

Definitions and Comments on 2014 Consolidated Nestlé Environmental Performance Indicators

General Comments

Environmental performance indicators cover all Nestlé factories excepted some of the factories acquired after 2012 and non-consumer Nestlé Waters Business factories. It includes data from factories closed or sold during 2014. Data is presented for the years 2014, 2013 and 2010 as well as for 2004.

References in brackets refer to the G4 GRI guidelines on sustainability reporting.

Total Production Volume

The total of all products produced at a factory, based on net weight (i.e. without packaging). Since 2004, the production volume has increased by 61% from 33.3 million tonnes to 53.7 million tonnes.

Non consumer Nestlé Waters Business factories produced an additional volume of 6.5 million tonnes in 2014.

Aspect: MATERIALS

Raw materials used (G4-EN1)

The total of all input resources used (i.e. natural resources used for conversion to products or services such as milk, plants, crops, etc.) to manufacture a product, including manufacturing losses, but excluding packaging material and water withdrawal, which are separate indicators.

Raw materials used increased slower than production volume. Influencing factors are an increased manufacturing efficiency and changes in product mix.

Materials for packaging purposes (G4-EN1)

The total of all packaging materials used for the production and in the distribution of products. The indicator includes all packaging with recycled content, bottles, cans, big bags, cartons, etc., and includes reusable packaging.

Packaging source optimization

The data is extracted from a dedicated packaging tracking tool developed by our packaging department.

Renewable packaging materials (G4-EN1)

The data is extracted from a dedicated packaging tracking tool developed by our packaging department.

Total percentage of recycled material in our packaging (G4-EN2)

The data is extracted from a dedicated packaging tracking tool developed by our packaging department.

