

## C0. Introduction

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### C0.1

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#### **(C0.1) Give a general description and introduction to your organization.**

Nestlé is the world's largest food and beverage company. We have more than 2000 brands ranging from global icons to local favourites, and we are present in 190 countries around the world. Nestlé's purpose is enhancing quality of life and contributing to a healthier future. We want to help shape a better and healthier world. We also want to inspire people to live healthier lives. This is how we contribute to society while ensuring the long-term success of our company. Our values are reflected in the way we do business, always acting legally and honestly with respect both for our own people and those we do business with.

Creating Shared Value remains the fundamental guiding principle for how Nestlé does business. CSV is the strategy tool that Nestlé uses to operationalise and manage all the actions it takes to ensure it creates value for shareholders and for society.

Our focus areas are firmly embedded in our purpose of enhancing quality of life and contributing to a healthier future. Individuals and families, our communities and the planet as a whole are interconnected, and our efforts in each of these areas are supported through 36 specific commitments towards 2020. These commitments will, in turn, enable us to meet our ambitions for 2030 in line with the timescale of the Sustainable Development Goals (SDGs). Our 2030 Ambitions are to: help 50 million children live healthier lives; to help to improve 30 million livelihoods in communities directly connected to our business activities; and to strive for zero environmental impact in our operations.

The Nestlé Corporate Business Principles rule the way we do business and form the basis of our culture and values. The 10 principles, which provide the foundations for our commitments and our Create Shared Values strategy, incorporate the 10 United Nations Global Compact's (UNGC) Principles and are divided into five areas - consumers, human rights and labour practices, our people, suppliers and customers, and the environment.

Climate change is one of the most important global issues of our time. It causes extreme weather events that impact a range of factors, from water availability and growing conditions to migration patterns. As a global food and beverage company, we are also impacted by climate change. We are determined to help our farmers build resilience to these changes as well as reducing our impact on the climate.

Climate change is affecting farmers across the globe, including those who supply us. Reducing GHG emissions, switching to renewable energy sources and taking other actions to mitigate the effects of climate change are all necessary to help ensure the ongoing success of our own business and those in our supply chain, as well as protecting the world around us. We take a holistic, science-based target approach to tackling climate change, reducing our GHG emissions, increasing our use of renewable energy and switching to cleaner fuels. We remain on track to achieve our objectives, as we have reduced our overall Scope 1 and 2 GHG emissions per tonne of product by 32% versus 2010. We also aim to reduce Scope 3 GHG emissions by 8% (from our 2014 baseline) by 2020. At the end of 2017, we had achieved a 3.8% reduction, mainly due to increased responsible sourcing of key commodities.

We aim to buy 100% of our electricity from renewable sources as soon as it's practical to do so. Purchasing renewable electricity helped us avoid 967000 tonnes of CO<sub>2</sub>eq in 2018.

We transport around 150000 tonnes of product daily, generating 3.26 million tonnes of GHGs in 2017 (our reporting covers 71% of our total product volume)\* . Working with third-party logistics providers, we aim to reduce distances, fuel consumption, emissions, noise and congestion. Emissions per tonne of product distributed were down 7.6% in 2017 compared with 2014. Where road transport (71% of our total transport) is necessary, we try to use natural gas in our trucks. We remain on track to meet our objective for warehouse energy consumption, with emissions in our top 100 distribution centers in 2018 down 38.7% (since 2014) to 5.6 kg CO2eq per tonne of product.

We continued to implement the Guide for Responsible Corporate Engagement in Climate Policy in 2018. This included disclosing our actions on climate change through our public reporting and stakeholder engagement. In 2018, we became a founding member of the World Business Council for Sustainable Development's FReSH project.

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

## C0.3

**(C0.3) Select the countries/regions for which you will be supplying data.**

Brazil  
 Chile  
 China  
 France  
 Italy  
 Japan  
 Malaysia  
 Mexico  
 Pakistan  
 Philippines  
 Russian Federation  
 South Africa  
 Spain  
 United Kingdom of Great Britain and Northern Ireland  
 United States of America

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

CHF

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.**

Operational control

C-AC0.6/C-FB0.6/C-PF0.6

**(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?**

	Relevance
Agriculture/Forestry	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Processing/Manufacturing	Direct operations only [Processing/manufacturing/Distribution only]
Distribution	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Consumption	Yes [Consumption only]

C-AC0.6b/C-FB0.6b/C-PF0.6b

**(C-AC0.6b/C-FB0.6b/C-PF0.6b) Why are emissions from agricultural/forestry activities undertaken on your own land not relevant to your current CDP climate change disclosure?**

Row 1

**Primary reason**

Do not own/manage land

**Please explain**

Nestlé does not directly own or manage any lands.

C-AC0.7/C-FB0.7/C-PF0.7

**(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.**

**Agricultural commodity**

Other, please specify (Coffee)

**% of revenue dependent on this agricultural commodity**

10-20%

**Produced or sourced**

Sourced

**Please explain**

Coffee is a key part of our Powdered and Liquid Beverages category (along with cocoa and malt beverages and tea). This business features some of our most iconic brands, such as: Nescafé, the world's favorite coffee brand, and Nespresso, our premium coffee experience.

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**Agricultural commodity**

Other, please specify (Wheat)

**% of revenue dependent on this agricultural commodity**

20-40%

**Produced or sourced**

Sourced

**Please explain**

Wheat is a key commodity tied to our growth pillars. Whole wheat is the number one ingredient in a large majority of our product portfolio. We source cereals and grains from many countries around the world. Of our total cereals purchase in 2018, 31.6% was responsibly sourced and 36.2% was traceable back to source. Challenges identified include environmental, social and economic aspects, such as soil erosion, water quality degradation, loss of biodiversity and an ageing farming population.

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**Agricultural commodity**

Cattle products

**% of revenue dependent on this agricultural commodity**

20-40%

**Produced or sourced**

Sourced

**Please explain**

Dairy is our single biggest category by volume, and we source it from both small-scale and large-scale producers all around the world. In 2018, 80% of our total dairy was responsibly sourced, and 86.3% was traceable. Dairy is a major ingredient used by the following sales categories: Milk products and ice cream (e.g. Milkmaid), nutrition and health science (e.g. NAN), and confectionery (e.g. KitKat, Cailler), Powdered and milk beverages (e.g. Nesquik, Milo).

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## C1. Governance

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### C1.1

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**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

#### C1.1a

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**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Board-level committee	Members of the Board of Directors are selected based on sound criteria, including sustainability criteria. Several members have leadership experience in NGOs and the public sector. The Nomination and Sustainability Committee of the Board of Directors oversees the company's Creating Shared Value activities, which includes the topic of environmental sustainability.
Chief Executive Officer (CEO)	The CEO is the chair of the Nestlé in Society Board, which is now integrated into the Executive Board. Nestlé in Society topics are discussed twice a year to set policy, public commitments and track progress and ensure achievement. Climate-change is one of the key topics covered. The CEO leads the development and implementation of Nestlé's sustainability and climate change objectives and strategies at Group level, while reverting to the Nomination and Sustainability Council of the Board for further confirmation.

**C1.1b**

**(C1.1b) Provide further details on the board's oversight of climate-related issues.**

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> <li>Reviewing and guiding strategy</li> <li>Reviewing and guiding major plans of action</li> <li>Reviewing and guiding risk management policies</li> <li>Reviewing and guiding annual budgets</li> <li>Reviewing and guiding business plans</li> <li>Setting performance objectives</li> <li>Monitoring implementation and performance of objectives</li> <li>Overseeing major capital expenditures, acquisitions and divestitures</li> <li>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</li> </ul>	<p>The Nomination and Sustainability Committee oversees environment, including climate change, on the Board of Directors. It meets at least twice a year and as frequently as necessary to fulfill its task. In 2018, it met three times. The Committee Chairman provides a detailed report of its meetings to the full Board of Directors at each meeting in a dedicated Chairman's session. The Executive Board's oversight of climate related issues covers both the risk related and GHG reduction strategies. The Chief Financial Officer is responsible for the financial risk related aspects and the Chief Operations Officer for GHG reduction. Climate is integrated into the company's enterprise risk management (ERM) process and discussed and reviewed at Board of Directors level as part of the Board's annual risk assessment. The setting of targets and public commitments on climate related issues forms part of our comprehensive Creating Shared Value approach to business strategy. The Nestlé in Society Board is chaired by our CEO and starting in 2018, it is now part of the meeting of the Executive Board. It leads the strategic development and implementation of Creating Shared Value across our business, including for all commitments on the environment, objectives and strategies. In both cases of risk management and climate targets, the work of the Board of Directors and of the Executive Board involves reviewing and guiding the strategy, policies and major plans of action including major capital expenditure, as well as oversight of the targets and public commitments. The annual budgeting and guiding the business plans is undertaken by individual Executive Board members (CFO, COO).</p>

## C1.2

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**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Operating Officer (COO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Chief Financial Officer (CFO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other, please specify (Issues Round Table )	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

## C1.2a

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**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Both the COO and the CFO report to the CEO and reports on the topic of environmental sustainability, including climate-related issues, to Nestlé's Executive Board. The company is monitoring the progress on greenhouse gas emissions on a monthly basis through our global reporting system and considers the latest data and analysis on any variance to come up with recommendations on operational changes. Proposals to any changes related to Policies and targets that are submitted to the Executive Board. Numerous functions collaborate on this - Corporate communications, global public affairs, marketing, corporate water, corporate agriculture, responsible sourcing, packaging, operations at Nestlé Waters, sustainability at Nespresso and manufacturing excellence. The CFO provides guidance on the financial implications related to climate issues, while the COO provides guidance on the operationalization of the climate change strategy globally.

The Issues Round Table (IRT), co-chaired by the COO, and Global Head of Corporate Communications assess potential climate-related issues, risks and opportunities, propose a ranking on the IRT Heat Map for climate-related issues; and propose actions to be taken and report on actions taken to mitigate issues.

## C1.3

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**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

Yes

## C1.3a

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**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

**Who is entitled to benefit from these incentives?**

Environment/Sustainability manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction target

**Comment**

The short-term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the reduction targets of GHG emissions (scope 1 and 2).

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**Who is entitled to benefit from these incentives?**

Energy manager

**Types of incentives**

Recognition (non-monetary)

**Activity incentivized**

Energy reduction project

**Comment**

Recognition awards are given for outstanding energy consumption reduction projects that lead to air emission reduction, including GHG.

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**Who is entitled to benefit from these incentives?**

All employees

**Types of incentives**

Recognition (non-monetary)

**Activity incentivized**

Other, please specify (Training on Environmental Sustainability)

**Comment**

Recognition certificates are given to all employees who successfully undertake the e-learning on Environmental Sustainability at Nestlé. The course provides information on climate change and how Nestlé is meeting its commitment to sustainable business practices.

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**Who is entitled to benefit from these incentives?**

Chief Procurement Officer (CPO)

**Types of incentives**

Monetary reward

**Activity incentivized**

Other, please specify (Activities incentivized include both environmental criteria included in purchases and supply chain engagement. )

**Comment**

The Chief Procurement Officer and the entire procurement team has their responsible sourcing targets as part of their performance measurement and reward system. The responsible sourcing targets refer to an assessment which includes environmental KPIs.

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**Who is entitled to benefit from these incentives?**

Board/Executive board

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction target

**Comment**

The short-term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the delivering of our Creating Shared Value (CSV) commitments. Quantitative and qualitative targets, set by the Board of Directors are used to determine the Nestlé Group performance. These include measures related to the Company's sustainability and its corporate social responsibility in line with our Creating Shared Value (CSV) strategy. These additional targets can include delivering on CSV commitments, which include GHG emissions reductions. More information at: [https://www.nestle.com/asset-library/documents/library/documents/corporate\\_governance/corp-governance-report-2018-en.pdf](https://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corp-governance-report-2018-en.pdf), p. 40 (Principles of compensation for members of the Executive Board).

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**Who is entitled to benefit from these incentives?**

Buyers/purchasers

**Types of incentives**

Monetary reward

**Activity incentivized**

Environmental criteria included in purchases

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**Comment**

The Nestlé Supplier Code and Nestlé Responsible Sourcing Guidelines require suppliers to fulfill environmental requirements, including on Climate Change.

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**C2. Risks and opportunities**

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**C2.1**

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**(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.**

	From (years)	To (years)	Comment
Short-term	0	3	Timescale reflecting Market Business Strategy planning cycle of 3 years.
Medium-term	3	5	Timescale reflecting the Materiality Matrix outlook time horizon.
Long-term	5	10	Timescale reflecting Group Business Strategy planning cycle of 10 years.

**C2.2**

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**(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

**C2.2a**

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**(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	>6 years	All geographical areas are considered: All Zones (Europe, Americas and Asia, Oceania and Africa), All Globally Managed Business (Nestlé Health Science, Nestlé Waters, Nespresso) and in all Markets (Nestlé is operating in 86 countries).

