

Nestlé

2022 Pledge Implementation Progress Report

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2022 1T.ORG PLEDGE IMPLEMENTATION PROGRESS REPORT

Nestlé

Nestlé's Global Reforestation Program

Reporting period

January 2021 - December 2021

Pledge status

Fully on track

Intervention locations

Philippines, Nicaragua, Colombia, Honduras



Progress summary

Over the course of 2021, we have operationalised our Global Reforestation Program (GRP) through which we are implementing our commitment to grow 200 million trees by 2030. The GRP projects we invest in are in areas connected to where our key ingredients are produced — our sourcing landscapes. The programme focuses on supporting the restoration of sourcing landscapes that may face degradation and are key to the livelihood of farming communities in the respective countries. We do this working closely with our expert partner organisations and suppliers, and we invest in these locations for the long term.

With the objective that planted trees survive and thrive, we have developed a full project cycle, which includes country and project level assessments, stakeholder engagement and long-term monitoring of impact. We track both the number of trees and corresponding tonnes of carbon dioxide sequestered for all projects within the GRP. We follow robust monitoring and accounting methodologies to assess the impact, appropriateness, effectiveness and efficiency of reforestation and natural landscape restoration initiatives. Ultimately, we aim to claim those real, permanent and additional carbon removals connected to our supply chain as part of our science-based net zero target.

To date in 2021, our projects have secured a total of 24.6 million trees for planting in regions we source from, contributing toward our overall reforestation goal with an estimated 9.3 million tonnes of CO2 removals initiated over project lifetimes. For our initial projects, we have partnered with global tree-planting experts such as One Tree Planted and PUR Projet, as well as carbon accounting experts like NatureCo and South Pole. Together, we have set the foundations for a long-term, credible and robust programme.



Implementation method

- On-the-ground restoration through own operations or supply chains
- Financial support to Rimba Collective



Ecosystems and restoration interventions concerned

• Farmlands and mixed-use areas

- Agroforestry (Philippines, Nicaragua, Colombia, Honduras)
- Along the boundaries of farms and fields (Colombia, Honduras)
- Farm landscapes improve biodiversity (Colombia, Nicaragua)
- Restore riparian zones (Honduras)

Forests and woodlands

- Land / water protection / Conservation actions
 (Philippines, Nicaragua, Honduras, Colombia)
- Site / area / habitat protection (Philippines,
 Nicaragua, Honduras, Colombia)
- Planting / seeding / natural regeneration of buffers (mixed stands of native species)
 (Philippines, Nicaragua, Colombia, Honduras)
- Planting/seeding corridors of mixed stands of native species (Colombia)
- Restoring cultural forest ecosystems (Philippines, Nicaragua, Colombia)
- Planted forests and woodlots (Philippines)
- Planting or direct seeding with native spp.
 (interplanting with nurse crop, taungya, planting group, framework species, or Miyawaki methods) (Philippines, Nicaragua, Colombia, Honduras)
- Agroforestry/Silvopastoral systems (Nicaragua, Colombia, Honduras)
- Planting native trees on private pastoral farmlands (Philippines, Nicaragua, Colombia, Honduras)

Grasslands, shrublands and savannahs

Peatlands

Policies and strategies

Our Net Zero Roadmap sets out our plan to halve Nestlé's greenhouse gas emissions by 2030 and to achieve net zero by 2050 along Scopes 1 to 3 and describes our commitment to plant and grow 200 million trees in and around our supply chain by 2030.

Our Forest Positive strategy explains how our strategy is moving from managing deforestation risks in our supply chains to having a positive impact on the critical landscapes we source from, including through the long-term conservation and restoration of forests and other natural ecosystems.

Supporting documentation

- Nestlé Net Zero Roadmap
- <u>Nestlé Towards Forest Positive Future Report</u>



Technical planning

In the absence of an industry-wide "insetting" definition, our Nestlé Insetting Framework defines the requirements that projects under our Global Reforestation Program need to fulfil in relation to their link to Nestlé's supply chain. The framework defines four insetting project zones (on-farm, supply shed farm, sourcing landscape adjacent and non-adjacent). For each zone, the framework defines minimum requirements around carbon monitoring (frequency & duration), minimum carbon claim quantification systems, and evidence to document regarding data sources, etc. Geographies not associated with a Nestlé sourcing region are "out of scope".

Our project cycle that we apply to the projects under our Global Reforestation Program sets out the different steps our projects must go through, including:

- Phase 1 Investigation, which includes a due diligence screening for carbon claims challenges and opportunities based on local context.
- Phase 2 Pre-feasibility study, which includes assessing which locations are eligible for an insetting project, scale of reforestation and carbon sequestration potential, potential risks, environmental and social co-benefits opportunities, applicable carbon accounting methodologies.
- Phase 3 Project activations, which includes project design and monitoring plan, allocating funding, activating partnerships.
- Phase 4 Implementation and monitoring, which includes growing seedlings in nurseries, tree planting, short– and long-term monitoring of trees planted, carbon sequestered and other cobenefits.

Before developing any Global Reforestation Program project, we work with our partners to develop a prefeasibility study to help us evaluate all the principles checked above.

Once, and if, the project is approved and as part of the project development, a project design document (PDD) is created, which includes the following sections:

- Sustainable development impacts section looks at Sustainable Development Goal (SDG) outcomes and explanation of methodological choices & approaches estimating SDG impacts.
- Safeguard section includes safeguard assessment (summarises negative environmental & socioeconomic impact and mitigation steps) as well as environmental impact assessment.
- Stakeholder consultation section describes how local stakeholders are incorporated in the project.
- Monitoring section explains the monitoring plan, data and approach.
- Tailored to local ecological context is covered through the project description section where lists of native tree species and activities being implemented are described.



