



Sustainable Growth Agreement

29 October 2020

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Between:

Scottish Environment Protection Agency (“SEPA”)

Corporate Office
Strathallan House
Castle Business Park
Stirling FK9 4TZ

and

Nestlé UK & Ireland

1 City Place
Gatwick
RH6 0PA

(“each a “Party” and together the Parties”)

- 1 Scottish Environment Protection Agency, a body corporate established under Section 20 of, and Schedule 6 to, the Environment Act 1995
- 2 Nestlé UK & Ireland 1 City Place Gatwick RH6 0PA

Our Joint Aspirations

The parties agree to work collaboratively to deliver the commitments set out in this Sustainable Growth Agreement. The agreement aims to enable SEPA and Nestlé UK & Ireland to explore and develop opportunities to deliver resilient, thriving communities and environments. This aligns within the Nestlé Creating Shared Value (CSV) approach that informs the behaviours, policies and actions of the Nestlé global brand.

What are Sustainable Growth Agreements?

Sustainable Growth Agreements are voluntary, non-legally binding, formal agreements through which an organisation (or organisations) and SEPA can explore new and innovative ways of working that deliver environmental, social and economic success.



One Planet Prosperity and Covid 19 Renewal



The global pandemic has drawn into sharp focus the connection between social, environmental and economic prosperity. We're already seeing communities and companies rising to the challenge looking to more sustainable business opportunities. As we start to focus on recovery we must recognise the opportunity for that to be more inclusive and sustainable".

Terry A'Hearn

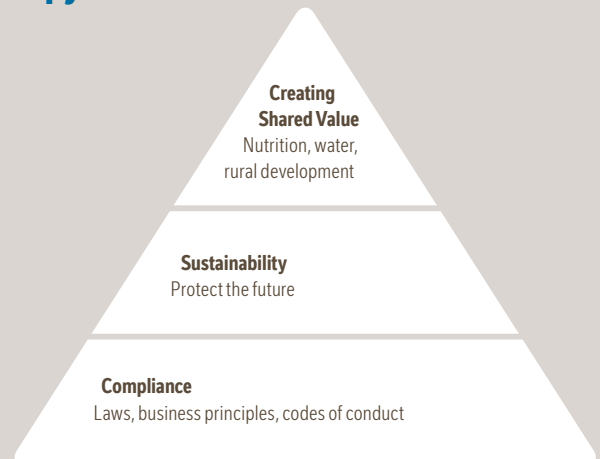
CEO at SEPA

Nestlé

Nestlé SA is the world's largest food and beverage company. Their vision is to be a leading, competitive, nutrition, health and wellness company enhancing quality of life for everyone, today and for generations to come.

Nestlé believes that long term success will be built on creating value for both shareholders and for society as a whole. This approach is called Creating Shared Value (CSV) and is focused on contributing to a healthier future across three interconnected impact areas: individuals and families, communities and our planet. Nestlé value chains and sphere of influence span agriculture, manufacturing, retail and consumers.

Nestlé in Society pyramid



Individuals and families, communities and our planet



Nestlé works with partners, suppliers and millions of farmers around the world, aiming to help build resilient, thriving communities as part of a secure, long term supply chain. This is achieved through programmes and commitments that are designed to support key areas including rural development, human rights and ensuring fair employment and diversity across their chain.

Climate change exacerbates environmental challenges such as water scarcity, natural resource constraint and declining biodiversity

which create challenges for communities and businesses like **Nestlé**. The need for water is essential throughout the whole Nestlé value chain, from shared water resources, throughout agricultural supply chains, within factories and for communities. Nestlé has commitments and objectives to improve environmental performance throughout the business to use sustainably managed and renewable resources, operate more efficiently, generate less waste for disposal, improve water management and help preserve our natural environment.

Creating Shared Value and Covid 19 Renewal



At Nestlé we recognise that we must work together to recover from the pandemic and build a better future where all people in the country have a good life on a healthy planet.

When we announced our ambition to achieve zero net greenhouse gas emissions by 2050, our Global CEO, Mark Schneider, described climate change as: “one of the biggest threats we face as a society” and “one of the greatest risks to the future of our business.” He is right.

Our ambition in this area is supported by actions to drive transformation of products and packaging, moving to renewable energy sources and scale up initiatives that help build more resilient agricultural communities.”



Stefano Agostini

CEO, Nestlé UK & Ireland



Dairy is a significant priority for Nestlé.

They currently draw down approximately **8%** of Scottish dairy production, processed at the Nestlé factory in Girvan.

