progress in ensuring that our suppliers comply with our Supplier Code. The Nestlé Supplier Code lies at the heart of every business relationship with our suppliers. It reflects our commitment to conduct our business activities in full compliance with applicable laws and to be guided by integrity and honesty. It sets out the non-negotiable minimum standards and best practices that we require our suppliers, and their suppliers – down to the individual farm level – to respect and adhere to when doing business with us.

As part of our responsible local sourcing of agricultural raw materials, we purchased 40,385 tonnes of grains from local farmers in Nigeria in 2014. To ensure a sustainable supply of safe, high quality grains to our factories and improve the livelihood of smallholder farmers in Nigeria, we launched our Grains Quality Improvement Project in 2009.

Rural Development

Working with the International Institute of Tropical Agriculture (IITA) we are training farmers to follow good agricultural and storage practices that reduce the risk of damage from naturally occurring mycotoxin and increase yields, quality, and consequently, market access for local farmers.

To date, 10,000 farmers (including agricultural extension agents, farm village heads, farm family heads, grains suppliers and transporters) have benefitted from the trainings in Nigeria. The project has allowed us to locally sourced 100 per cent high quality grains locally. In 2014 alone, we purchased 40,385 tonnes of grains from local farmers.

We also collaborated with IITA Ibadan on cassava starch initiative that would ensure sustainable supply of cassava roots with high starch content to targeted cassava starch processing firms to meet our supply needs. It also seeks to ensure smallholder farmers benefit from improved cassava management practices through correct use of agrochemicals (fertilizer, weedicides and pesticides).

High-yielding planting materials were supplied to 500 farmers to establish one hectare of cassava in the catchment areas of starch processors. Four demonstrations centres were established as training plots and also to supply planting materials. Even though root delivery to starch processors was faced with challenges (flooding of farms, Fulani herdsmen destroying farms etc.); nevertheless, by the end of 2014, 3,192 tons of roots were delivered to starch processors to meet the supply needs of Nestlé. The ultimate goal of the cassava project is to replace imported corn starch with cassava starch in our culinary manufacturing process.



One of the Demonstration Plots (for resource use efficiency) at IITA Ibadan.



Cassava roots with high starch content at MATNA Foods Company, Akure.



A cross-section of participants at the Mycotoxin Management seminar in Kaduna for smallholder farmers, grains suppliers and transporters.



Water

190,000m³

Reduction in the water ratio (m³/tonne of finished product) and water saving of 190,000 m³ at all Nestlé sites

Our role in water stewardship

Nestlé recognizes the human right to water and sanitation, and we ensure all our people respect it. We understand that water is critical to the sustainability of our value chain: our employees, our suppliers and our customers need access to safe drinking water and adequate sanitation. We are committed to developing our business in a way that facilitates effective water stewardship in areas where we source and operate.


To deliver our commitment, we must ensure our operations use water efficiently and do not compromise the right to water of local communities.

Water in our operations

Our factories must have water to operate, and providing a reliable supply is an important priority. When water cannot be reused, either in the manufacturing process or for external factory purpose, it is treated and returned to the environment.

Achieving water efficiency and sustainability

Our commitment

 **Work to achieve water efficiency and sustainability across our operations**

Our progress

We continued to drive operational efficiency and implement programmes to reduce water withdrawal,

reuse water and continually work to improve the water efficiency of our products.

Our goal is to be the most efficient water user among food manufacturers in Nigeria. Over the years, we have achieved remarkable improvements in water efficiency in our manufacturing operations in Nigeria.

Since 2006, direct water withdrawals per tonne of product in every product category at our Agbara factory has fallen significantly while our food and beverages production volume increased considerably.

Our total water withdrawal (m³ per tonne of product) decreased from 2.14 in 2013 to 1.76 in 2014, while total production volume (tonnes) increased from 252,017 in 2013 to 259,407 in 2014.