Aspect: ENERGY

2014 (2013) Energy consumption balance

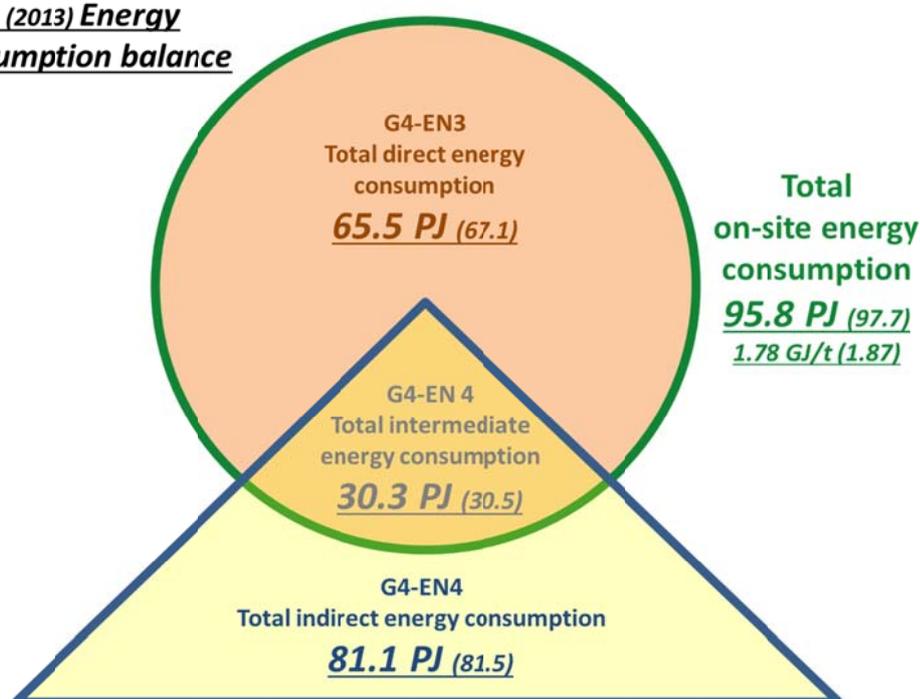


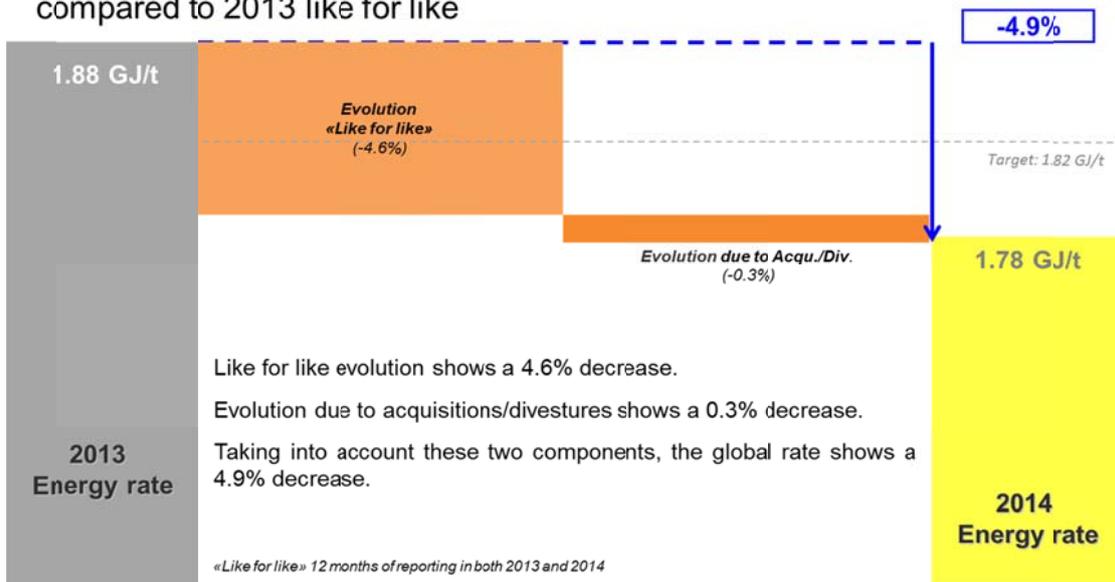
Chart 1: 2014 Energy consumption balance

Total on-site energy consumption

The sum of all energy consumed in Nestlé factories, whether purchased or produced – less any energy that, in some cases, is sold. This includes total direct energy consumption (G4-EN3) and total intermediate energy consumption (G4-EN4).

Since 2004 total on-site energy consumption has increased by 5.5% whilst the total production volume increased by 61.2% over the same period of time, which resulted in a decrease of almost 35% of the total energy consumption rate per tonne of product. This is the result of efforts by Nestlé engineers and environmental sustainability managers working together to reduce and recover energy.

4.6% improvement of Nestlé Group energy consumption rate compared to 2013 like for like



The improvements from 2013 were mostly delivered on a like for like basis, with only marginal influence of acquisitions and divestitures.

The types of energy included in these reductions are electricity, heat, steam and a range of fuels (primarily natural gas, coal and oil).

Renewable energy accounts for 14.7% of the total energy consumption of Nestlé factories. Spent coffee ground represents 24% of it, wood contributes for an additional 27%, and the remaining 49% correspond to the purchase of electrical energy generated from renewable sources. We purchase an estimated 24% of our electricity from renewable sources (based on national average or more detailed supplier data).

Total direct energy consumption (G4-EN3)

The sum of all energy generated and consumed by Nestlé factories. It is composed of direct non-renewable energy consumption where the energy is produced from fossil fuels (coal, natural gas and oil) and direct renewable energy consumption where the energy is produced from biomass (e.g. spent coffee grounds, wood). Direct renewable energy represents 11.3% of the total direct energy consumption. This information is used to calculate direct greenhouse gas emissions.

Total intermediate energy consumption (G4-EN3)

The sum of all energy consumed by Nestlé factories and purchased from a third party. This includes mainly electricity purchased, from renewable sources (21.9%) and non-renewable sources (69.1%) (based on national averages or more detailed supplier data), steam (8.7%) and minor amounts of heating (0.4%).

Total indirect energy consumption (G4-EN3)

The energy required to produce and deliver purchased electricity and any other intermediate energy products (such as district heat) that involve significant energy consumption upstream from our reporting boundaries. Data from the energy supplier or country default values are used to calculate this indicator.