Ecosystem restoration principles considered

- Contribute to the UN Sustainable Development Goals and the goals of the Rio Conventions.
- Promote inclusive and participatory governance, social fairness and equity from the start and throughout the process and outcomes.
- 6 Incorporate all types of knowledge and promote their exchange and integration throughout the process.

- Tailor to the local ecological, cultural and socioeconomic contexts, while considering the larger landscape or seascape.
- 9 Include monitoring, evaluation and adaptive management throughout and beyond the lifetime of the project or programme.

Supporting documentation

- https://www.nestle.com/sites/default/files/2022-02/nestleglobal-reforestation-program.pdf
- https://www.nestle.com/sites/default/files/2022-02/nestleinsetting-framework.pdf



Monitoring Process

We have developed a Monitoring and Accounting Guidance, which sets out which best practices, principles and standards should be used for project implementation; lays out the different requirements for calculating carbon removals and setting up the right level of carbon assurance for Global Reforestation Project; and provides guidance for the monitoring of these projects.

Additional details regarding minimum carbon monitoring requirements can also be found in our Insetting Framework. Each project outlines and executes the short and long-term monitoring approach based on their respective project design document. We are also working on tools to help us measure additional impacts, such as on biodiversity and people.

Nestlé's Project Monitoring Guidance and Insetting Framework have set out the monitoring requirements as:

- Early monitoring (in the first 1–3 years): for the planting partner this entails checking survival and growth rate of trees and replanting trees in case the survival rate is above a specific agreed-upon threshold. For the carbon partner this entails calculating the estimated annual carbon removals over the lifetime of the project as well as calculating the delivered carbon.
- Long-term monitoring (3+ years): first carbon monitoring report within the first 3-5 years, followed by carbon calculation report every 3 years, with adaptations to the carbon model if needed.

If remote sensing is available, then possibility to do reporting more frequently (e.g. annually). Generally, the minimum duration of carbon monitoring for all projects should be 20 years. Continuous remote sensing is recommended beyond 20 years.

Metrics monitored

Area under restoration

Effects on climate

SDGs

Supporting documentation

Nestlé's Global Reforestation Program

Impact indicators

Area of land

Total hectares under restoration

Philippines: 6,200

Colombia: 11,918

Nicaragua: 22,375

Honduras: 45,500

Philippines

- Restoration intervention: secured 2.5 million native bamboo clumps and one million native trees in one of our coffee-sourcing regions.
- Tree species: Dendrocalamus asper, Castanopsis philippensis, Maranthes corymbose, Litsea glutinosa, Calophyllum Inophyllum, Lithocarpus coopertus, Elaeocarpus calomala, Clethra canescens, Cinnamomum mercadoi, Calliandra calothyrsus.
- Plantation density: bamboo planting 500 clumps/ hectare, native species re-stocking 600 stems/ hectare, native species reforestation 976 stems/ hectare.

Colombia

- Restoration intervention: secured 7.5 million trees for planting in Colombia in our coffee sourcing regions.
- Tree species: Albizia carbonaria, Albizia guachapele, Alnus sp, Calliandra pittieri, Cassia fistula, Inga densiflora, Inga edulis, Inga maginata, Schizolobium parahyba, Senna spectabilis, Spathodea campanulate, Cedreia adorate, Inga sp, Swietenia macrophylla, Cordia alliodara, Jacaranda caucana, Tabebula chrystantha, Tabebuia rosea, Erythrina fusca, Laphoensia speciosa, Erythrina poeppingiana.
- Plantation density: 1,100 trees/hectare live fences,
 1,111 trees/hectare forest plantations.

Nicaragua

- Restoration intervention: secured 8.6 million trees for planting in our coffee and dairy sourcing regions.
- Tree species: coyote (Platimi scium di morphandrum), granadillo (Dalbergi a retusa), caoba (Swietenia mahagoni), laurel negro (Cordia alliodora), caoba del atlantico (Swietenia macrophyila), cedro macho (Carapa Guianesis), cedro real (Cedra odorata), cortez amarillo (Tabebuia chrystantha), roble macuelizo (Tabebuia rosaea), cedro nogal (Juglans neotropica), hule (Hevea brasilensis), cacao (Theobroma cacao).
- Plantation density: 152 trees/hectare
 Silvopastoral & agroforestry systems, 461
 trees/hectare reforestation degraded
 areas, 1,292 trees/hectare forest plantation.

Honduras

- Restoration intervention: secured five million trees in Honduras in our coffee sourcing regions.
- Tree species: mahogany (Swietenia macrophylla), cedar (Cedrela odorata), walnut (Juglans olonchana), laurel (cordia alliodora), pine (Pinus oocarapa), guama (Inga edulis), orange (Citrus sinensis), lemon (Citrus latifolia), avocado (Persea americana), soursop (Annona muricata), custard apple (Annona squamasoa).
- Plantation density: 100 trees/hectare agroforestry systems, 1000 trees/hectare reforestation within protected areas.

Supporting documentation

Information compiled by company staff

Impact indicators

Climate

To date, our projects have secured a total of 24.6 million trees for planting in regions we source from, contributing toward our overall reforestation goal, with an estimated 9.3 million tonnes of CO2e removals initiated over project lifetimes.

Supporting documentation

Information compiled by company staff

CO2e sequestration estimate use

- Nicaragua, Colombia, Honduras: accounting for insetting carbon removals
- Philippines: retire carbon credits

Estimation method

- Nicaragua, Colombia and Honduras: custommade formal measurement and monitoring systems for restoration efforts using biomass data from IPCC and basic density info from secondary literature.
- Philippines: independent carbon certification standard(s) (Verra, ERF).





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