Improving water efficiency at Agbara factory

The close proximity of our food processing plant and the Nestlé Waters Plant at Agbara has enabled us to install a connection so that all surplus water from the Nestlé waters deep well is used by Nestlé Nigeria plants, leading to a reduction in the water ratio (m³/tonne of finished product) and water saving of 190,000m³ at all sites.




Water treatment and quality

The direct use of sufficient amounts of good-quality water in our operations is vital for Nestlé. We use water at our facilities for many functions, including washing fresh raw materials, reconstituting dried raw materials, extraction, cooking, cooling and cleaning as well as for our bottled water business. As a result, our factories not only produce nutritious products, but they also generate liquid effluents. We want to make sure we treat these effluents effectively before releasing them into the environment.

Effective water treatment

Our commitment

 **Treat the water we discharge effectively**

We are committed to treating the water we discharge effectively and have set strict quality targets for returning water to the environment.

Our progress

In 2014, we continued to treat the water we discharged at Agbara factory effectively, returning clean water to the surrounding environment.

We have upgraded our Agbara factory wastewater treatment facility to improve effluent quality. One of the new features in the plant is a surface aeration system with an oxygen control which helps to reduce electricity usage.

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Average quality of water discharged (mg COD/1) decreased from 74 in 2013 to 61 in 2014.

Between 2013 and 2014, the average quality of water discharged (mg COD/1) decreased from 74 mg COD/1 to 61 mg COD/1.

Average quality of water discharge is expressed by the quantity of Chemical Oxygen Demand (COD) per volume of water, commonly used to measure the amount of organic compounds in water. A decrease in COD represents improvement in water quality.



Treating Wastewater effectively at Agbara Factory

The wastewater treatment facility was upgraded in 2013. This has contributed significantly to reduction in the quantity of Chemical Oxygen Demand (COD) from the wastewater treatment plant.



Environmental sustainability

Our role in environmental sustainability

Nestlé is committed to environmentally sustainable business practices at all stages of the product life cycle. This means making the right choices to protect the future, by using sustainably managed and renewable resources where we can, using natural resources efficiently and continuing to work towards our target of zero waste. To help us assess and improve the environmental performance of our products along their value chain, we adopt a life-cycle assessment (LCA) approach.

Our goal is that Nestlé products are not only to be tastier and healthier but also better for the environment along their value chain. Environmental sustainability also means delighting consumers, by giving them another reason to trust Nestlé and enjoy our products, and living up to employees' and external stakeholders' expectations about our environmental responsibility and practices.

Waste and recovery

In a world facing increasing constraints on natural resources, our long-term goal is simple but ambitious: zero waste for disposal. We are making progress against a number of targets by preventing and minimizing the waste we generate in the first place, by avoiding food wastage and improving resource efficiency along the value chain. We also look to reuse materials and create value from them, through energy recovery or create new uses for by-products where feasible.

Preventing and reducing waste

Our commitment

 **Improve resource efficiency in our operations**

Waste is defined as any material that arises during the manufacture or distribution of a product that is destined for final disposal, at offsite landfill or incineration without

energy recovery. Our ambition is to achieve zero waste, which means that no waste generated in the factory will go to landfill or be incinerated without energy or being recovered from the process.

Our progress

In 2014, we continued to explore ways to recover valuable materials in our food processing that can be used as a by-product. At Agbara factory, we transform perishable agricultural raw materials such as sorghum, millet, maize and soybean into safe and value-added food products for consumers.

In processing the grains, we generate spent grains. Once generated, spent grains are not disposed at offsite landfill, but sold to farmers as livestock feeds.



Improving resource efficiency at Agbara factory

Spent grains generated from sorghum, millet, maize and soya during processing at Agbara factory are sent to silo, from where it is discharged to trucks, and sold to farmers for use as livestock feeds.



3,275 pupils

In 2014, Project WET directly reached 3,275 pupils and 161 teachers in 55 schools in Lagos and Osun States.

Community engagement

We want to raise awareness on water conservation and improve access to water and sanitation across our value chain. Everyone has the human right to clean, safe drinking water and sanitation, and it is unacceptable that today, some are unable to access either.