Aspect: WATER

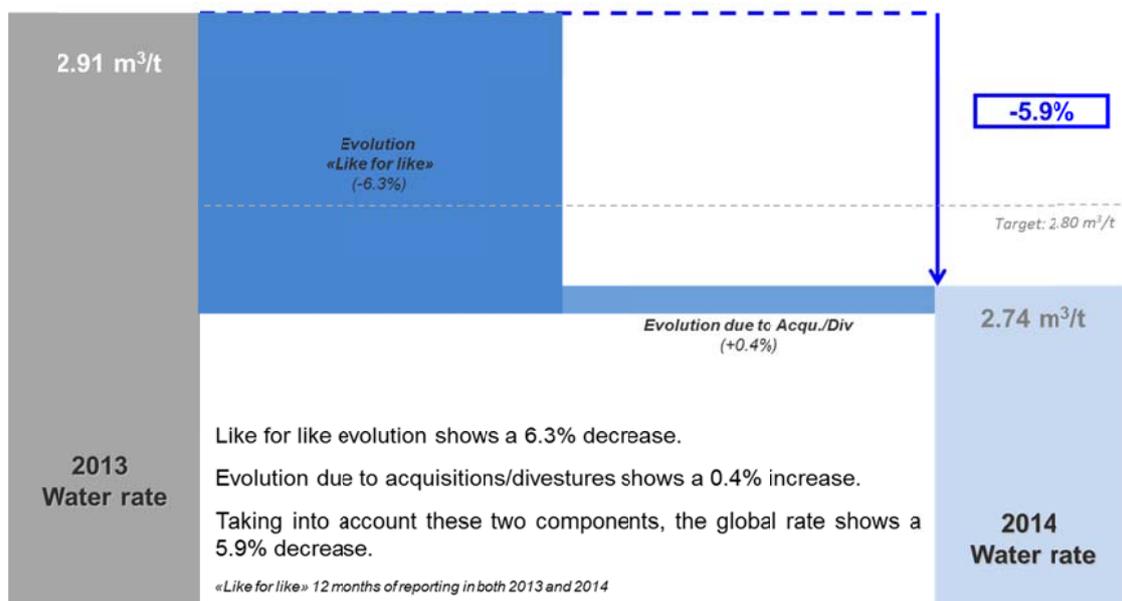
Total water withdrawal by source (G4-EN8)

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 demineralising), non-contact cooling water, water used for cleaning and water used by itself as a raw material (e.g. for bottled waters) but does not include water contained in raw materials (e.g. from milk).

Since 2004, both absolute total water withdrawal and water withdrawal rate per tonne of product decreased significantly by 16% and 48% respectively.

This is the result of extensive efforts by Nestlé engineers and environmental sustainability managers to improve water efficiency in our operations. Acquisitions and divestitures have influenced significantly this rate as shown in the chart below:

6.3% improvement of Nestlé Group water withdrawal rate compared to 2013 like for like



Reporting the total volume of water withdrawn by source contributes to an understanding of the overall scale of potential impacts and risks associated with the reporting organization's water use. The total water withdrawal comes from various sources:

- Surface water: is described as water present on the earth's surface: streams, lakes, and ponds. Includes water from shallow bores that are fed from streams, lakes, and ponds.

- Ground water: is described as water within the earth that supplies wells and springs; water in the zone of saturation where all openings in rocks and soil are filled, the upper surface of which forms the water table. It is normally recovered using deep bore pumps.
- Municipal water: is described as treated potable water normally provided by third parties such as municipalities, councils, water authorities, etc.
- Rain water: can be untreated and used for irrigation, road cleaning etc., or can be treated and used in production. It represents a minor amount (<0.05%).

Once through cooling water from surface sources

Cooling water usage is the water used solely for once-through cooling purposes. The water source (e.g. rivers, lakes, etc.) passes through the cooling process (spray condensers, shell and tube heat exchangers, etc.) and then returns to the environment (lakes and rivers) without any significant quality alteration. It represents 3.9% of our total water withdrawal.