Nestlé is dependent on a reliable supply of high quality milk to their factories. This production, a primary landscape function, is underpinned by having an **economically sustainable farming sector, healthy soils and river catchments.**

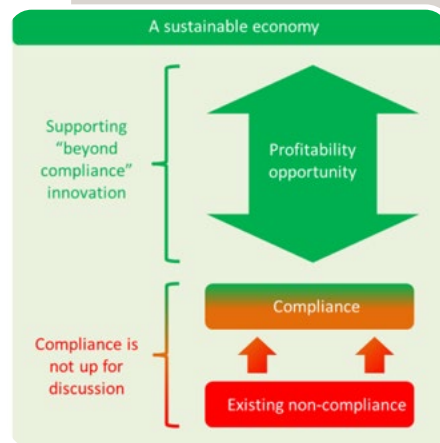
SEPA

SEPA believes that the only nations, societies and businesses which will thrive in the 21st century will be those which have developed ways to prosper within our planet's capacity to support them, including adapting to and taking early action on climate change. Scotland has committed to becoming a world leader in addressing climate change, and is already taking ambitious steps to drive a low carbon economy, creating new opportunities for a stronger and more inclusive economy and society. SEPA's job is to help make this happen, including working with and supporting people and groups in Scotland that share this aim.

WHAT IS BEYOND COMPLIANCE?

SEPA is clear that environmental compliance is non-negotiable. Every Scottish business will comply with the law, and SEPA will work to ensure as many as possible will go even further. Going beyond compliance is voluntary. SEPA will support Scottish businesses who recognise the environmental, economic and

social benefits of embracing voluntary beyond compliance opportunities such as developing sustainable business practices or innovating across supply chains.



Source: SEPA One Planet Prosperity, A Regulatory Strategy

Why is SEPA working with Nestlé?

SEPA's Regulatory Strategy, One Planet Prosperity, describes the 21st century environmental challenges that Scotland and other countries across the world face, including over-use of natural resources and climate change.

According to the ecological footprint measure of footprintnetwork.org, Scotland needs approximately three planets to sustain its current way of living. There is, however, only one planet and most nations around the world face the dilemma of significantly overusing the planet's capacity to support human activity. All parts of our communities, businesses and government will have key roles to play in enabling Scotland to successfully tackle this 21st century challenge of creating social and economic success within planetary constraints.

In terms of environmental regulation, this effectively means that SEPA needs to:

1. get all those it regulates to meet their legal obligations and reach compliance; and
2. also help as many regulated entities as possible move beyond compliance.

Sustainable Growth Agreements are one way of helping achieve beyond compliance, recognising that the most successful businesses in the 21st century are those that will see environmental and social success as an opportunity to create business success.

As Scotland's environment protection agency SEPA is determined to step up to the challenges our societies face, and now more than ever, the future health, wellbeing and prosperity of people relies on transformational change. SEPA welcomes the opportunity to enter into a Sustainable Growth Agreement with Nestlé.

The Nestlé Sustainable Growth Agreement captures the joint vision and aspirations of Nestlé and SEPA to achieve the Global Goals.

The purpose of this agreement is to develop the delivery of change at scale, urgently needed for the Global Goals to be achieved. This agreement explores new ways of working that support thriving business, resilient landscapes and vibrant communities.

Areas agreed for joint working

Circular Economy and Bio economy

Nestlé will work with SEPA and other partners to explore and develop circular economy opportunities in areas of food production, food waste and packaging within Scotland for Nestlé UK & Ireland value chains.

SEPA will work with Nestlé and others to assist in the exploration and development of Circular Economy and bio economy opportunities within Scotland, for Nestlé UK & Ireland value chains.

Thriving places and resilient landscapes

Working together, SEPA and Nestlé will explore a fresh approach to maximise local environmental, social and economic benefit in the South of Scotland. The approach will be built around the Landscape Enterprise Networks (LENs) concept. LENs is a new, regionally focused approach, operating in 14 areas across the UK, which brings together private, public and third sectors with communities around shared interests which benefit the environment, communities and business. This approach is identified as a pillar of opportunity in the Scottish Conservation Finance Project £1 billion challenge.

Nestlé have been exploring the LENs approach with their value chains both within the UK and across Europe. Part of that work has been focussed within South West Scotland.