Through education initiatives, we are supporting our employees, our consumers, our teachers and pupils to improve their understanding of water issues and to make better-informed decisions that can help to deliver effective water stewardship.

Improving access to water and sanitation

Our commitment



Raise awareness on water conservation and improve access to water and sanitation across our value chain

Our progress

We believe that educating young people today is the most efficient way to facilitate life-long commitment to water conservation.

In 2013, we rolled out in Lagos State, Project WET, a global water education initiative that delivers pedagogical programmes to help children, parents and teachers understand water conservation and hydration issues.

In 2014, we expanded the programme into Osun State. At the end of the year, the programme directly reached 3,275 pupils and 161 teachers in 55 schools in Lagos and Osun States.



Supporting water education

Every March, Nestlé Waters Nigeria marks World Water Day in partnership with Project WET. Children and teachers participate in “Together for Water” festivals, to increase awareness of the importance of freshwater for nature, healthy hydration, good hygiene and disease prevention.



Environmental sustainability

Packaging

Product packaging is crucial to prevent food waste, guarantee quality and inform consumers. We take a holistic approach to assessing the environmental impacts across its entire life cycle when designing our packaging. During the innovation and renovation design process, we aim for performance and functionality while striving to optimize weight and volume to avoid adverse environmental impacts related to over- or underpacking. We lead the development and use of materials from sustainably managed renewable resources, taking packaging and product performance requirements into consideration, and support initiatives to recycle or recover energy from used packaging.

Packaging eco-design

Packaging design decisions can make an important contribution to environmental performance across the product life cycle.

Optimising weight and volume

To further reduce our environmental footprints, we will continuously optimize our packaging portfolio to improve the environmental performance of our packaging.

Our commitment



Improve the environmental performance of our packaging

Our Progress

We continued to systematically analyse and optimise our packaging portfolio to improve the environmental performance of our packaging.

Nestlé Waters has again made significant efforts towards lightweighting by optimizing packaging weights. Since 2012, the company has rolled out its best-in-class bottle for its *Pure Life* brand in 32 formats across 12 markets, saving 7,200 tonnes of PET. In 2014, our 60 cl and 150 cl bottles were renovated in Nigeria, avoiding the use of 172 tonnes of PET (bottles) and 43 tonnes of PE (caps) over the 12 months to June 2015.



Environmental sustainability

Promoting sustainable consumption

We believe that by using our brands at different touch points in the product life cycle, we can help raise environmental awareness among millions of people who use them. In particular, educating them about the environmental challenges associated with product use and end-of-life disposal offer the greatest opportunities to help improve environmental impacts along the value chain.

This enables them to make more informed choices and help us promote sustainable consumption.

Fact-based environmental information

Our commitment



Provide meaningful and accurate environmental information and dialogue.

We are committed to providing consumers with meaningful, accurate and credible information about the environmental performance of our products, activities and services, based on scientific, substantiated evidence.

Our progress

As part of our effort to communicate science-based environmental information and proactively engage with media on environmental issues, we invited environmental journalists to visit our Agbara factory during the 2014 World Environment Day. The media tour enabled the environmental editors to gain insight on our various initiatives aimed at reducing our environmental footprints across the value chain.



Environmental journalists visit Agbara factory

Environmental journalists at Agbara factory during the 2014 World Environment Day.



Environmental sustainability

Providing Climate change leadership

With the ever-rising carbon dioxide levels around the world, the resulting changes in climate may threaten food security in general, and our business in particular. The availability of water may affect agricultural irrigation. The long-term supply of safe, high-quality ingredients for our products may also be affected as crop yields fall and production areas shift. And the ability to manufacture or distribute food products may be hampered by extreme weather events such as floods and storms. That's why climate change is a material issue for Nestlé, and why our response to climate change across the value chain is a holistic one.

Our commitment



Provide climate change leadership

Our commitment to providing climate change leadership goes beyond just reducing the air emissions, including GHG emissions, of our operations, and those associated with the production and distribution of our products. It also includes responsible water stewardship; striving for zero waste; using energy and resources efficiently; switching to cleaner fuels.