**C2.2b**

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## (C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

### Company level:

The Nestlé Group Enterprise Risk Management Framework (ERM) is used to identify and mitigate climate change risks and opportunities (CCRO) in order to minimize/seize their potential impact on the Group. A top-down assessment is performed once a year to understand the company's mega-risks, to allocate ownership to drive specific actions around them and take relevant steps to address them. Any identified CCRO are assessed in relation to their magnitude of impact and likelihood. The identification includes an assessment of external and internal environment in which the company operates. This may include business, social & physical, regulatory, reputational environment and key business drivers. To identify material CCRO at company level, we use a materiality process; opinion-leader reputation research; surveys involving sustainability experts and consumers; feedback from stakeholder convening; extensive media scan; internal business impact survey; and our corporate risk map. E.g. outcomes of stakeholder meeting are used to better understand potential gaps between internal and external perception on CCRO and their impact on reputation.

Based in part on a media and competitive scan, we identify global megatrends, assessed their relevance to our Creating Shared Value focus areas and economic, environmental and social issues, and prioritise issues on a materiality matrix based on level of stakeholder concern and level of potential impact on Nestlé. In 2018, climate change i.e. reducing greenhouse gas emissions and contributing to the mitigation of, and adaptation to, the negatives effects of climate change, remains a central concern; stakeholder interest in climate change adaptation is rising as the effects of climate change begin to make themselves felt, particularly in rural communities.

### Asset level:

Site-specific assessments use ERM. The CCRO identification process includes use of structured techniques, e.g. flow-charting, system analysis, Fault tree studies or operational modelling, or more general techniques e.g. 'what-if' and scenario analysis. The identification of issues that may pose a risk/opportunity are documented, including the trigger effect, controls in place and their level of efficiency. This is supported by an expert team of engineers. Potential CCRO e.g. floods, droughts, interruption of supply caused by climate changes are assessed. The Nestlé Global Property Loss Prevention Program provides an in depth identification of our exposure to property risks around the world climate change risks. This enables us to form decisions about the future standards of prevention and protection.

### Agricultural level

The Rural Development Framework was designed in collaboration with key partners the Danish Institute for Human Rights, the Fair Labor Association (FLA), the Rainforest Alliance and Solidaridad. It has a broad focus and includes relevant development drivers at farm and community levels. It enables us to gain data, insights and information, including climate-related risks and opportunities at the farm level.

### Product level

Life-cycle assessments analyse climate related risks and opportunities such as GHG emissions, freshwater consumption scarcity, non-biological ('abiotic') resource depletion, land use impact on biodiversity, and the impact on ecosystem and ecosystems quality throughout a product's entire life-cycle.

### Our internal governance structure

The Board of Directors, the Chairman, the CEO and our Executive Board are responsible for the supervision and management of our role in society, and for ensuring we achieve our purpose and our ambitions.

**(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Compliance to existing regulation is a requirement for all our businesses. Any risk potentially resulting in a compliance breach should be included in the risk assessments at market and/or business level. Nestlé ensures that our investments are beneficial both for our shareholders and people in the countries where we do business by ensuring support of multiple global principles and goals, some of which include the UNGC Sustainable Development goals, the UN Guiding Principles on Business and Human Rights, and the Alliance for Water Stewardship (AWS) standards. Compliance to current regulation is monitored by Market and Group Compliance Committees and an risk of escalation of flagged to the relevant local management terms or corporate management teams.
Emerging regulation	Relevant, sometimes included	Where known, emerging regulation which impacts the business should be assessed in terms of impact and likelihood. Any risk potentially failing to meet new regulations should be included in the risk assessments at market and/or business level. Example, our ice-cream business might be impacted by future regulation around HFC.
Technology	Relevant, always included	Failure to effectively develop and adopt new technologies e.g. packaging formats, clean energies etc. may lead to the company falling behind competition, breaching regulations and fail to meet consumer expectations/new trends. These types of risks and opportunities are identified through the Enterprise Risk Management process, both at market, function and group levels where relevant in order to minimize impacts and capitalize on opportunities. A number of risks related to our operational environmental impacts e.g. carbon tax, emissions, waste discharge etc. require development and investment in new technologies e.g. switch to renewable energy, zero water withdrawal technology, anaerobic digestion technology to reduce chemical usage and volume of waste etc. Additionally, in tackling the risk around food security, with rising populations and weather fluctuations amongst other things impacting the demands on the agricultural supply chain, technology is identified as a key enabler to equip the farming populations with the know-how and vision to improve their production systems in sustainable ways, economically, socially and environmentally. Depending on the type of disruption, these issues are assessed and managed by the relevant functions e.g. the Responsible Sourcing team (part of Procurement) assesses and monitors deforestation risk with the the use of satellite imagery, where as assessment of opportunities to improve the environmental performance of our packaging is led by R&D.
Legal	Relevant, always included	Compliance to legal requirements is non-negotiable for Nestlé and therefore the expectation is for any areas where a legal breach where result, they must be captured in the risk assessments. An example of a change in law is in Mexico which will ban the marketing, distribution and delivery of single-use plastic products in 2021. The aim is to reduce the environmental damage and to increase the use of biodegradable and compostable materials. This law includes straws, cup lids, coffee capsules which will impact some of Nestlé's categories. These risks are detected in part, through our ISO 14001 Management system certified in our factories (96% of manufacturing sites certified in 2018), as well as by our Regulatory early warning system and our legal teams. These risks would be considered in each Market's Enterprise Risk Management Framework on an annual basis in order to minimize the potential impact on the Market, and potentially the Group.
Market	Relevant, always included	Given the growing concern with regards to sustainability of the earth's resources and the impact that humans have on the environment, there is increasing awareness and scrutiny from consumers and customers as to the impact of our products across the full value chain. Consumer behaviours/requirements may no longer be met by certain categories/product groups and key customers may also seek to re-evaluate their offerings in order to meet changing demands. These types of risks are captured and managed in the Market Enterprise Risk assessments e.g. ethical sourcing, traceability of ingredients, organic raw and pack materials, sustainable packaging (e.g. biodegradable, recyclability), waste generation etc. The Markets report their risks to HQ and these risks are consolidated to provide the Markets' perspective for the Executive Board.
Reputation	Relevant, sometimes included	In line with our purpose and values, maintaining and building trust with respect to our corporate name and our brands is critical to strategic success. Examples are risk linked with sourcing of palm oil and deforestation, impact of intensive farming and land use, use of fertilizers and agricultural run-off into waterways etc. Potential issues (included climate-related) that may lead to reputational risks are managed by the Issues Round Table (IRT), both at a Market and Group level. The IRT prioritizes issues on a heatmap and this heatmap is consider as an input into the annual Enterprise Risk Management assessment carried out by each Market and at a Group level. Additionally, we consider collective action and partnerships are key to contributing effectively and help to maximize what we can achieve. We work with the United Nations Global Compact (UNGC) which is a strategic initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles covering human rights, labour, environment and anti-corruption. As a member of the UNGC's leadership platform, Nestlé continues to further its work towards advancing the integration of sustainability principles into our core business operations. We consider these multi-stakeholder groups crucial in the development of a standardised frameworks with common indicators, and were appropriate support.
Acute physical	Relevant, sometimes included	Assessments for origin-source materials are carried out using 2 key tools: the Rural Development Framework (RDF) and Response-Inducing Sustainability Evaluation (RISE). The RDF has a broad focus and includes relevant development drivers at farm and community level. RISE is more targeted at farm level assessing the sustainability of the agriculture and uses indicators such as economic viability, natural resources and quality of life. Nestlé's corporate Agriculture team uses these assessment tools to identify and prioritize issues. Long-term sustainability goals and outcomes are defined and articulated. Resources are allocated and prioritized to activities that will be the most impactful, and progress is measured toward short- and medium-term milestones. Nestlé communicates the impacts impact on farmer livelihoods and rural development to stakeholders, as well as using our learnings to support training and technical assistance for our suppliers. These inputs and actions from these assessments continue to inform our work and our adaptation to shifting weather patterns, severity of extreme weather events e.g. floods, frosts, droughts etc.
Chronic physical	Relevant, sometimes included	Chronic physical risks are considered e.g. changes in precipitation patterns, extreme variability in weather patterns and rising mean temperatures which may affect when, where and what type of crops can be grown. This potentially can lead to reduced sales revenue/output, increased operating costs, increased capital costs (e.g. damage to facilities). Additionally, ensuring longer-term food security is a challenge as population growth leads to increases in consumption and pressure on natural capital including water, land, natural habitats. In terms of resource management, approximately one third of global food production is wasted or lost each year and would be the world's third-largest carbon emitter if it were a country (Food And Agriculture Organization). These global trends cut across our sphere of influence and span our entire value chain. Various of Nestlé's corporate teams (Agriculture, technical teams of the Strategic Business Units and Regional Businesses) assess these chronic risks for key agricultural materials. These assessments are used to inform our priorities and actions on climate change adaptation, climate change mitigation and advocacy on climate policy.

	Relevance & inclusion	Please explain
Upstream	Relevant, always included	We assess and optimize the environmental performance of our new and renovated products across the entire value chain, from farmer to consumer and beyond. Such risks as distribution emissions of finished products, waste recovery and end-of-life management are considered here. The Life-cycle Assessments (LCAs) provide a clear understanding of the products's impacts including downstream impacts. Comprehensive LCAs are lengthy, expensive exercises. To drive efficiency and pragmatism, we co-developed a simplified eco-design tool, EcodEx (Eco-design for Sustainable Product Development and Innovation). This enables us to assess a product's environmental performance quickly, cost-effectively and early on in the product development process. EcodEx has now been deployed across our entire RD organisation, making us first in our sector to use such an eco-design tool at scale. EcodEx studies can be used as preliminary studies for a full LCA. From 2018 onwards, EcodEx will include a feature to evaluate groups of products and capture food loss and waste throughout the value chain. Based on these assessments, we prioritise our resources to reduce our environmental impacts of our products e.g. optimize packaging to minimize resource use; use more materials from sustainably managed renewable resources; support initiatives to recycle or recover energy from used packaging; use recycled materials wherever there is a clear environmental benefit; and reduce food loss and waste.
Downstream	Relevant, sometimes included	In line with our purpose and values, we consistently strive for responsible stewardship of resources. This supports in our longer-term ambition to achieve zero environmental impact in our operations. It also tackles potential issues that may be raised in the downstream related to our operations or products e.g. discharge of water, agricultural run-off, lack of waste management of packaging, food waste and loss etc. We assess and optimize the environmental performance of our new and renovated products across the entire value chain, from farmer to consumer and beyond. The Life-cycle Assessments (LCAs) provide a clear understanding of the products's impacts including downstream impacts. Comprehensive LCAs are lengthy, expensive exercises. To drive efficiency and pragmatism, we co-developed a simplified eco-design tool, EcodEx (Eco-design for Sustainable Product Development and Innovation). This enables us to assess a product's environmental performance quickly, cost-effectively and early on in the product development process. EcodEx has now been deployed across our entire RD organisation, making us first in our sector to use such an eco-design tool at scale. EcodEx studies can be used as preliminary studies for a full LCA. From 2018 onwards, EcodEx will include a feature to evaluate groups of products and capture food loss and waste throughout the value chain. Based on these assessments, we prioritise our resources to reduce our environmental impacts of our products e.g. optimize packaging to minimize resource use; use more materials from sustainably managed renewable resources; support initiatives to recycle or recover energy from used packaging; use recycled materials wherever there is a clear environmental benefit; and reduce food loss and waste.

## C2.2d

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## **(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.**

The Chief Operating Officer and the Chief Financial Officer are responsible, amongst other topics, the assessment and management of climate-related risks and opportunities. The COO and CFO reports into the CEO and updates the Nestlé's Executive Board . Beyond our internal governance structure, we also take a wide more inclusive approach with external advice from the Creating Shared Value Council.

The Markets determine priorities concerning risks and opportunities based on the assessment of the materiality and priority based on combined analysis of likelihood and impact. Likelihood has four levels: highly probable, probable, fairly likely, unlikely, coded as A, B, C, D. Four impact ranges are defined: major, significant, moderate, negligible, coded as 4, 3, 2, 1. In addition to threats (negative impact/contribution), we analyse the impact of opportunities (positive impact/contribution). Assessed risks and opportunities are mapped on a Heat Map, which determines the different levels of priorities the company will take to mitigate risks and enhance opportunities, including for climate change. All the risks coded (A,2), (A,3), (B,3), (C,3), (A,4), (B,4), (C,4), (D,4) are categorized as top priorities (high exposure) which are reported, risks are then assigned owners and actions are then identified to mitigate these threats must be in place. At a global level, the climate-related risks and opportunities identified have action plans with owners to manage them e.g. responsible sourcing program driven by Group Procurement, reduction in emissions driven by Corporate Operations.