Nestlé has been working closely with 3Keel on the development of the LENs concept as part of our wider collaboration with other businesses, NGOs, and civil society. We see it as an inspiring way to help protect our long-term interest in the health and performance of the landscapes in which we operate and source our raw materials"

Andrew Griffiths

Head of Value Chain Sustainability, Nestlé UK& IRL



SEPA has been working with LENs partners to understand their landscape dependencies. The LENs approach creates a space to explore the risks and opportunities that communities and companies face in relation to their landscape. These include challenges linked to climate change and biodiversity loss. Crucially, LENs then enables collaborative delivery of change, helping to provide long term sustainability of communities, business and society "

Lucy Filby

National Campaigns and Initiatives Specialist, SEPA



COLLABORATIVE VALUE CHAINS

At the heart of Landscape Enterprise Networks (LENs) are collaborative value chains in a region or 'place'. LENs approaches are an integral component of the UK's Environment Strategy.

See examples of how the approach is operating: **Landscape innovation – 3Keel**

This Sustainable Growth Agreement captures the joint vision and aspirations of Nestlé and SEPA to achieve the Sustainable Development Goals



United Nations* Sustainable Development Goals website

*The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.

Learning

Through this agreement, Nestlé UK & Ireland and SEPA can explore actions that will help achieve the global Sustainable Development Goals and One Planet Prosperity.

Nestlé will work with SEPA to develop key resources that will enable businesses in the agri-food arena to understand their environmental obligations and landscape dependencies.

SEPA will drive development of resources that enable businesses to better understand their environmental obligations and landscape dependencies.



SHARED JOURNEYS TO NET ZERO EMISSIONS

Nestlé is now working with the Broadway Initiative. This platform is enabling all sectors of society and the economy to work together on frameworks, plans and partnerships to deliver net zero emissions and wider environmental goals. You can find out more at www.iema.net/resources/broadway-initiative

WORKING TOGETHER TO ENHANCE NATURAL CAPITAL

As a member of the Food and Nature Task Force, Nestlé has been working in partnership with the Green Alliance, Co-op, Sainsbury's and Tesco. Nestlé has also partnered with Green Alliance on the 'natural partners' project that seeks to enhance the UK's natural capital; its water, soil and biodiversity. You can find out more at www.green-alliance.org.uk/sustainablebusiness.php



Working Practice

This SGA sets out a range of activities to help achieve the shared aims of SEPA and Nestlé UK & Ireland. These activities and any developed in the future will be prioritised alongside other opportunities as they arise in order to achieve the best possible outcomes.

1. All applicable laws continue to apply to Nestlé UK & Ireland and nothing in this Sustainable Growth Agreement is intended to, or shall be deemed to:
 - a. establish any partnership or joint venture between the Parties, constitute any Party as the agent of the other Party, nor authorise any of the Parties to make or enter into any commitments for or on behalf of the other Party; and
 - b. adversely affect or prejudice the ability of SEPA to act in its capacity as a regulator.
2. The Parties have agreed that this Sustainable Growth Agreement will remain in place for three years from the date of signing this Sustainable Growth Agreement.
3. This Sustainable Growth Agreement is not legally binding and creates no legal rights or legal obligations between the Parties. Both Parties are accountable and responsible for honouring their commitments in this Sustainable Growth Agreement.
4. This Agreement will be made available to the public by both Parties (e.g. on SEPA and Nestlé Force4Good Committee websites).
5. Nestlé UK & Ireland and SEPA agree to review and document progress on a six monthly basis and report this to the SEPA Chief Executive and Nestlé Force4Good Committee.
6. Opportunities to promote the Sustainable Growth Agreement and its outcomes will be included in the six monthly reporting to the SEPA Chief Executive and Nestlé Force4Good Committee.
7. There will be an Annual Review and a joint Digital Annual Report prepared by the SEPA Chief Executive and Nestlé Force4Good Committee to assess progress against the commitments set out in this Sustainable Growth Agreement and to assess success.
8. The Annual Review and joint Digital Annual Report can also identify areas of focus for the following year, possible amendments to the Sustainable Growth Agreement and opportunities to promote the Sustainable Growth Agreement.
9. The joint Annual Report on this Sustainable Growth Agreement will be presented to the SEPA and Nestlé Force4Good Committee Boards and made available to the public.
10. Both Parties reserve the right to withdraw from this Sustainable Growth Agreement if they believe it is no longer effectively promoting their aspirations.
11. If a Party is considering withdrawing they will notify the Chief Executive/Chair of the other Party of their intention. Both Parties agree to work together to seek a resolution wherever possible.

Signed for and on behalf of Nestlé UK & Ireland

Stefano Agostini
CEO, Nestlé UK & Ireland

Signed for and on behalf of SEPA

Terry A'Hearn
CEO at SEPA

Further Information

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