Our Progress

In pursuit of our goal to become the most efficient energy user among food manufacturers in Nigeria, we continue to drive energy efficiency in our factories.

By investing in renewable sources, improving energy efficiency and switching to cleaner fuels, we reduced total direct GHG emissions.

+76%

Overall energy efficiency increased by 76%, from 42% to 74%. Direct GHG emissions per tonne of product reduced from 186.73 in 2013 to 131.26 in 2014.

We reduced our direct GHG emissions per tonne of product from 186.73 in 2013 to 131.26 in 2014.

Our total on-site energy consumption (gigajoules) also reduced from 743,845 in 2013 to 707,411 in 2014, while total on-site energy consumption (gigajoules per tonne of product) decreased from 2.95 in 2013 to 2.28 in 2014.

This reflects energy reduction initiatives at factory level, resulting from Nestlé Continuous Excellence and changes in our product mix, reflecting an overall strategy towards more value-added products.



Optimising energy efficiency in Agbara factory

We are continuously reducing our environmental footprint by ensuring efficient use of energy for manufacturing operations. The ₦3.6 billion Agbara factory tri-generation power plant is a major contribution to Nigeria's drive to reduce carbon emissions. The tri-generation power plant generates electrical power as prime energy, chilled water and hot water are produced by recovering the heat generated from the power plant exhaust gases. This allows us to increase overall energy efficiency from 42% to 74% and to reduce CO₂ emissions by 5,000 tonnes per year since 2012.



Human rights and compliance

Our role in human rights and compliance

The creation of shared value, alongside social and environmental sustainability, can only be achieved through strict compliance with international standards and national laws that respect stakeholders rights, and are founded on our own corporate values and principles. By integrating the highest applicable business standards and codes with our activities, Nestlé strives to be exemplary in meeting high standards all along our value chain - working against corruption and bribery; making it easier to report and address possible compliance violations; and assessing human rights impacts.

Maintaining these high standards across our business activities makes us more effective in our approach to compliance while ensuring that human rights, such as workers' freedom of association, local communities' access to water and sanitation, and business ethics issues -are respected. Simultaneously, Nestlé is committed to the production of safe products that meet stringent quality requirements and guaranteeing that these are marketed, advertised and sold responsibly.

Reporting of compliance violations

Our commitment



Ensure that all employees and stakeholders can easily report possible compliance violations

We aim to enable all our employees and external stakeholders to report any incidents of non-compliance and breaches of applicable laws, the Nestlé Corporate Business Principles, or other Nestlé internal standards.

Our progress

We continued to raise awareness of the Nestlé Integrity Reporting System, our internal grievance mechanism that enables our employees to report anonymously, via phone or web message, any illegal or non-compliant behavior they observe, as well as to seek advice or information on our practices.

In 2015, we will scale up our communication about the external grievance system 'Tell us' to our suppliers and down stream business partners (i.e. distributors) of Nestlé Nutrition products.



Human rights and compliance

Anti-corruption

Bribery and corruption can have a negative impact on our performance and operations, and on the perception that stakeholders have of Nestlé. We strive to ensure that our practical commitments and standards for combating these practices are clear and applicable for our people and suppliers.

Our commitment



Work against corruption and bribery

Our progress

In 2014, we continued to monitor anti-corruption processes via our CARE audit programme. Care audit enables us to monitor anti-corruption processes, allowing for the identification of improvement areas or opportunities for additional training. Employees are encouraged to report misconduct through our Integrity Reporting System.

We take all allegations of bribery and corruption seriously. We thoroughly investigate each incident before deciding if there should be any disciplinary action.

Human rights

We keep our responsibility to respect human rights at the forefront of our business by continually reviewing and addressing the impact that our business activities have upon them. We strive to prevent any negative impacts that we may have on those who we employ, do business with, or interact with along our value chain. Through carefully determining a balance between transparency and confidentiality, Nestlé adapts its approach to local circumstances where we operate, ensuring that we raise awareness of our stakeholders, while respecting their rights.