An example of a transition risk is the introduction of mandatory requirements for food manufactures to provide access to detailed product environmental information – including carbon footprint - to stakeholders (e.g. dedicated webpage, on-packaging information or in advertising) may lead to a significant operational costs increase. This considers the cost of conducting specific footprint studies critically reviewed by third parties for different product SKU. Furthermore, a transition risk of lack of harmonized, internationally accepted methodologies to assess the environmental performance of products, including GHG emissions, can generate significant costs for businesses, especially in case they need to use different methods or if they have to comply with different labelling and verification requirements for different countries and retailers. In France, a company would need to carry out an environmental assessment in line with the French method; in the UK, it would need to apply the PAS 2050 or the WRI GHG Protocol. Governments such as France assessed the introduction of an obligation for producers to provide environmental data and information on specific aspects of the product. Greece, Thailand, China are considering to promote voluntary schemes and related tools emphasizing credible, substantiated environmental information. To manage this risks we have deployed an eco-design tool to assess environmental footprint at product level and established a environmental claim system (NESECA) to ensure that the communication is accurate and can be substantiated.

Physical risks are normally assessed at the site and/or Market level. The Nestlé Global Property Loss Prevention Program is managed centrally by Nestlé' corporate Group Risk Services which provides an in-depth identification of exposures to property risks including potential risks such as floods, wind storms, interruption of supply etc. In 2018, 49 sites have been classified as being exposed to High Flood Risk and helps in the decision-making process for future standards of prevention and protection, as well as preparation if an event occurs. We put flood protection measures in place for exposed sites. For example, our Kejayan factory in Indonesia (one of our largest site based on NNS) suffered a flood event in 2008. An on-site risk assessment was done in 2016 before we implemented preventive and protective measures. At that time it was estimated to have a Probable Maximum Loss (PML) due to Flood of approximately of 19 mioCHF. The Management decided to invest on mitigation measures by implementing a dyke that was built southwest and southeast of the site, four pumps and flood gates at southwest and two pumps and flood gates at northeast of the site. The flood protection system has been considered to be reliable and adequately designed by Natural Hazards insurance experts. This flood protection system has been designed for a 100-year return period. The site was re-assessed in 2017 by insurance experts who have estimated the PML to be around 10 mioCHF. The proper implementation of these mitigation measures helped to prevent any damages on properties and business interruption and allowed to reduce our exposure by 9 mioCHF. To manage these risks we have implemented the Nestlé Global Property Loss Prevention Programme working with experts to improve standards of prevention.

## **C2.3**

### **(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Physical risk

**Primary climate-related risk driver**

Acute: Increased severity of extreme weather events such as cyclones and floods

**Type of financial impact**

Increased capital costs (e.g., damage to facilities)

**Company- specific description**

The fifth assessment report by the Intergovernmental Panel on Climate Change (IPCC) states that warming of the climate system is unequivocal and that each of the last three decades has been successively warmer at the earth's surface than any preceding decade since 1850. The increased frequency of extreme weather events, such as storm surges and droughts, is consistent with the latest IPCC modelling. Climate change may induce an increase of the occurrence and frequency of floods which can then affect our direct operations. 49 Nestlé factories are exposed to high flood hazard. Flood sources can include heavy rain, melting snow, tropical cyclones (typhoons or hurricanes), and obstructed waterways due to water-borne debris or ice. These sources can lead to flash flooding, surface water overflow, riverine flooding, seiche (water level changes in lakes), tidal flooding, coastal storm surge, and tsunamis. This can lead to property damage and/or business interruption increasing the operational cost. The same IPCC report states that 'In urban areas, climate change is projected to increase risks for people, assets, economies and ecosystems, including risks from heat stress, storms and extreme precipitation, [...] and storm surges (very high confidence).' Severe thunderstorms are one of the primary causes of catastrophic loss. In the last two years, the most affected region in terms of wind-related events were Asia (Typhoon Hato) and the Americas (Hurricane Irma). Storms pose a risk to Nestlé, as sites can be damaged and potentially production could be interrupted. The increase of extreme weather event can be explained by several causes and one of the them is the global warming. The risk of Floods and wind storms is a natural hazard exposure known by the company. When they are rated high, these hazards are assessed as part of the Property Loss Prevention Program. The highest Probable Maximum Loss for Flood is estimated to be between CHF 300 and 400 million and CHF 200 and 300 million for Wind.

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

200000000

**Potential financial impact figure – maximum (currency)**

400000000

**Explanation of financial impact figure**

We estimate that the potential financial implications due to floods and Wind storms affecting our operations, Property Damage and Business Interruption (12 months) of the most exposed sites is estimated to be between CHF 200 and 400 million (these values are replacement values). This assumes a sum up of Probable Maximum Loss (PML) for several sites in a radius of 10 km for both exposures Wind and Flood. In 2018, 49 sites have been classified as being exposed to High Flood Risk and 64 sites exposed to High Wind exposure. The financial implication scale is medium-high to the company. For the future, we are working on natural hazard modelling over the longer term, including projections on climate change impact for flood, wind, earthquake, and drought perils.

### Management method

At Nestlé we take a comprehensive approach to assess and mitigate risk related to changes in physical climate parameters that could result in our operations disruptions. The management methods used include: i) In 2018, risk engineers experts inspected 168 Nestlé sites providing recommendations to improving standards of prevention to flooding, when relevant. ii) The Nestlé Global Property Loss Prevention Programme provides a consistent view of our exposure to property risks around the world to floods and storms, enabling us to make informed decisions about the future standards of prevention and protection throughout Nestlé sites when relevant. iii) Flood emergency plans are in place on a case by case in Nestlé sites exposed to flooding from any source. The costs associated with these actions include the loss prevention programme and specialist engineers visiting the sites which amount to CHF 1.3 million in 2018. These costs include the site visits, project reviews in terms of fire and natural hazard exposures and recommendations by specialists and exclude the cost of the implementation of the recommended measures.

### Cost of management

1300000

### Comment

The costs associated with these actions include the loss prevention programme and specialist engineers visiting the sites which amount to CHF 1.3 million in 2018. These costs include the site visits, project reviews in terms of fire and natural hazard exposures and recommendations by specialists and exclude the cost of the implementation of the recommended measures.

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### Identifier

Risk 2

### Where in the value chain does the risk driver occur?

Supply chain

### Risk type

Physical risk

### Primary climate-related risk driver

Chronic: Other

### Type of financial impact

Other, please specify (Increase of input prices of raw materials, including packaging materials)

### Company- specific description

Changing temperatures and precipitations patterns may affect Nestlé's supply of critical raw materials in the supply chain, especially agricultural commodities. As Nestlé relies on a variety of raw materials (coffee, sugar, cocoa, cereals, paper, oil etc.), the changes in the climate and weather patterns may lead to the increase in input prices costs, an increase the price volatility of input materials, and in some cases even disrupt the business operations along the entire value chain of Nestlé. For example, one of Nestlé's major commodities is coffee, which is highly vulnerable to climate change. According to research, the global area suitable for coffee is expected to be reduced by 2050, and by 2080 wild coffee could become extinct. Increased CO2 concentrations could increase coffee yields by 20% however high temperatures combined with shortages in water supplies could compromise both coffee bean yield and quality.

### Time horizon

Long-term

### Likelihood

Virtually certain

### Magnitude of impact

High

### Are you able to provide a potential financial impact figure?

Yes, an estimated range

### Potential financial impact figure (currency)

<Not Applicable>

### Potential financial impact figure – minimum (currency)

800000000

### Potential financial impact figure – maximum (currency)

1000000000

### Explanation of financial impact figure

The financial indications relates to the coffee category for Nestlé which is a key growth pillar for the Group. The figures refers to analysis of coffee sourcing . Brazil accounts for around 40 % of World Coffee Supply (2018). Climate-related changes are already

impacting the coffee growing regions today. Temperatures in Brazil's arabica regions have increased by 1-2°C since the 1990's. Droughts during 2014/15 and 2015/16 reduced coffee production by 10-15% in arabica Regions and 25% in robusta impacting prices by +50% increases on arabica and 40%+ increases on robusta. Increase in frequency and severity of droughts in these coffee regions, the directional price risk is estimated at between 40 and 50% and has a potential cost impact of CHF0.8bn to CHF1.0bn.

#### Management method

Farmer Connect is our sourcing program for working directly with farmers to identify local farming issues. We work directly with 716k farmers & trained 440k farmers in 2018. This enables us to develop supply chains that meet our social, environmental & ethical requirements. We focus on coffee and cocoa as they are location-specific crops. Through Farmer Connect we identify & prioritize issues through a materiality assessment. This helps to define & articulate long-term sustainability goals & outcomes; measure ongoing progress toward short- and medium-term milestones; question any assumptions we have made in defining our goals; and identify & mitigate physical and reputational risks. We encourage farmers to implement climate change adaptation & mitigation to promote farms' resilience to climate change. The NESCAFÉ Plan aims to improve the quality, quantity & sustainability of Nescafe coffee supply chain by distributing 220 million coffee plantlets by 2020 (distributed a cumulative 181.8 million plantlets since 2010). Nestlé Cocoa Plan has cumulatively distributed 14,555,891 plants. Mitigation measures also focus on sustaining production in other origins with more stable climates. These actions support the long term availability of raw materials & help to reduce the magnitude of impact of the risk over the 5-10 yrs. The cost of CHF 160 million includes actions of our responsible sourcing programme in 2018.

#### Cost of management

160000000

#### Comment

The cost reported above (CHF) includes some of the actions of our responsible sourcing programme in 2018.

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#### Identifier

Risk 3

#### Where in the value chain does the risk driver occur?

Customer

#### Risk type

Transition risk

#### Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

#### Type of financial impact

Reduced revenue from decreased demand for goods/services

#### Company- specific description

Our most recent materiality assessment in 2018 identified climate change as an issue of increasing concern to stakeholders. If stakeholders perceive that Nestlé is not living up to their expectations, this could lead to a loss in reputation, which may negatively impact the demand for our products. A direct example of this is increased customer interest in combating climate change, resulting from direct consumer demand. In 2018, eight of our key customers requested that we disclose potential projects that we can work on together to mitigate the effects of climate change. For 2018, the materiality process was evolved to bring both non-financial and financial risk identification together and to connect it more closely to business operations. In addition to identifying and prioritizing issues from internal and external stakeholders, the 2018 materiality assessment integrated with the Enterprise Risk Management process, harnessed the perspectives of mainstream investors, and involved key markets and growth categories. This was our first materiality exercise since switching from the Global Reporting Initiative (GRI) G4 Guidelines to the GRI Standards. We worked with DNV GL, an independent organization, to conduct the assessment using a formal materiality process to ensure alignment with the GRI Standards.

#### Time horizon

Medium-term

#### Likelihood

More likely than not

#### Magnitude of impact

Medium-high

#### Are you able to provide a potential financial impact figure?

No, we do not have this figure

#### Potential financial impact figure (currency)

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

A negative local or global impact on Nestlé image / reputation / credibility could lead to longstanding negative impact on stakeholder relationships and a reduction of demand for our products. The financial implication of reputation loss specifically linked to inaction on climate change is extremely complex to quantify. As a result, Nestlé does not currently have a potential financial impact figure.

**Management method**

We proactively engage and collaborate with stakeholders including regulators, customers, business partners, civil society organisations to define, implement and evaluate solutions to the complex climate change challenges we face. We disclose our activities on mitigation and adaptation on our website, integrated annual report pack and on-line Creating Shared Value reports . Our 2018 CSV report was prepared in accordance with the comprehensive option of the GRI Standards. We work with governments, trade bodies and NGOs to assess and test responsible approaches to provide environmental information, including to consumers. We hold regular stakeholder convenings focusing on issues of specific concern/interest to our company, including climate change. In 2018, approximately 70 representatives of NGOs, academia, government and international organizations attended our stakeholder convening in London. We proactively engage in activities that could either directly or indirectly influence policy on climate change through direct engagement, funding research, and trade associations, like The Consumer Goods Forum, FoodDrinkEurope, WBCSD and the UNFCCC. The cost associated with these actions is estimated at CHF 753k in 2018. These costs include the following: - organization of stakeholder convenings; - preparation and writing of the Nestlé Creating Shared Value report; - independent assurance of the Nestlé Creating Shared Value report; and - materiality assessment.

**Cost of management**

753000

**Comment**

The cost associated with these actions is estimated at CHF 753k in 2018. These costs include the following: - organization of stakeholder convenings; - preparation and writing of the Nestlé Creating Shared Value report; - independent assurance of the Nestlé Creating Shared Value report; and - materiality assessment.

