The approach to Regenerative Agriculture at Nestlé

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Getting to net zero
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NESTLÉ’S NET ZERO ROADMAP

Our path to regeneration for future generations
Solving the problem means identifying the problem. We found Nestlé emitted 92 million tonnes of greenhouse gas emissions in 2018*. Now we know the extent, we know the road ahead.

*Total GES emissions were 113 million tonnes (CO₂ equivalent) in 2018, 92 of which are in scope of our UN 1.3°C pledge.

Companies and their emissions grow over time. That’s why we’re promising to be net zero based on our 2018 baseline, no matter how much our company grows.

Our milestones

1. 100% deforestation free for primary supply chain by 2022
2. 100% of our packaging recyclable or reusable by 2025
3. Plant 20 million trees a year
4. Switch our global fleet of vehicles to lower emission options by 2022
5. 100% certified sustainable cocoa and coffee by 2025
6. Nestlé Waters becomes carbon neutral by 2025
7. 100% certified sustainable palm oil by 2023
8. Source 20% of key ingredients through regenerative agricultural methods by 2025
9. Source 50% of key ingredients through regenerative agricultural methods by 2030

Moving faster
We’re excited to hit the soil running. We’re accelerating our work in manufacturing, packaging and carbon-neutral brands. We’re also investing CHF 1.2 billion to help spark regenerative agriculture across our supply chain, as part of a total investment of CHF 3.2 billion by 2025.

Scaling up
Further down the greener path, we will invest in new technologies and fundamental changes to our products and businesses around the globe.

Delivering our promise
Advanced agricultural techniques will deliver a regenerative food system at scale, supported by zero emission logistics and company operations. We will balance any remaining emissions through high-quality natural climate solutions that benefit people and the planet.

By 2025, we will reduce our emissions by 20%

Emissions by operation (million tonnes of CO₂e, 2018)

65.6 Sourcing our ingredients
7.0 Manufacturing our products
11.0 Packaging our products
7.5 Managing logistics
0.8 Travel and employee commuting

By 2030, we will reduce our emissions by 50%

By 2050, we will reach net zero
We define Regenerative Agriculture as;

A farming system centered around universal agronomical principles that protect and restore natural resources primarily soil, but also water and biodiversity.

It aims to improve soil health and soil fertility, at the same time capturing carbon in soils and plant biomass.
We aim to measure impact - not only practices

<table>
<thead>
<tr>
<th>IMPACT</th>
<th>Soil</th>
<th>Water</th>
<th>Biodiversity</th>
<th>GHG mitigation</th>
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</thead>
<tbody>
<tr>
<td>Cover crops</td>
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<td>Diversified crop rotation</td>
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<td>Mulching &amp; crop residues cover</td>
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<tr>
<td>Minimum tillage</td>
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<td>Organic fertilizers</td>
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<td>Integrated nutrient management</td>
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<td>Irrigation technology</td>
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<td>Riparian buffers</td>
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<td>Intercropping</td>
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<tr>
<td>Agroforestry &amp; silvo-pastoral systems</td>
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<td>Hedgerows &amp; green buffers</td>
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**Farm KPIs are measured through our Farm Assessment Tool**

### Practice-based KPIs

<table>
<thead>
<tr>
<th>Topic</th>
<th>KPI</th>
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<tbody>
<tr>
<td>Soil Cover</td>
<td>Number of months when soils are covered through crops, cover crops, plant residues or mulch (on an annual basis)</td>
</tr>
<tr>
<td>Cover Crops</td>
<td>% of crop land planted with cover crops</td>
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<tr>
<td>Crop Rotation</td>
<td>nbr of different crops grown over 3 years on the same piece of land (including cover crops)</td>
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<td>Minimum Tillage</td>
<td>% of crop land managed with minimum tillage</td>
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<tr>
<td>Farming Practices</td>
<td>% of farmland under specific practices (practices to be defined per cropping system &amp; region)</td>
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</tbody>
</table>

### Result-based KPIs

<table>
<thead>
<tr>
<th>Topic</th>
<th>KPI</th>
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<tbody>
<tr>
<td>Soil Organic Matter</td>
<td>Soil Organic Matter</td>
</tr>
</tbody>
</table>
| Fertilizer productivity | Fertilizer productivity  
                              (crop yield per kg N applied);  
                              Crop yield per kg N from artificial fertilizer |
| Habitats             | Percentage of habitat areas on the agricultural land  
                              (hedges, tree alleys, flower strips, green belts, riparian buffers) |
| Riparian Buffers     | % of watercourses with riparian buffers                               |
| Pesticides           | # of applications of synthetic pesticides on the Nestle crop         |
| Yield                | Crop yield (t/ha)                                                    |

Target values are crop specific and depend on local context (soil, climate).
1. **Engaged** - *Farmer has embarked on the Regen AG journey*
   - Participated in training sessions on regen ag
   - Has adopted few fundamental practices in part of his farmland
   - KPI Baseline established: Regen Ag Farm Assessment & minimum KPIs known, namely Soil Organic Matter
   - Achieving threshold in Regen Ag Farm Assessment ( >25%)

2. **Advanced** - *Farmer is well established in Regen Ag*
   - Achieving threshold in Regen Ag Farm Assessment ( >50%)

3. **Expert** – *Farmer is leading in his/her region*
   - Farmer adopted most of the relevant practices
   - Impacts on natural resources can be demonstrated
   - Innovates, creates knowledge, transfers learnings
   - Achieving threshold in Regen Ag Assessment ( >75%)

*Regen Ag Farmer Qualification based on Farm Assessment Tool*
EXAMPLE SOILS: SHIFT OUR MINDSET TOWARDS REGENERATION

Big focus is on improvement of soil properties

Apart from physiological parameters there are impacts on

• Water retention / erosion
• Living organisms / soil biodiversity
• Soil temperature
• Soil organic carbon

With implementing partners we aim to work on localized intervention pathways towards improved soil health based on scientific advice

Example uncovered soil vs. covered soil after 7 years at Lake Geneva Region / Switzerland
NEED FOR SECTOR WIDE ALIGNMENT

CURRENT STATUS
• There is **no standard definition** currently on the market

• **Leading companies** have made their **own definition** and established their **own programs**

• The industry has united to develop a standard approach through the **SAI Platform**

• EU Commission has set a target of **30% of its surfaces to be Regenerative or Organic by 2030** & has input from all stakeholders for the definition of Regenerative Agriculture

• The USDA is promoting **Regenerative & Conservation Agriculture**

• Major economies like **China** have started to focus on **climate and biodiversity**
THANK YOU