Human rights and compliance

Our commitment

- Assess and address human rights impacts in our operations and supply chain

Our progress

We continued to integrate human rights into all aspects of our business operations. Following the signature of a Memorandum of Understanding between Orile-Imo community, near our Flowergate Factory, we conducted community needs assessment through a combined human rights and human development approach.

In the MOU, members of Orile-Imo community specifically requested for renovation of the only nursery and primary school in the community, and provision of safe drinking water. The only nursery and primary school was renovated by Nestlé in 2013, while preliminary work on two water boreholes commenced in 2014. The community water boreholes project will be commissioned in 2015. The borehole will provide safe drinking water to over 10,000 people in Orile-Imo community and the palace of the traditional ruler, Olu of Orile-Imo.



Modern toilet facility built by Nestlé Factory, Agbara for Salvation Army Primary School, Agbara, Ogun State.



Providing safe drinking water for Orile-Imo Community

Nestlé helps to address local water issues in communities where we operate because improved water availability and access is essential for rural development and quality of life in the communities we depend on for raw material supply.

We know that lack of access to safe water, sanitation and hygiene can cause illness or death, impair productivity, and restrict markets for some products and services. We believe there is a clear and compelling economic case for businesses to demonstrate leadership by addressing the situation.

Therefore, in furtherance of our effort to improve access to sustainable water, sanitation and hygiene services in rural areas, we will provide two water boreholes to Orile-Imo community in 2015.



Our people

4 years

In 2014, Ota Distribution Centre celebrated 4 years of accident-free operations.

Our role with our people

Our employees play a vital role in helping Nestlé to achieve competitive advantage, and we seek to provide them with skills and working environment they need to flourish. To deliver our aims, we strive to maintain a culture of open and constructive dialogue with all employees and external stakeholders, believing it helps us make better decision and develop stronger relations with our workforce. We believe that our people have the right to join organisations of their own choosing, such as trade unions, and to engage in constructive negotiations. Nestlé encourages and supports a comprehensive leadership style - leading to win, managing for results, growing talents and teams, and proactively competing and connecting with the external environment.

Safety, health and wellness

Our aim of zero injuries and work-related illnesses is ambitious but with the help of the initiatives set out in our Safety and Health Roadmap, we will continue to move towards it. We focus resources on our employees, on visitors to our facilities, and increasingly on those who work for our partners, up and down our value chain. In a world in which significant health and safety risks exist, from the transmission of diseases such as Ebola and HIV to cultural issues related to infrastructure and education (including driving), the wellbeing of our employees is a priority.

Our commitment

- Ensure all Nestlé units have basic safety and health protection systems for all employees.

Our progress

At Nestlé Nigeria, we believe that safety and health of all our employees is important regardless of what they do or where they work.

We continue to make steady progress in our quest to achieve a safe working environment for all employees, contractors, and others involved along the value chain, ensuring the same basic level of protection across the whole organization.

Our goal is zero injuries and work-related illnesses. In 2014, we did not record any fatalities (for our employees, on-site contractors and on-site members of public). To help achieve zero injuries and work-related illnesses in the workplace, assessments are being carried out to track performance in our factories, the supply chain, sales branch offices nationwide and head office.

The resulting data is then used to provide insights on how each area can be improved.

Behavioural safety visits at employees' workstations are also being completed regularly to help raise any safety issues and encourage discussion on safety behaviours and conditions with colleagues and managers at all sites.

Our people

Diversity

We believe that diversity in business is a real asset and something that should be encouraged and nurtured. A diverse workforce is more creative and more inclusive, it develops different ways of thinking and it is more reflective of the markets we serve. This is why we strive to create a business culture that provides equal opportunities for everyone and ensures people are always treated with dignity and respect.

Our commitment



Enhance gender balance in our workforce

Our progress

We continued to create a workplace culture that provides equal opportunities for everyone and ensures that people are always treated with dignity and respect. Our talent pool reflects the societies in which we operate and promoting gender balance and diversity makes good business sense.