Water recycled and reused

The volume of recycled/reused water is mainly based on the water discharged to irrigation (including on site). This quantity represents 5.1% of the total water withdrawal.

Aspect: BIODIVERSITY

Total size of manufacturing sites located in protected areas (G4-EN11)

A detailed assessment of all of Nestlé's production sites performed in collaboration with UNEP-WCMC allowed us to identify 5 factories located in protected areas.

Aspect: EMISSIONS, EFFLUENTS and WASTE

Direct greenhouse gas emission (G4-EN15, G4-EN16)

The sum of all on-site greenhouse gas emissions at Nestlé factories which arise from combustion processes used to manufacture products as well as the CO₂ equivalents from refrigerants losses. These greenhouse gas emissions can result from burning of fuels in boilers, roasters, dryers, from electric generators and from refrigerants losses (CO₂ eq). Not included are greenhouse gases arising from transportation and business travel. This indicator corresponds to Scope 1 of the WRI/WBCSD GHG Protocol.

Since 2004, direct greenhouse gas emission decreased by 14%. The direct greenhouse gas emission rate per tonne of product also decreased by 46%. These reductions have been achieved through energy savings and fuel-switching projects where fuels such as coal and heavy fuel oil were replaced by cleaner-burning fuels such as natural gas and renewable fuels such as wood from sustainably managed forests.

Direct greenhouse gas emissions decreased by 4.3% from 2013, whereas the direct greenhouse gas emission rate per tonne of product decreased by 7.1%. Indeed, our direct energy consumption decreased by 2.4% thanks to energy efficiency measures, and the contribution of renewable energy in our direct fuel mix increased from 10.8% to 11.3%.

Indirect greenhouse gas emission (G4-EN15, G4-EN16)

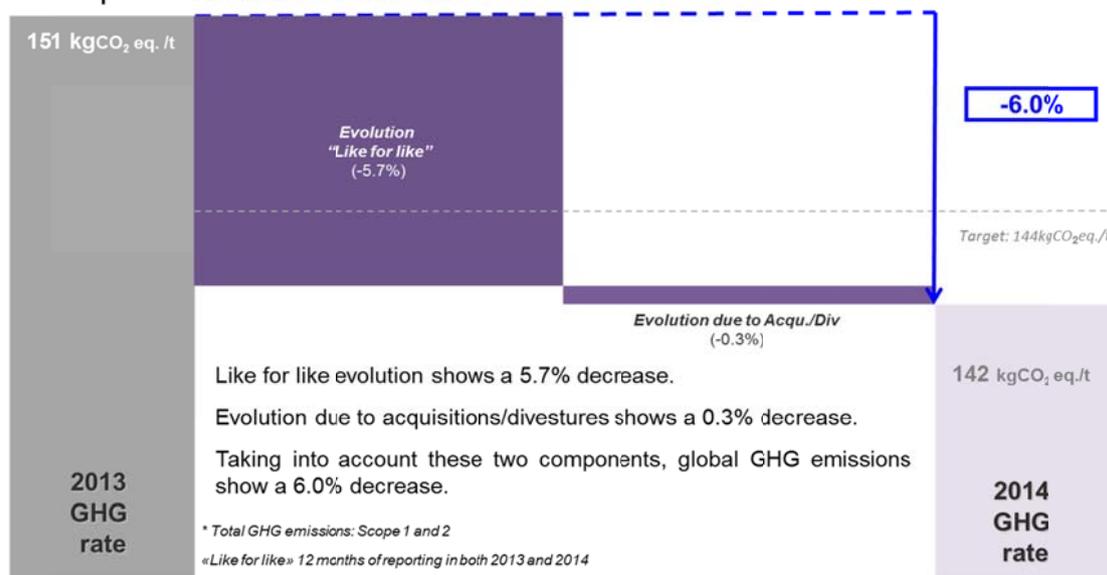
Greenhouse gas emissions arising from the generation of electricity, hot water and steam which is purchased by Nestlé or otherwise brought into our organizational boundaries. The emissions physically occur at the facility where the electricity, hot water or steam are generated. Typically publicly available country-specific default factors are used to calculate this from the purchased energy quantities. This indicator corresponds to Scope 2 of the WRI/WBCSD GHG Protocol.