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**Identifier**

Risk 4

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Transition risk

**Primary climate-related risk driver**

Policy and legal: Increased pricing of GHG emissions

**Type of financial impact**

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

**Company- specific description**

In order to limit warming to 1.5°C or even 2.0°C, drastic policy changes will have to be implemented in the next 3 to 5 years. In order to decarbonise the economy, fundamental changes in policy will be required e.g. carbon pricing, energy demand and mix, land management restrictions (zero deforestation, reclamation of land, changes in land use), agricultural subsidy program updates etc. Recent years have seen rapid growth in government policies (or external mechanisms) to price carbon. The World Bank Group noted that: "The number of implemented or scheduled carbon pricing instruments nearly doubled." Approximately 40 countries and 20 sub-national jurisdictions have implemented carbon pricing policies or have plans to implement them in the next few years. The financial implications for Nestlé of a single carbon price will result in an increase in costs our own operations and supply chain. We are managing this risk by pursuing practices that minimize the impact on climate from energy consumption, water consumption and in waste both within our operations, and our extended supply chain. We have adopted science-based GHG emissions reductions targets. In 2018, we had several Nestlé factories participating in the EU ETS. Since 2010, Nestlé has reduced GHG emissions (scope 1 and 2) per ton of product by 32 %.

**Time horizon**

Medium-term

**Likelihood**

Very likely



**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

660000000

**Potential financial impact figure – maximum (currency)**

720000000

**Explanation of financial impact figure**

Assuming a single carbon price between USD 110-120 per ton of CO<sub>2</sub>e (Source: REMIND model) applying to our 2018 Scope 1 and Scope 2 emissions, the financial implications are estimated to be between CHF 660 and 720 million per year.

**Management method**

Management method includes: 1) We adopted science-based GHG emissions reduction targets on scope 1 and 2 to help limit global warming to below 2°C, by 2020: \*-35% scope 1 and 2 emissions per ton of product vs 2010 \*-12% absolute scope 1 and 2 emissions vs 2014 2) We have already exceeded our absolute emissions target (-23% vs -12% target), we have reduced our intensity target by 32% at the end of 2018. 3)As a member of RE100, we aim to procure 100% of our electricity from renewable sources within the shortest practical timescale. In 2018, 34% of our electricity came from renewable sources avoiding emissions of more 900'000 tCO<sub>2</sub>e into the atmosphere; France, Brazil, Germany, Switzerland, UK, Italy, Poland, Czech Republic, Hungary, Sweden, Slovakia markets already purchase 100% renewable electricity. 4) 23 factories generate direct energy from biomass. Our factories in Turku (Finland), Helsingborg (Sweden) and Montes Claros (Brazil) generated net zero GHG emissions in 2018. 5)We grew by 24% since 2010, and reduced total energy consumption by 1%. "Energy Target Savings" programs help our factory teams improve water and energy efficiency and reduce GHG emissions. 6) The cost associated with the management methods described above amount to CHF 41 million CAPEX in 2018 in energy savings initiatives and renewable energy projects.

**Cost of management**

41000000

**Comment**

The cost associated with the management methods described above amount to CHF 41 million CAPEX in 2018 in energy savings initiatives and renewable energy projects.

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## C2.4

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**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.4a

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**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.****Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Customer

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Shift in consumer preferences

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### Type of financial impact

Increased revenue through demand for lower emissions products and services

### Company-specific description

Research shows that the market for plant-based meat is increasing and could be \$140bn within a decade, accounting for 10% of the global \$1.4 trillion meat market. Consumer tastes, preferences and expectations are changing at an unprecedented rate. Consumers are trending towards more natural and organic foods, plant-based proteins, as well as simpler and healthier ingredients. Nestlé has a special focus on developing plant-based offerings and promoting sustainable nutrition: we are meat alternatives with a taste profile consumers love. Nestlé's plant-based sales are currently only a few hundred million but the potential implications are estimated to get to CHF1bn of sales. Many consumers recognize that less meat in their diet is good for them and for the planet, but plant-based meat alternatives often do not live up to their expectations. New Nestlé burgers allow even meat lovers to enjoy a veggie burger that hardly differs from a traditional burger.

### Time horizon

Current

### Likelihood

Virtually certain

### Magnitude of impact

High

### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

### Potential financial impact figure (currency)

1000000000

### Potential financial impact figure – minimum (currency)

<Not Applicable>

### Potential financial impact figure – maximum (currency)

<Not Applicable>

### Explanation of financial impact figure

Research shows that the market for plant-based meat is increasing and could be \$140bn within a decade, accounting for 10% of the global \$1.4 trillion meat market. Nestlé is making big strides in alternative proteins. Its plant-based sales are currently only a few hundred million but the potential implications are estimated to get to CHF1bn of sales.

### Strategy to realize opportunity

To exploit this opportunity, our management methods include: i) In 2019, we launched the Incredible Burger (acquired as part of the Garden Gourmet acquisition), which it developed within 12 months – it will be in 10 European markets by the end of this year. ii) Nestlé will also roll out a cook from raw plant-based burger in the United States under the Sweet Earth brand, customized for the American consumer. Called the Awesome Burger, this new burger, to be sold fresh, will complement Sweet Earth's existing veggie-centric burgers sold today. iii) Nestlé uses its expertise in food to develop the new products, collaborates with culinary chefs, researches alternative proteins (Nestlé Research and Development spends one third of their time conducting research in this specific area), and works with local food experts at both Garden Gourmet and Sweet Earth. The cost to realize the opportunity is estimated taking the 2018 underlying trading profit for "prepared dishes and cooking aids" category and multiplying this for the estimated sales.

### Cost to realize opportunity

180000000

### Comment

The cost to realize the opportunity is estimated taking the 2018 underlying trading profit for "prepared dishes and cooking aids" category and multiplying this for the estimated sales.

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### Identifier

Opp2

### Where in the value chain does the opportunity occur?

Direct operations

### Opportunity type

Energy source

### Primary climate-related opportunity driver

Use of lower-emission sources of energy

### Type of financial impact

Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon

### Company-specific description

With the ambition of the Paris Agreement, more organizations and governments are looking to put a price on carbon; our business might be exposed to future regulation change around carbon price/tax with potential increasing operating costs. Today, we have 16 facilities in Europe that participate and comply with EU-ETS Phase III. However, we have more than 410 factories located in 83 different countries; while in some of those regions a carbon pricing system already exists even though our industrial sector has not been subjected to any of these so far, the number of emissions trading programs is likely to expand. The opportunity for Nestlé to ensure that it meets the Paris Agreement ambition would give us a competitive advantage versus some of our competitors that would not implement GHG emissions reductions at the same speed and would be therefore highly exposed to regulatory changes and increased operational costs due to carbon price.

### Time horizon

Medium-term

### Likelihood

Likely

### Magnitude of impact

Medium-high

### Are you able to provide a potential financial impact figure?

Yes, an estimated range

### Potential financial impact figure (currency)

<Not Applicable>

### Potential financial impact figure – minimum (currency)

350000000

### Potential financial impact figure – maximum (currency)

400000000

### Explanation of financial impact figure

By halving GHG emissions, we reduce our exposure to a potential carbon price. This financial impact is estimated at between CHF 350 million and CHF 400 million. Further explanation on the calculation below: As an estimation of the annual financial impact of the opportunity: we use the GHG reductions in our operations (scope 1+2) needed from 2018 to 2030 to be aligned with 1.5°C decarbonization pathway (Halve 2018 GHG emissions =  $0.5 \times 5\,897\,483 \text{ tCO}_2\text{e} = 2\,948\,741 \text{ tCO}_2\text{e}$ ), multiplied by an average price of carbon expected in 2030 of 135 USD/tCO<sub>2</sub>e (source: IPCC Report Global Warming of 1.5 °C, 2019). Assuming that all our plants have to comply with a regulatory carbon price in 2030, the potential impact would be  $2\,948\,741 \text{ tCO}_2\text{e/yr} \times 135 \text{ US\$/tCO}_2\text{e} \times 1.00 \text{ CHF/US\$} = \text{CHF } 398 \text{ million}$

### Strategy to realize opportunity

To capitalize on this opportunity, we are focusing on : i) Adopting science-based GHG emissions reduction targets on scope 1 and 2: \* by 2020, -35% scope 1 and 2 emissions per ton of product vs 2010 \*by 2020, -12% absolute scope 1 and 2 emissions vs 2014 ii) As a member of RE100, we aim to procure 100% of our electricity from renewable sources within the shortest practical timescale. In 2018, 34% of our electricity came from renewable sources avoiding 900'000 tCO<sub>2</sub>e to be emitted in the atmosphere; markets such as France, Brazil, Germany, Switzerland, UK, Italy, Poland, Czech Republic, Hungary, Sweden, Slovakia purchase already 100% renewable electricity. Globally, we have more than 40% of our factories that purchase renewable electricity. iii) We have 23 factories generating direct energy from biomass (either wood or spent coffee ground). Our factories in Turku (Finland), Helsingborg (Sweden) and Montes Claros (Brazil) generated net zero GHG emissions in 2018. iv) On energy efficiency, while we have grown by 24% since 2010, we have reduced our total energy consumption by 1%. Globally we implemented more than 500 CO<sub>2</sub>e savings projects in 2018.

### Cost to realize opportunity

41000000

### Comment

The annual cost to realize opportunity is based on the 2018 CAPEX on energy savings and renewable energy projects.

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### Identifier

Opp3

### Where in the value chain does the opportunity occur?

Customer

### Opportunity type

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Products and services

**Primary climate-related opportunity driver**

Development and/or expansion of low emission goods and services

**Type of financial impact**

Other, please specify (Future cost avoidance and preparing for competitive positioning (carbon neutral value proposition))

**Company-specific description**

Acknowledging that every cup of coffee has a footprint, our company must take consistent action in the value chain to address the causes and consequences of climate change. By decarbonizing its value chain, the company can reduce the carbon footprint of every Nespresso coffee consumed. By planting trees in regions where coffee is sourced, coffee farms can adapt to the adverse effects of climate change while the sequestration of atmospheric carbon is enabled. Combined together, these 2 strategic approaches aim to deliver our company's operational carbon neutrality and increase the resilience of coffee communities.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

66000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

We estimate the cost avoidance for Nespresso France of this action at CHF 66 million over 5 years (including the implementation costs of USD 15/ton) . This is obtained by comparing the costs of generating carbon credits vs the costs of paying for a carbon tax on a yearly basis. For the calculation we consider: USD 15/ton the cost of carbon credit via carbon sinks vs USD 135/ton the carbon tax over 110,000 tons scope per year for Nespresso France for over 5 years. Within its 2030 sustainability journey, Nespresso is considering ways to expand carbon neutrality efforts by extending this program to additional markets.

**Strategy to realize opportunity**

After COP21 in Paris, Nespresso France, one of Nespresso's major markets, decided to take a leadership position in delivering a carbon neutral proposition to the French consumers ( expanding the neutrality to scope 3). Since 2015, Nespresso France fully insets its emissions using natural climate solutions, planting 500,000 trees per year in carbon projects. This compensation mechanism is complementary to the reduction efforts occurring in scope 3, such as the increase of the recycling of capsules via collective actions (<https://www.nestle.com/media/news/best-environmental-initiative-nespresso-wins-award-for-recycling-project>), the procurement of renewable energy for the boutiques and the promotion of circular use of machines. In the future Nespresso will be testing the suitability of this strategy for its other markets. The cost to realize the opportunity is included in the potential financial impact figure.

**Cost to realize opportunity**

8250000

**Comment**

The cost to realize the opportunity is based on the scope for Nespresso France fully insetting for GHG Scope 1-3.