The Gender Balance Initiative is aimed at increasing the number of women at all levels in our organization as well as the number of women identified as potential successors for top-level positions. The initiative is not designed to set artificial quotas, but instead encourages a natural gender balance throughout our business operation, with an emphasis on promoting the best person for the role.



Promoting equality in the workplace

Equality in the workplace is a priority for Nestlé Nigeria. Our gender balance initiative encourages a natural gender balance throughout the business. Picture shows a cross section of Ilupeju head office - based female management staff during the celebration of 2014 International Women's Day.

Our people

Developing talent

A skilled and knowledgeable workforce is a key factor in the long-term success of our business. We champion the idea of life-long learning, and offer a whole range of development opportunities covering all aspects of Nestlé's work, and pitched at all levels. Training solutions range from e-learning tools to face-to-face tutorials, and to meet the specific needs of factory-based employees, we supplement workshop sessions and e-learning modules with posters, activities and information they can take home to their families.

Training our people

Our commitment



Provide CSV, Nutrition Quotient (NQ) and environmental sustainability training for our employees.

Our progress

As a leading Nutrition, Health and Wellness company, we continue to provide engaging nutrition training that is based on the most up-to-date public health priorities, called Nutrition Quotient (NQ) training to all Nestlé employees in Nigeria – regardless of their work site and working conditions. Our aim is to help our people make informed decisions about their own nutrition, that of their family and the nutritional needs of our consumers. The aim of this training programme is to ensure Nestlé employees have a good understanding of nutrition and also empower them to use this knowledge in their work as well as with family and friends outside of the workplace.

We will ensure that all our employees in Nigeria will have been trained at least once on the NQ foundation module by the end of 2015, including an e-learning module.

Our people



Students of the Nestlé Technical Training, Agbara Centre working in the Mechanical Workshop.

Supporting Development of Indigenous Technological Capability in Nigeria

In support of Nigeria's drive toward rapid transformation and development of indigenous technological capability, we inaugurated a modern Technical Training Centre at our Agbara factory in 2011.

The Centre is designed to address the dearth of technical competencies by providing practical training to young engineering students. The programme exposes students to theoretical and practical training as well as industrial work experience in the various plants in Agbara factory.

The 18-month multi-skill vocational training in Electro-Mechanical-Automation and Instrumentation Engineering is tailored along the syllabus of the City and Guilds of London Technicians Examinations Certificate, one of the world's leading vocational education organisations.



Raphael Omabella working in the Electrical Workshop.

Our people



Promoting Youth entrepreneurship in Nigeria

Buoyed by the need to encourage our youth to unleash their creativity, develop their talents and fulfill their dreams and aspirations, *Nescafé* launched "Get Started" Africa initiative across Central and West Africa in 2014 to inspire talented young people to generate innovative ideas that benefit society, one of which the brand would fund.

More than 10,000 dreams from Ghana, Nigeria, Togo, Benin, Burkina Faso, Mali and Senegal were collected and posted on the brand's Facebook page. The most "liked" dreams were shortlisted. Muazu Adamu (2nd right in the above picture), a 21-year old Nigerian student emerged winner of the 2014 Get Started Africa, thanks to his dream to light up the continent by boosting power produced from power generators. Muazu invented a power optimizer, a device that can be connected to a generator to boost power and that can be used on all electrical appliances.

Empowering Youth to combat poverty

The youth have a pivotal role to play in the fight against poverty.

Our vision is to empower the youth to improve their livelihoods and reduce poverty. To create job opportunities for the unemployed Nigerian youth, we launched 'My Own Business' initiative in 2012. Under the program, Nestlé trains sellers to sell hot *Nescafé* in open markets from specially designed backpack type outfits, which make it easy for them to dispense the coffee cup by cup. They get hot water from micro-entrepreneurs or operators, who run their small enterprises in kitchens around open markets.

Nestlé helps the operators to set up their kitchen and provides all the equipment for sellers, along with training on safety, sales, hygiene and basic management.



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