Indirect greenhouse gas emissions decreased by 0.4% from 2013, whereas the indirect greenhouse gas emission rate per tonne of product decreased by 3.3%. Indeed, our intermediate energy consumption decreased by 0.8% thanks to energy efficiency measures, and the consumption of renewable electricity increased by 10.5%.

Direct and indirect greenhouse gas emission (G4-EN15, G4-EN16)

The sum of scope 1 and scope 2 greenhouse gas emissions decreased by 2.4% from 2013, and the total greenhouse gas emissions rate by 6%. At comparable scope ("like for like"), Nestlé reduced its greenhouse gas emissions by rate 5.7% from 2013:

5.7% decrease of Nestlé Group GHG emissions compared to 2013 like for like



Emissions of ozone-depleting substances (G4-EN20)

The sum of substances emitted from Nestlé factories which have been shown to contribute to the depletion of the ozone layer that is having ozone depletion potential. The common unit of measurement is R-11 equivalents. R-11 is one type of refrigerant, which has been assigned an ozone depleting potential of one, with all other ozone depleting substances being assigned

relative values. The ozone depletion potential of each substance is determined using conversion factors commonly agreed by relevant authorities. These substances are primarily refrigerants in equipment used to cool or freeze products.

Both absolute ozone depletion potential and ozone depletion potential rate per tonne of product significantly decreased since 2004, by 91% and 94% respectively.

Air acidifying substances (G4-EN21)

Air acidification resulting from NO_x gas emissions account for 28% of the total air acidification potential whereas the remaining 72% are related to SO_x gas emissions.

In 2014 the absolute air acidifying substances emission decreased by 5% whereas the rate per tonne of product decreased by 8%. This is mainly due to the reduction of coal and oil consumption in our direct energy mix.

Total water discharge (G4-EN22)

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, surface waters, sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities and ground water.

Since 2004 absolute total water discharge decreased by 38% as well as the total water discharge per tonne of product, which decreased over this time period by 62%.

Average quality of water discharge (G4-EN22)

The water quality 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. Compared to the previous period the quality of water discharged improved by 6%.

By-product (for recovery) (G4-EN23)

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 manufacture; they also include all materials used to support the manufacture.

In 2013, the quantity of by-products increased by 6.4% due to improvements in the recycling and recovery processes as well as an increased production volume. The amount of by-products per tonne of product decreased by 2.6%.

Waste for disposal (G4-EN23)

Any materials arising during the manufacture or distribution stage of a product at a factory that are destined for final disposal to offsite landfill or to incineration without heat recovery. Not included are extraordinary wastes generated on a non-routine basis, such as construction and demolition waste, contaminated soils, etc.

Since 2004 absolute waste for disposal quantity decreased by 52%. The waste rate per tonne of product also decreased over this time period by 70%. Compared to 2013 the amount of waste for

disposal decreased by 17%. Hazardous waste represents only 1.2% of waste for disposal. In 2014, 72 of our factories (15%) generated zero waste for disposal.

Significant spills (G4-EN23)

Significant spills are defined as any spills that are included in our financial statement. Nestlé did not have any significant spills in 2014.

Aspect: COMPLIANCE

Total monetary value of fines (G4-EN29)

The total amount of environmental fines or penalties for breaches of environmental legislation and/or operating permits. It excludes all legal costs.

In 2014 the total amount of environmental fines summed up to 75 kCHF, corresponding to the regularization of outstanding environmental contribution payments.

Aspect: ENVIRONMENTAL SUSTAINABILITY GOVERNANCE

ISO 14001 certified sites

By the end of 2014 a total of 621 sites achieved ISO 14.001:2004 certification, including 447 factories, 122 distribution centers, 26 R&D locations and 26 head offices. The number of factories mainly represents sites that are part of the Nestlé Group for more than three years. Factories that are not certified are mainly recent acquisitions which are currently working towards certification.