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C2.5

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**(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

	Impact	Description
Products and services	Impacted	Our multi-criteria eco-design tool – EcodEX, that covers both packaging and ingredients and can be applied to all product categories. The updated number of scenarios modified in 2018 to date (June 2019) is 917. The updated number of projects created since 2012 is 7201. For example, consumers are increasingly seeking out more environmentally friendly packaging. Nestlé continues to systematically analyze and optimize our packaging portfolio. In North America in 2018, Nestlé Waters introduced a new 700 ml Nestlé Pure Life® bottle made from 100% recycled plastic and also reduced the plastic content of our half-liter water bottles by 65%. In Europe, we are members of the European Federation of Bottled Waters, which pledged in May 2018 to collect 90% of all PET bottles by 2025, use at least 25% recycled PET in water bottles by 2025, invest further in eco-design and research on non-fossil-based plastic materials, and engage further with consumers.
Supply chain and/or value chain	Impacted	Coffee production in Vietnam relies on irrigation during the dry season, leading to numerous shallow wells running dry. This is posing threats to sustainability of Vietnamese Robusta coffee production and Nestlé's local coffee supply chain at large. Vietnam is an important origin sourcing location for Nestlé, a decrease in production could lead to production constraints and/or higher input prices due to lack of supply.
Adaptation and mitigation activities	Impacted	We take a holistic, science-based target approach to tackling climate change, reducing our GHG emissions, increasing our use of renewable energy and switching to cleaner fuels. In 2018 we reduced our overall Scope 1 and 2 GHG emissions per tonne of product by 32% versus 2010. We also aim to reduce Scope 3 GHG emissions by 8% (from our 2014 baseline) by 2020. We aim to buy 100% of our electricity from renewable sources as soon as it's practical to do so. Purchasing renewable electricity helped us avoid 967000 tonnes of CO2eq in 2018.
Investment in R&D	Impacted	Consumers' are seeking more natural and organic foods, plant-based proteins, as well as simpler and healthier ingredients. There is growing awareness, both consumers as well as regulatory bodies, with respect to the environmental credentials of food and beverage products as well as their packaging. Nestlé is investing in R&D to develop opportunities to develop trend-based innovation to meet these consumer evolving needs, as well as ensure continued compliance with all relevant regulations. An example of this innovation to improve the environmental credentials of our products is Nestlé R&D's breakthrough innovation in 2019 of a new recyclable paper wrapper for its "YES!" snack bar. For the first time a confectionery bar has been packaged in paper using a high-speed flow wrap technology. Up until now, high-speed production of shelf-stable snacks was only achieved using plastic films and laminates. Now paper can be used at large scale while guaranteeing product quality and freshness over the entire shelf life. The wrapper is widely recycled in the countries where it will be available and the paper is from sustainable sources, certified by the Forest Stewardship Council (FSC) and The Program for the Endorsement of Forest Certification. Along with the improved environmental performance of the packaging, the YES! nut bar is vegetarian, vegan, lactose-free, high in fiber, and a source of protein. New regulations and initiatives to provide environmental communication to consumers based on scientific evidence are expected in some countries (e.g. European Union, France, Belgium, Sweden, Germany, Greece, China, Thailand, Japan, Mexico). For example, a recent public EU consultation assessed the effectiveness of potential mandatory provision of environmental information to consumers in different patterns. Among consumers with high awareness of climate change, this represents an opportunity for Nestlé for its processed food considering that in general it has a better environmental performance as compared to equivalent home made products. To ensure that Nestlé meets new regulations, Nestlé R&D made life cycle analyses of its entire product category completing this at the end of 2017. (An ISO compliant LCA assessment with a third party reviewed costs CHF 40000 on average.)
Operations	Impacted	Changing weather patterns, along with increasing frequency and severity of extreme weather events, may increase exposure of production sites to flooding, hurricanes etc. This may result in major physical damage to sites and/or leave the site unable to operate. For example, unusually heavy rain brought about by a low pressure area and the tail-end of a weather cold front, caused massive flooding in Cagayan de Oro City, Philippines and a production site was badly flooded causing damage of around CHF 2.9 million, in this a relatively low impact to the company.
Other, please specify	Impacted	Peru, the "el niño" weather phenomenon had an estimated impact of CHF 5.9 million including logistics, production, fixed assets and sales. This has a low impact to the company.

**C2.6**

**(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.**

	Relevance	Description
Revenues	Impacted	Revenues may be impacted by consumer shift in perceptions of categories based on environmental credentials. This can be a risk or an opportunity depending on the category and potentially brand. For example, risk related to perception of bottled water operations in areas susceptible to droughts and thereby impacting sales of the product. Whereas, the opportunity to move into more plant-based products e.g. plant-based dairy products, meat-free burgers etc. provides new growth areas. In general, we integrate sustainable development into the business planning process. In order to help us to identify the issues that matter most to our business and stakeholders, and to better support our strategic decision-making and reporting, every 2 years we invite an independent third party conducts a formal materiality assessment. Issues of concern are evaluated to determine both risks and opportunities for our reputation, revenues and costs. Water stewardship, climate change, resource efficiency are examples of issues identified as having potential major impacts on our business. Our global presence gives us direct access to millions of individuals and families. We promote sustainable consumption and outline the environmental sustainability aspects of our food and beverages, such as stating ingredient sourcing, production methods and adherence to standards, through on-pack messaging. We generate and plan for additional revenues by providing consumers with more sustainable food and beverages recognizing our products must not only be tastier and healthier, but also better for the environment. Examples of how some of the risk and opportunities that would affect our revenues (as described in C2.3a) : i) Specific risk/opportunity : Increase of input prices of raw materials, including packaging materials ii) Magnitude of impact: High i) Specific risk/opportunity : Increased stakeholder concern or negative stakeholder feedback ii) Magnitude of impact: Medium-High
Operating costs	Impacted	Operating costs might be impacted by increased severity of extreme weather events such as cyclones and floods that will impact our ability to supply. We estimate that the potential financial implications due to floods and Wind storms affecting our operations, Property Damage and Business Interruption (12 months) of the most exposed sites is estimated to be between CHF 200 and 400 million (these values are replacement values). This assumes a sum up of Probable Maximum Loss (PML) for several sites in a radius of 10 km for both exposures Wind and Flood. In 2018, 49 sites have been classified as being exposed to High Flood Risk and 64 sites exposed to High Wind exposure. The financial implication scale is high to the company. For the future, we are working on natural hazard modelling over the longer term, including projections on climate change impact for flood, wind, earthquake, and drought perils. Example of how some of the risk and opportunities that would affect our operating costs (as described in C2.3a) : I) Specific risk/opportunity : Increased severity of extreme weather events such as cyclones and floods iii) Magnitude of impact: Medium-High
Capital expenditures / capital allocation	Impacted	Energy CAPEX are impacted by the transition risk linked to carbon regulations in our factories and this could affect both CAPEX and OPEX. This will impact our medium-term CAPEX by increasing investment into renewable energy facilities. The impact is considered as low as energy savings and renewable energy CAPEX projects remain a small proportion of total annual CAPEX.
Acquisitions and divestments	Impacted	As part of our long-term value creation strategy, we are accelerating the repositioning of the portfolio with a clear focus on high-growth, high-margin categories. The criteria for acquisitions and divestments considers fit with strategy, attractive categories, ability to win and resource intensity. For example, in H1 2018 we announced a global coffee partnership with Starbucks to provide growth opportunities in retail and out-of-home. Starbucks is a purpose-led company like Nestlé, and we share common commitments to premium quality, excellence in innovation, as well as the same values and commitment to responsible sourcing and sustainability. Other recent acquisitions reflects the consumer's growing expectations with regards to responsible social and environmental practices along with our Nutrition Health and Wellness strategic dimension e.g. Atrium Innovations (a global leader in nutritional health products), Sweet Earth (plant-based protein products), Chameleon Cold-Brew (ethically sourced cold coffee). Example of how some of the risk and opportunities that would affect our revenues (as described in C2.3a) : i) Specific risk/opportunity : Increased stakeholder concern or negative stakeholder feedback 2) Magnitude of impact: Med-High
Access to capital	Not impacted	Given our value creation model and the integration of sustainable development into all our business activities, along with our public commitments to sustainability, we do not foresee barriers to access capital to fund our future strategic requirements. Our recent (2018) decision to support the TCFD responds to the increasing interest from investors on climate change and on TCFD.
Assets	Impacted	Our physical assets are impacted by climate-change e.g. facilities in water-stressed areas, extreme weather events damaging facilities etc. Where feasible, Nestlé takes relevant actions to reduce the impact of climate-related factors on its physical assets. For example, Nestlé developed a "zero-water" technology which has now been rolled out in 18 of our sites (end 2018). Nestlé South Africa Mossel Bay factory, which is located in one of the Western Cape's most water stressed region, now re-uses and recycles water from its dairy operations. In terms of weather-related incidents, as part of the Nestlé Global Property Loss Prevention Program, an in-depth identification of exposures to property risks is made including potential risks such as floods, wind storms etc. In 2018, 49 sites have been classified as being exposed to High Flood Risk and this process helps in the decision-making process for future standards of prevention and protection, as well as preparation if an event occurs in the current sites. Example of how some of the risk and opportunities that would affect our assets (as described in C2.3a) : I) Specific risk/opportunity : Increased severity of extreme weather events such as cyclones and floods ii) Magnitude of impact: Medium-High
Liabilities	We have not identified any risks or opportunities	For the time being, we have not identified any significant risks or opportunities. The focus on the scenario modelling to date has been on physical risks and opportunities for raw agricultural materials and transition exposures linked with policy and market. As we continue to understand the challenges and complexities of climate change, it may be that identify liability-related impacts.
Other	Please select	

**C3. Business Strategy**

## C3.1

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### **(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

## C3.1a

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### **(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?**

Yes, qualitative and quantitative

## C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b

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### **(C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b) Indicate whether your organization has developed a low-carbon transition plan to support the long-term business strategy.**

Yes

## C3.1c

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### **(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.**

i) How the business strategy has been influenced:

During 2018, three factors have been fundamental in further influencing our business objectives and strategy.

The first is the progress being made in our factories to reduce GHG emissions and convert to renewable energy. Other two external factors that are influencing our business strategy on climate is our analysis of our Scope 3 emissions, and the requests from investors regarding the recommendations of the Task Force on Climate Financial Disclosure (TCFD).

We have in the past concentrated much of our activities on emission reduction and risk mitigation/adaptation within our direct operations (manufacturing and supply chain) where we have more direct control over decision making. This has led to significant reductions in GHG emissions over the last 15 years. More recently a commitment to increase our use of renewable electricity is driving significant GHG reduction. During 2018 we completed an analysis of our scope 3 emissions, setting a baseline and understanding the reduction since 2014, and setting a science based reduction to 2020.

The most substantial decision relevant to 2018 was to select our focus areas for climate change mitigation and adaptation, and to report against TCFD. During 2018 we defined the priority areas of focus for these efforts on GHG emissions on the upstream value chain – this is potentially the most significant business decision in terms of future GHG emissions. The focus areas include no deforestation, improving dairy management, increasing alternative proteins, leveraging natural climate solutions including soil health (to increase carbon content), and reducing food loss and waste. In 2018 we began work in our responsible sourcing programme to focus upon soil health. We also made progress on plant based proteins: Winiary Kaszotto was launched in Poland as a meal kit with grains. We launched Garden Gourmet Vegane Filet across Europe as meat free alternatives. Also in 2018, the acquisition of Sweet Earth by Nestlé USA brings a wide range of quality vegetarian frozen foods to the portfolio.

Whilst working on these issues will deliver a range of beneficial outcomes (eg stopping deforestation will preserve biodiversity as well as reduce carbon emissions), the ability to also drive significant progress on climate was a clear factor in defining the approach we take. Again to take deforestation as an example, our policy and programmatic approach focuses on high carbon forests. We were the first manufacturing company to commit to this in 2010.

Our recent (2018) decision to support the TCFD will also extend our risk mitigation work to the upstream value chain. This is extending the scope of the risk assessment process.

In addition, in 2018, a major business decision influenced by climate change, in particular deforestation, was to announce our accelerated plan towards reaching No Deforestation commitment by becoming the first global food company to implement Starling, a satellite-based service, to monitor 100% of its global palm oil supply chains.

#### ii) Aspects of climate change that have influenced the strategy

- Regulation aspects: Since we operate in different parts of the world, we take into account the relevant regulatory aspect. E.g. In Europe, we will be required to purchase certificates for its emissions from concerned factories during EU-ETS impacting the costs in factories participating in the scheme. The active cost related to EU-ETS has been integrated in the business strategy.
- Physical aspects: change in temperature extremes, water availability, and need for climate change adaptation. E.g. some of our factory sites are located in vulnerable areas, like China, India and Mexico. Physical aspects have triggered the business strategy to have contingency plans, assessments and prevention measures for potential interruptions on business operations. Investment in zero water factories in Mexico, South Africa and USA are all part of this response. Investing in coffee and cocoa plant varieties that are more tolerant to wider climatic extremes consistent with climate change is also an example of how climate change has influenced our strategy.
- Reputation aspects: While climate change mitigation remains a central concern, stakeholder interest in climate change adaptation is rising as the effects of climate change begin to make themselves felt. It is part of our business strategy to actively manage its reputation with regard to climate change as consumer's perception on our efforts can influence market share and share value. In 2018, we have seen increasing interest from investors on climate change, especially following the work of TCFD. This is influencing our strategy.

#### iii) Short term strategy components that have been influenced by climate change

- Constantly adjusting the scope of our targets on climate change, i.e. reduction of emissions beyond factories and setting Scope 3 targets
- Actions and decisions taken as a result of incorporating emissions into product design for new and renovated products (which have a 3-5 year product life)
- Actions with farmers and suppliers as part of our responsible sourcing programme to (eg) reduce deforestation, increase soil carbon. These actions typically take 1-3 years to deliver results.

#### iv) Long term strategy components that have been influenced by climate change

- Setting 2030 ambition to strive for zero environmental impact in our operations.
- Incorporating GHG reduction and adaptation efforts along the value stream, including product design, procurement, manufacturing and packaging, logistics, consumption to support our long-term strategy to have a positive reputation with regard to climate change. Operationalising these strategies (as mentioned in the previous section) delivers the shorter term action.
- Engaging with governments, farmers and other stakeholders to contribute via vulnerability assessments, action plans and strategies, especially for climate adaptation and risk mitigation. This corresponds to strategic business targets to secure our value chain.
- Identifying practical adaptation actions and agricultural systems that can be implemented at farm level and provide technical assistance to farmers through our agronomists.
- Including enhanced resilience to climate change in our R&D programs. For example, Nestlé is propagating and distributing coffee plant varieties that produce more beans and have a greater resistance to drought and certain diseases. E.g. The plantlets are particularly resistant to leaf rust, which has had a significant impact on Colombian coffee production over the past few years as a result of increasing temperatures and excessive rainfall.

#### v) How the Paris Agreement has influenced the business strategy

We have set science-based GHG emission reduction targets in line with the Paris Agreement, and as highlighted above we are giving more attention to land based emissions, again in line with the Paris Agreement.



**(C3.1d) Provide details of your organization’s use of climate-related scenario analysis.**

Climate-related scenarios	Details
RCP 2.6	<p>i)Boundary: We used short, med and long term horizons; up to 2050 and beyond 2050. Boundaries included operations from farm to factory. ii) Methodology: The scenario is supported by climate analyses conducted in support of the recent IPCC 1.5°C report and correspond to the Representative Concentration Pathway (RCP) 2.6 scenario. In terms of GHG emissions, it involves reaching net zero carbon emissions by 2050, with an increased chance of limiting temperature rise if this earlier. Storylines consistent with this involve deep reductions in energy demand and agricultural emissions, extensive electrification and decarbonising electricity generation, reduced demand for GHG-intensive products, as well as carbon dioxide removal, which could increase demand for land, energy and water. While climate change would be limited in a 1.5°C world, it would be different to the present day, including hotter extreme temperatures, increases in the amount of heavy rainfall, and increased risk of droughts. However, these changes are less than that at higher levels of warming, including a 2°C world. We assumed a 1.5°C scenario with a low chance of overshooting that temperature change. Scenarios with overshoots could trigger irreversible impacts in vulnerable ecosystems and would increase the risk and frequency of extreme heat and drought. iii)Outcomes: In order to decarbonise, fundamental changes in policy will be required e.g. carbon pricing, energy demand and mix, land management restrictions (zero deforestation, reclamation of land, changes in land use), agricultural subsidies etc. In order to limit warming to 1.5°C or even 2.0°C, drastic policy changes will have to be implemented in the next 3 to 5 years. Policy changes will impact technology including the commercial attractiveness and viability of carbon capture and storage, along with carbon sequestration &amp; natural based climate solutions, and renewable energy infrastructure projects. There will likely also be directional shifts in capital allocations, changes in consumption patterns driven by policy (e.g. carbon tax) and changes to consumer sentiment to either favour or avoid certain categories of products and services. As a result of this scenario analysis, we can confirm that we have identified the right levers to reduce greenhouse gas emissions in the next 10 years. We invest in the dairy management, in the development of alternative protein products, reduction of food loss and waste, no deforestation in order to decrease our overall GHG emissions. As a result of the RCP 2.6 analysis, Nestlé has invested in responsible sourcing and GHG emissions reduction to further achieve our goal to have zero environmental impact by 2030. iv) Changes: Nestlé chose to undertake this scenario analysis because it is aligned with the latest recommendation of IPCC of limiting warming to 1.5°C. Also, there is also evidence available of what needs to happen in public policy / regulatory terms to achieve a 1.5°C outcome. Thus the transitional risks can be more readily modelled and evaluated for this scenario. It assumes that world pursues efforts to limit global warming to 1.5°C. We have assumed that the introduction of a carbon tax on direct emissions i.e. USD117 for 2030 and USD190 for 2040 on a 1.5°C scenario could affect the business USD 0.4billion per year increasing to USD 0.7billion per year up to 2040 . v) Moitoring: We will extend the boundary of scope of scenario analysis which will be monitored closely. vi) Communications: The results have been reported to a wide range of company experts from agriculture, risks management, communications, sustainability. Yes, we plan to communicate the results. vii)Further info: In next decade considerable transitional financial risks stemming from public policy and legal changes, new technology, changing markets and reputation risks as companies rapidly adapt their business models and strategies for drastic cuts in greenhouse gas emissions.</p>
RCP 8.5	<p>i)Boundary: We used short, med and long term horizons; up to 2050 and beyond 2050. Boundaries included operations from farm to factory. ii) Methodology: This scenario is supported by climate analyses conducted in support of the IPCC 5th Assessment report in 2013 and would correspond to the so-called Representative Concentration Pathway (RCP) 8.5 scenario. This scenario is characterised by increasing concentrations of GHGs, driven by a growing energy demand, a substantial use of coal throughout the century and low rates of technological development and adoption. Population growth is at the high end of UN estimates, reaching approximately 12 billion by the end of the century and driving increased land use for crops and grassland. Climate change would be substantial compared to the present day. Some places would experience current 20-year high temperatures yearly or 2-yearly, there would be an increased risk of agricultural drought in present day dry regions, and global mean sea level rise could reach 1m. Under this Business-as-usual, high global warming, scenario, is likely to have fewer transitional risks and opportunities. An underlying assumption is that society is not highly motivated to make the changes necessary to limit greenhouse gas emissions. The acute and chronic physical risks to business models from the resultant climate changes will be significant. Nestlé chose to undertake this scenario analysis because there is considerable scientific evidence for impacts on agricultural production of Nestlé’s key crops in the regions where these are grown in Nestlé’s supply chains for this levels of global warming. Within this scenario analysis, Nestlé has focused this work upstream on three commodities – coffee, dairy and wheat in selected geographies. In scenario RCP 8.5, Nestlé has considered this scenario analysis in the long term (after 2050) because beyond 2050 is where Nestlé sees the most substantial impact of climate change physical risk happening. For example, expected effects on wheat production, where the fertilisation effect of increased CO2 in the atmosphere does not compensate for the negative effects of increased temperatures beyond a temperature increase of 2°C. Impacts on grain quality are likely and there is a need for more scientific evidence in this field. Adaptation could involve a series of parallel measures that include investments in breeding, and the exploration of new geographies that are not presently main regions of productions and where infrastructure investments may be required. iii) Outcomes: When considering the BAU and 1.5°C scenarios, the physical impacts of climate-related changes are relatively similar up to the 2040 – 2050 time horizon. It is expected that the critical physical risks of BAU will aggressively impact the planet in the second-half of the century. We learned that climate impacts are well documented up to 2050, however, there is no data on the possible impacts by 2100. Whilst the scientific data is available, there is a current lack of tools, platforms and industry support mechanisms to help companies interpret the data, and facilitate the implementation of TCFD recommendations. As a result of this scenario analysis, Nestlé has confirmed its efforts towards climate change adaptation iv) Changes: As a result of the RCP 8.5 analysis, Nestlé continue to invest in R&amp;D to improve plant science, and to distribute drought resistant plantlets. v) Monitoring: We will extend the boundary of scope of scenario analysis which will be monitored closely. vi) Communications: The results have been reported to a wide range of company experts from agriculture, risks management, communications, sustainability. Yes, we plan to communicate the results. vii) Further info: Physical risks are likely to manifest themselves over the longer term (20 years+).</p>

C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e

**(C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e)**  
**Disclose details of your organization's low-carbon transition plan.**

Long-term ambition: by 2030 strive for zero environmental impact in our operations.

i) We will continue to target the reduction of GHG emissions from our direct operations. The emphasis at factories will be on energy efficiency and on increasing the share of energy derived from sustainably-managed renewable sources. We adopted evidence-based GHG emissions reduction targets on scope 1 and 2 (by 2020 -35% scope 1 and 2 emissions per ton of product vs 2010) that will help limit global warming to below 2°C, aided by the 'Mind the Science, Mind the Gap' methodology. As a member of RE100, we aim to procure 100% of our electricity from renewable sources within the shortest practical timescale. In 2018, 34.2% of our electricity came from renewable sources, this is a 33,1% change from 2017-2018.

After many years of work on energy reduction at our factories, and as the number of factories deriving their energy from renewable energy, we do however see fewer opportunities for significant GHG reduction from our factories. Our future focus on GHG emissions reductions will therefore shift to our value chains (Scope 3). Our Scope 3 work will focus upon deforestation, food loss & waste, soil health and increasing the use of plant based protein.

ii) Deforestation: We have a comprehensive strategy in place to tackle deforestation associated with agricultural commodities. The strategy includes protection for high carbon soils and forests. We aim to remove commodity-driven deforestation from all supply chains; Five categories of raw material are central to our "no deforestation" commitment as they are considered to have the highest impact on deforestation and forest stewardship: palm oil, soya, cattle, paper packaging and cocoa. In February 2018, we published an update on our progress towards eliminating deforestation in 5 of our key commodity supply chains. This update is based on risk mapping combined with 3rd party verification on the ground, and/or by satellite, using our traceability data back to farms as a foundation. Currently around three-quarters (77%) of the key commodities we purchase are verified deforestation free and work continues to address any potential risks in the remaining quarter. The findings of the supply chain mapping combined with risk assessments allow us to prioritize suppliers and regions in which to conduct sustainability work and encourage suppliers to work on traceability / forest management action plans to address any risks identified.

iii) Food waste in our supply chain: We have made good progress at our factory level, and in our dairy supply chains to ensure that food waste and post-harvest losses are minimized. This is fully embedded in our Nestlé Responsible Sourcing Guidelines. We are currently revising our strategy which will be focusing on key commodities based on high nutrition content and high pre-processing losses for smallholders. In 2018, we estimated our own losses along our entire value chain at 12%. This includes the losses upstream of the raw materials that we buy, and the losses in manufacturing, distribution and at the consumption stage. By 2020, we aim to make date labels understandable to our consumers to reduce food waste at consumption stage.

iv) Soil Health: As mentioned under deforestation, high carbon soils are a particular focus of our work on palm oil (in particular). Our work on other crops, especially cereals and sugar also focusses upon soil health which will lead to increasing carbon content of soils, better fertilizer practices and lower nutrient run-off.

v) Plant based proteins: Nestlé is increasing its portfolio of vegetarian and flexitarian choices, in line with modern health trends. In April 2019, we launched a new 'cook from raw' plant-based burger in Europe called the Garden Gourmet Incredible Burger. It is 100% plant-based, with natural protein from soy and wheat. The burger will be found in the chilled or frozen aisle, complementing Garden Gourmet's existing range of products, like the Vegane Filet. The acquisition of Sweet Earth by Nestlé USA also brings a wide range of quality vegetarian frozen foods to the portfolio. Coffee Mate natural bliss brought to market a number of all-natural plant-based innovations and flavours, including almond milk and coconut milk. We are part of the Protein Challenge 2040, which brings together a group of companies and civil society organisations to promote a more balanced approach to how we derive our proteins and we contributed to a recent report launched by FAIRR 'Plant Based Profits'.

## C4. Targets and performance

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### C4.1

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#### (C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

### C4.1a

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#### (C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

**Target reference number**

Abs 1

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

12

**Base year**

2014

**Start year**

2016

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

7636192

**Target year**

2020

**Is this a science-based target?**

Yes, this target has been approved as science-based by the Science-Based Targets initiative

**% of target achieved**

100

**Target status**

Achieved

**Please explain**

Absolute target on direct and indirect GHG emissions supported by our on-going 2020 GHG intensity target of 35% versus 2010 (see intensity target Int1). The science-based Sectoral Decarbonization approach was used to establish the target. We reported that target to CDP in 2017 and are reporting progress against the same target in 2018. Please note that we have updated our carbon emission factors including historical data. Therefore, the baseline has been updated as well to reflect these changes.

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**Target reference number**

Abs 2

**Scope**

Other, please specify (Scope 3)

**% emissions in Scope**

100

**Targeted % reduction from base year**

8

**Base year**

2014

**Start year**

2016

**Base year emissions covered by target (metric tons CO2e)**

111228768

**Target year**

2020

**Is this a science-based target?**

Yes, this target has been approved as science-based by the Science-Based Targets initiative

**% of target achieved**

43

**Target status**

Underway

**Please explain**

With a 2018 scope 3 of 107 411 104 tons of CO2, this yields to a -3.4% reduction in 2018 versus our 2014 baseline. To ensure accurate comparison over the years, both assessments were made using the same methodology (IPCC 2007 100 years).

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**C4.1b**

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**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

**Target reference number**

Int 1

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

35

**Metric**

Metric tons CO2e per metric ton of product

**Base year**

2010

**Start year**

2016

**Normalized base year emissions covered by target (metric tons CO2e)**

0.16

**Target year**

2020

**Is this a science-based target?**

Yes, this target has been approved as science-based by the Science Based Targets initiative

**% of target achieved**

91

**Target status**

Underway

**Please explain**

Our 2020 commitment on GHG emissions was established using the science-based Sectoral Decarbonization Approach methodology, and requires that we reduce direct and indirect GHG emissions per tonne of product in every product category to achieve an overall reduction of 35% in our manufacturing operations versus 2010. We reported that target to CDP in 2017 and are reporting progress against the same target in 2018. Please note that we have updated our carbon emission factors including historical data. Therefore, the baseline has been updated as well to reflect these changes.

**% change anticipated in absolute Scope 1+2 emissions**

-21

**% change anticipated in absolute Scope 3 emissions**

0

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**C4.2**

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**(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**

**Target**

Other, please specify (Renewable electricity purchase)

**KPI – Metric numerator**

Renewable electricity purchased (MWh)

**KPI – Metric denominator (intensity targets only)**

Total electricity purchased (MWh)

**Base year**

2015

**Start year**

2015

**Target year**

**KPI in baseline year**

8

**KPI in target year**

100

**% achieved in reporting year**

34

**Target Status**

Underway

**Please explain**

Nestlé joined RE100 in 2014, thereby committing to having a strategy to procure 100% of electricity from renewable sources within the shortest practical timescale.

**Part of emissions target**

This target is to support the achievement of emissions targets that include scope 2 emissions.

**Is this target part of an overarching initiative?**

RE100

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**C4.3**

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**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

**C4.3a**

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**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	385	135378
To be implemented*	168	349712
Implementation commenced*	390	125423
Implemented*	100	162500
Not to be implemented	183	249051

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(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

**Initiative type**

Energy efficiency: Processes

**Description of initiative**

Process optimization

**Estimated annual CO2e savings (metric tonnes CO2e)**

14000

**Scope**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

2314000

**Investment required (unit currency – as specified in C0.4)**

4056000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

"The Nestlé Energy Target Setting aims to reduce our Scope 1 and 2 emissions. An Energy Target Setting (ETS) is a thorough analysis of the energy and GHG emissions in our sites aiming at issuing an action plan, validated by the Factory Management & Market Technical Management, unlocking the energy and water saving potential. The exercise lasts 10 days on-site and aims at:

- Analysing the energy/water conversion and use in the factory
- Identifying and documenting energy/water saving opportunities
- Establishing an action plan together with the factory and Market with clear accountabilities and timing.

ETS aims at issuing a roadmap of energy improvement projects covering building, industrial services and processes. Examples of energy- and CO2eq-saving projects implemented in 2018 include: our Toluca coffee factory – our biggest water user and energy consumer in Nestlé Mexico – sought to explore energy- and water-saving opportunities. We identified possible annual energy savings of 305 000 GJ, 116 000 m3 of water withdrawal reductions and a fall of 14 000 tonnes of CO2 emissions through the recovery and reuse of water and heat. The 29 projects built into the action plan are expected to save the factory CHF 3.3 million annually when all initiatives are implemented.

**Initiative type**

Low-carbon energy purchase

**Description of initiative**

Other, please specify (combination of renewables)

**Estimated annual CO2e savings (metric tonnes CO2e)**

148500

**Scope**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

8000000

**Investment required (unit currency – as specified in C0.4)**

41000000

**Payback period**

4 - 10 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

This is a combination of energy efficiency measures as well as procurement of renewable electricity.

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**Initiative type**

Other, please specify (Employee engagement: Reduction in long haul business trips by airplane; promotion of other forms of collaboration (virtual meetings, calls).)

**Description of initiative**

<Not Applicable>

**Estimated annual CO2e savings (metric tonnes CO2e)**

12650

**Scope**

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

3-5 years

**Comment**

Employees can contribute to the reduction of Scope 3 GHG emissions by re-considering the ways of collaborating: with proper preparation, virtual meetings can be as effective as meetings in person, in particular when long haul trips are needed. Tools for virtual collaboration have been deployed across the company over the past years. Employees are being encouraged to use them and thus actively contribute, whenever it is possible (when meetings can be transferred to virtual ones) to the reduction of Scope 3 GHG emissions associated to business travel.

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**Initiative type**

Other, please specify (Responsible sourcing of cocoa, palm oil, coffee and soybean (Difference between 2017 and 2018))

**Description of initiative**

<Not Applicable>

**Estimated annual CO2e savings (metric tonnes CO2e)**

751070

**Scope**

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

**Investment required (unit currency – as specified in C0.4)**

160000000

**Payback period**

No payback

**Estimated lifetime of the initiative**

Ongoing

**Comment**

The investment requirement considers not only responsible sourcing for the commodities mentioned above but also some other commodities and other sustainability initiatives undertaken in the reporting year. By sourcing responsibly these key commodities,

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what is being accounted in the reduction of GHG emissions is the avoidance of land use change (deforestation). The amount reported corresponds to the additional quantities sourced responsibly when comparing 2017 vs. 2018.

## C4.3c

### (C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	"Compliance is the foundation of how we do business and a non-negotiable requirement for everything we do. In addition to complying with laws, regulations and internal requirements, Nestlé has a strong set of values and principles that we apply across all the countries where we operate. Our overriding objective is to ensure that our investments are beneficial both for our shareholders and the countries where we do business. The Nestlé Environmental Requirements are mandatory across our plants. "
Employee engagement	"In addition to Environmental Sustainability managers, there are energy management functional roles at different levels that also contribute to drive investment in emission reduction activities. Business Technical manager sets market energy and emissions savings objectives for each Market in line with Corporate targets. The Market Chief Engineer defines the energy and emissions saving objectives for the factories and supports them together with the Market Environmental Sustainability manager. The Industrial services engineer directly supports the factory. At a factory level, the factory engineer is responsible and drives the energy conservation program that monitors utilities consumption and implements projects targeting energy use reduction and cost savings. The factory engineer is also responsible for establishing the factory specific Energy performance Indicators (EPIs) and monitor and analyses of EPIs together with the factory Environmental Sustainability manager and the line managers. "
Lower return on investment (ROI) specification	"The energy and other related sustainability projects are assessed separately using various parameters, such as energy savings in absolute GJ, absolute CO2 emission avoidance, absolute water savings and ROI. "
Marginal abatement cost curve	"All these abatement projects assessed for our factories are benchmarked considering the marginal cost of energy reduction. (GJ saved per CHF invested) and they are used to prioritize the projects. Monetary reward and incentives are linked to attainment of energy savings, thus of GHG reduction targets. "
Partnering with governments on technology development	"We work with governments and technology development such as development of low grade temperature refrigerant and alternative energy producers. "
Other	"Setting strict targets and public commitments. "

## C4.5

### (C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

## C4.5a

### (C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

#### Level of aggregation

Company-wide

#### Description of product/Group of products

"Packaging source optimisation programme. By optimizing the weight and volume of our packaging materials, emissions are avoided. We began optimising packaging in 1991, since then, we have avoided using 816 913 tonnes of packaging material and saved almost CHF 1.4 billion. In the last five years, we have avoided more than 395 350 tonnes of CO2eq. "

#### Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

#### Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Scope 3 emissions assessment)

#### % revenue from low carbon product(s) in the reporting year

### Comment

"Other: The methodology used to assess the avoided emissions in the last five year is the one used to assess our Scope 3 emissions - Cat.1 Sub-category Packaging Material. The amount of packaging purchased is multiplied by the emission factor of the assigned datasets. The results are aggregated to obtain the GHG emissions associated. EcoInvent v2.2 was used, 78% of Packaging material have been considered and further extrapolated to account for total packaging material purchased. High resolution of packaging materials, using recycled materials where data is available (paper, cardboard, solid board, glass, Al, steel, PET). "

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### Level of aggregation

Group of products

### Description of product/Group of products

Drip filter vs soluble coffee; A scientifically reviewed LCA compared the environmental performance of spray dried coffee Nescafé with other alternatives (i.e drip filter coffee). The study concluded that by enjoying a cup of coffee NESCAFÉ instead of a cup of drip filter coffee, 16.2 gCO<sub>2</sub>e are saved through the entire value chain. NESCAFÉ uses less energy and emits less GHG emissions than drip filter coffee along the value chain. An estimate of 2 810 000 tonne of CO<sub>2</sub>e were avoided in 2017 by drinking NESCAFÉ instead of drip filter coffee. We assume that 5500 cups of Nescafe coffee are consumed every second worldwide.

### Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

### Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Life cycle assessment)

### % revenue from low carbon product(s) in the reporting year

### Comment

Other: The comparison between spray dried soluble coffee and alternatives LCA has been published in a scientific paper called "Life cycle assessment of spray dried soluble coffee and comparison with alternatives (drip filter and capsule espresso)" by Sébastien Humbert et al, Journal of Cleaner Production Volume 17, Issue 15, October 2009, Pages 1351-1358.

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### Level of aggregation

Product

### Description of product/Group of products

"Efficient coffee machine and better coffee extraction. This specifically refers to our new NESCAFÉ Milano 2 MTS 130 machine. The GHG emissions of a cup of coffee made by NESCAFÉ Milano are lower than cup of coffee made by the fresh brew of roasted generic coffee machine. Operating machines consume energy including when they are inactive (stand-by). Therefore, our coffee machine design has incorporated an efficient stand-by function, which can save energy consumption. Through saving energy, the GHG emissions are reduced. Scope 1 and Scope 2 emissions were avoided by a third party. "

### Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

### Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Life cycle assessment)

### % revenue from low carbon product(s) in the reporting year

### Comment

"Other: In 2016, a new LCA analysis was conducted entitled: Comparative LCA of a cup of espresso: soluble "Ispirazione Italiana" coffee vs. roast and ground coffee. Comprehensive ISO- and Nestlé GI-compliant project. The study compared the environmental performance of a 40ml espresso served by a range of different machines of the Milano range with the new Ispirazione Italiana coffee vs conventional roast and ground coffee, served by a reference machine. It was conducted according to the requirements of ISO 14040 and 14044 for a comparative assertion, using an assumption of an out-of-home consumption in Europe. The calculation assumed that 60 coffees are prepared per machine per day in the default scenario, without sugar and/or cream. The GWP taken from IPCC using 100 years horizon are: 1 for CO<sub>2</sub>; 25 for CH<sub>4</sub> and 298 for N<sub>2</sub>O. The difference in terms of carbon footprint for a cup of coffee is 22 g of CO<sub>2</sub>eq between a conventional R&G machine and Ispirazione Italiana in Milano MTS130 machine. The LCA assessment with the Milano 2 MTS 130 solution shows a 21% reduction of greenhouse gas emissions compared to roast & ground from a generic machine. The reason is a better extraction yield during soluble coffee manufacturing. Given the fact that the green coffee is modelled in the same way for R&G and Ispirazione Italiana soluble (55% from Colombia and 45% from Brazil), the impact of this stage is directly proportional to the amount of green coffee beans per espresso: 9.20 g green beans/cup for R&G vs. 5.97g green beans/cup for Ispirazione Italiana, which allows using about 35% less green coffee per cup. The Machine idle power and use stage consumption of Milano 2 MTS 130 is also lower than the generic machine, thus avoiding GHG emissions (28.6Wh/cup for R&G vs 24.7 Wh/cup with new solution). "

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## C5. Emissions methodology

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### C5.1

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**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

#### Scope 1

**Base year start**

January 1 2010

**Base year end**

December 31 2010

**Base year emissions (metric tons CO2e)**

3833272.82

**Comment**

#### Scope 2 (location-based)

**Base year start**

January 1 2010

**Base year end**

December 31 2010

**Base year emissions (metric tons CO2e)**

3099653

**Comment**

Following GHG Protocol, we have updated our carbon emission factors to most recent datasets and some of the 2010 figures have consequently been updated.

#### Scope 2 (market-based)

**Base year start**

January 1 2010

**Base year end**

December 31 2010

**Base year emissions (metric tons CO2e)**

3267609

**Comment**

Following GHG Protocol, we have updated our carbon emission factors to most recent datasets and some of the 2010 figures have consequently been updated.

### C5.2

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**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.**

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

## C6. Emissions data

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## C6.1

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(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**

3349632

**Start date**

January 1 2018

**End date**

December 31 2018

**Comment**

## C6.2

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(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

**Row 1**

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**Comment**

## C6.3

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(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

**Reporting year**

**Scope 2, location-based**

3249979

**Scope 2, market-based (if applicable)**

2547851

**Start date**

January 1 2018

**End date**

December 31 2018

**Comment**

## C6.4

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(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

## C6.4a

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**(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.**

**Source**

Head offices & Regional offices

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions are not relevant

**Explain why this source is excluded**

While emissions from office activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our manufacturing activities.

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**Source**

R&D

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions are not relevant

**Explain why this source is excluded**

While emissions from R&D activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our manufacturing activities.

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**Source**

Some recently acquired factories

**Relevance of Scope 1 emissions from this source**

Emissions excluded due to recent acquisition

**Relevance of location-based Scope 2 emissions from this source**

Emissions excluded due to recent acquisition

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions excluded due to recent acquisition

**Explain why this source is excluded**

"Some recent acquisitions have not yet been implemented into the reporting system to track their emissions. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. "

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**Source**

Distribution centers and transportation

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions are not relevant

**Explain why this source is excluded**

All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are

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calculated and aggregated together with the outsourced activities as a whole and are therefore included in our scope 3 emissions disclosure.

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## C6.5

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### (C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

#### Purchased goods and services

##### Evaluation status

Relevant, calculated

##### Metric tonnes CO<sub>2</sub>e

69156197

##### Emissions calculation methodology

The amount of materials purchased is multiplied by the emission factor corresponding to a representative dataset (proxies are used if no representative dataset exists). The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: World Food LCA Database (v.3.4), ecoinvent v.3.5, Agribalyse, Agrifootprint, and Nestlé internal LCA databases. For selected raw ingredients, the input data was disaggregated so as to consider best practices (coffee, cacao, soy, palm oil) or regions (milk sourced from specific countries). In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors (aligned with the baseline's method). A contribution analysis was performed to identify the largest contributors to the overall results. In the case of packaging materials, this year the calculation used the amount of sold materials, so no extrapolation was needed. For services, Input/Output modelling was used, whereby the expenditure in CHF was linked to the respective GHG emissions of the types of services purchased. For Finished Goods, a lower coverage of the inputs was considered due to major uncertainty in the primary data available (no exact amounts of materials, no description of the type of materials). As a result, only 13% of the expenditure in Finished Goods is accounted for this year. An extrapolation to 100% is not appropriate as it would introduce unjustified uncertainty.

##### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

##### Explanation

To date, no GHG emissions data is collected directly from suppliers or value chain partners for this category.

#### Capital goods

##### Evaluation status

Relevant, calculated

##### Metric tonnes CO<sub>2</sub>e

425600

##### Emissions calculation methodology

Input/Output modelling was used, whereby the expenditure in CHF was linked to the respective GHG emissions of the types of fixed assets and consumables purchased. In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors (aligned with the baseline's method). A contribution analysis was performed to identify the largest contributors to the overall results.

##### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

##### Explanation

No GHG emissions data is collected directly from suppliers or value chain partners for this category.

## Fuel-and-energy-related activities (not included in Scope 1 or 2)

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

1365367

### Emissions calculation methodology

The amount of fuels and electricity purchased is multiplied by their respective emission factors. The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: ecoinvent v.3.5 for fossil fuels and wood; DEFRA (2018) for electricity generation, transformation and distribution, and losses. In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors (aligned with the baseline's method). A contribution analysis was performed to identify the largest contributors to the overall results.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

No GHG emissions data is collected directly from suppliers or value chain partners for this category.

## Upstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

2343655

### Emissions calculation methodology

Three default distances were used to estimate the contribution to the overall GHG emissions coming from upstream transportation and distribution. The total amount of materials purchased was allocated to three market sizes, and multiplied by default distances representing these as follows: a) 20% of materials purchased by small sized markets; distance traveled: 200 km by road transport b) 30% of materials purchased by medium sized markets; distance traveled: 300 km by road transport c) 50% of materials purchased by large sized markets; distance traveled: 1500 km by road transport. The source of emission factor is: ecoinvent v.3.5 for road transport. In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors (aligned with the baseline's method).

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

No GHG emissions data is collected directly from suppliers or value chain partners for this category.

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

90488

### Emissions calculation methodology

Transport from the factories to the disposal facilities was considered for materials going to landfill, incineration, composting and other disposal methods (35 km traveled by road transport). The amount of waste materials is multiplied by the emission factor of the assigned datasets. The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: ecoinvent v.3.5. In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors (aligned with the baseline's method). A contribution analysis was performed to identify the largest contributors to the overall results.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

No GHG emissions data is collected directly from suppliers or value chain partners for this category.

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

161014

### Emissions calculation methodology

- Air travel: As input to the calculations, the global report from BCD travel agency for Nestlé was considered. It details all trips taken and distances traveled and covers 85% of air travel. Emission factors for air travel were multiplied by the distances traveled in 2018. - Car rental: As input to the calculations, the global report from Avis car hire in 2018 was used. The report from the rental agencies for Europe and USA was considered. The data used covered 98% of reported car rental. - Private car use: This is a new category introduced in the calculations, which accounts for the use of private cars for business road trips in 2018. Based on the distance traveled, employees can claim a reimbursement for their cars' use. The data came from the financial reporting system. - Train travel: SBB, the Swiss federal Railways company provides an extract of the distances traveled by employees for business purposes and charged back to the company. The data is disaggregated by type of travel (regional, international, local).

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

Although data from car hire agencies and train travel do include calculations of GHG emissions, the primary data provided was used to re-calculate GHG emissions for reasons of consistency with the methodology used here.

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

294262

### Emissions calculation methodology

The average distance commuted in total (20.6 km, one way; 41.2 km return) was multiplied by the number of employees and the annual number of working days (230). The total distance traveled was then assigned to the 5 sub-categories of commuting as follows: a) Driving own car: 55% b) Car sharing: 5% (assuming 2 persons in the car) c) Riding a motorbike: 5% d) Taking the bus: 13% e) Taking the train: 7% The source of emission factors is ecoinvent v.3.5. In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors (aligned with the baseline's method).

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

No GHG emissions data is collected directly from suppliers or value chain partners for this category.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Explanation

Our standard business model and operation is such that we normally operate our own assets. Upstream leased assets have a negligible contribution to our mission. In consequence, this category has not been evaluated.



## Downstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

3260000

### Emissions calculation methodology

1. Data used 2017 data, as 2018 data is not yet available. For transport with own fleet, the reported fuel consumption is converted into CO2 emission using DEFRA emission factors. For outsourced transportation, we use as primary data information per transportation lane (distance, number of shipments, transport vehicle, tonnage transported) collected per market/business. For outsourced road transport, the fuel consumption is estimated using average fuel consumption per vehicle type for the reported transport distance, which is then converted into CO2 emission using DEFRA factors. For nonroad transport (always outsourced), the transportation volume is calculated in tonne.kms, which are then converted to CO2 emission using standard DEFRA factors. For warehousing, basic data is number of pallet spaces in markets or business per warehouse type (ambient, refrigerated, chilled, frozen). 2. Methodology Per reporting market, the CO2 emissions for transportation are summed up and shown with the following KPIs: absolute CO2 emissions, CO2 effectiveness (kg CO2e per tonne sold), CO2 efficiency (g CO2e per tonne.km), average distribution distance, breakdown to transport modes based on tonne.km transported (road, combined, rail, sea, air). The data of the reporting markets is aggregated separately for water and nonwater businesses. The global CO2e emissions for transportation are extrapolated to the complete sold volume, using separately the average CO2 effectiveness for nonwater business and for water business. For warehousing, the total energy consumption (assumption "electricity only") is estimated based on the number of pallet spaces multiplied with an average energy consumption per pallet per year, different per warehouse type (based on a separate reporting, which is done for the globally 100 biggest warehouses used by Nestlé). The electricity consumption is converted into indirect CO2 emission using country specific indirect CO2e emission factors. Extrapolation to global level for warehousing by applying the average CO2 emission per tonne of product to the remaining volume of products sold. 3. Quality The quality of the primary data is average to high. However, as only 40% of the global distributed volume is reported and considering a wide variation of CO2 effectiveness across different countries, the extrapolation to global volume is considered average.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Explanation

Most of our products are sold for direct consumption, which therefore does not involve further industrial processing. Processing of sold products is considered under Category 11, Use of sold products. In the case of food & beverage products, processing entails cooking, heating, refrigerating, and operation of delivery systems such as vending machines or preparation of beverages using capsules /pods.

## Use of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

27544018

### Emissions calculation methodology

One representative product per product category was selected for this calculation. An estimate of the use stage GHG emissions was obtained by multiplying the electricity and water consumed during the use stage by the country or region specific emission factors. The source of emission factors is ecoinvent v.3.5. In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors (aligned with the baseline's method).

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

No GHG emissions data is collected directly from suppliers or value chain partners for this category.

## End of life treatment of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

2504715

### Emissions calculation methodology

One to three representative products (brands) per branch were selected for this calculation. Packaging contributing to approximately 90% of the packaging mass per product was categorized into the following types: aluminum, cardboard, glass, paper and plastic. The remaining 10% were modeled as plastic waste. The waste treatment processes were based on global averages. Additionally, loss rates for these food products were included.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

No GHG emissions data is collected directly from suppliers or value chain partners for this category.

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Explanation

Our standard business model and operation is such that we normally operate our own assets. Downstream leased assets have a negligible contribution to our emissions. In consequence, this category was not evaluated.

## Franchises

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Explanation

Our standard business model and operation is such that we normally do not have any Franchises. Franchises have a negligible contribution to our emissions. In consequence, this category was not evaluated.

## Investments

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

265788

### Emissions calculation methodology

Two approaches were followed: a) Direct reporting on Scope 1 & 2 GHG emissions by companies b) Input/Output modelling: The investments in CHF made by Nestlé were linked to the respective GHG emissions of the sectors wherein these were made. In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors (aligned with the baseline's method).

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

90

### Explanation

Data from value chain partners is incorporated in Category 15, Investments. Scope 1 & 2 GHG emissions reported by partners where Nestlé invests are accounted as Nestlé's Scope 3 GHG emissions. The emissions reported by these partners are multiplied by a factor representing the ultimate capital shareholding by Nestlé in these companies. They represent 90% of emissions in this category.

## Other (upstream)

### Evaluation status

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Explanation

## Other (downstream)

### Evaluation status

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Explanation

## C-AC6.6/C-FB6.6/C-PF6.6

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### (C-AC6.6/C-FB6.6/C-PF6.6) Can you break down your Scope 3 emissions by relevant business activity area?

Yes

## C-AC6.6a/C-FB6.6a/C-PF6.6a

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### (C-AC6.6a/C-FB6.6a/C-PF6.6a) Disclose your Scope 3 emissions for each of your relevant business activity areas.

#### Activity

Consumption

#### Scope 3 category

Use of sold products

#### Emissions (metric tons CO2e)

27544018

#### Please explain

One to three representative products (brands) per branch were selected for this calculation. Packaging contributing to approximately 90% of the packaging mass per product was categorized into the following types: aluminum, cardboard, glass, paper and plastic. The remaining 10% were modelled as plastic waste. The waste treatment processes were based on global averages. Additionally, loss rates for these food products were included. As input to the calculations, sales figures by product category and country were used to calculate the number of products sold (same initial data used for Category 11). The GHGs emission factors used are taken from ecoinvent 3.5, using IPCC 2007, GWP100 (secondary data).

#### Activity

Consumption

#### Scope 3 category

End of life treatment of sold products

#### Emissions (metric tons CO2e)

2504715

#### Please explain

As input to the calculations, sales figures by product category and country were used to calculate the number of products sold (same initial data used for Category 11). The GHGs emission factors used are taken from ecoinvent 3.5, using IPCC 2007, GWP100 (secondary data).

#### Activity

Agriculture/Forestry

#### Scope 3 category

Purchased goods and services

#### Emissions (metric tons CO2e)

69156197

#### Please explain

The amount of materials purchased is multiplied by the emission factor of the assigned datasets. The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: World Food LCA Database (v.3.4), ecoinvent v.3.5, Agribalyse, Agrifootprint, and Nestlé internal LCA databases. For selected raw ingredients, the input data was disaggregated so as to consider best practices (coffee, cacao, soy, palm oil) or regions (milk sourced from specific countries). In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors. A contribution analysis was performed to identify the largest contributors to the overall results. In the case of packaging materials, it was necessary to apply an extrapolation factor of 27%, to account for the total purchases. For services, Input/Output modelling was used, whereby the expenditure in CHF was linked to the respective GHG emissions of the types of services purchased. Coverage: Raw materials: 100% of inputs considered Packaging materials: 100% of inputs considered Finished and semi-finished goods: 13% of inputs considered Services: 100% of services purchased.

C6.7

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**(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?**

No

C-AC6.8/C-FB6.8/C-PF6.8

---

**(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?**

No

C-AC6.9/C-FB6.9/C-PF6.9

---

**(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?**

**Agricultural commodities**

Cattle products

**Do you collect or calculate GHG emissions for this commodity?**

Yes

**Please explain**

Data for volumes of raw milk sourced directly in 29 different countries is collected. The GHG emissions associated with raw milk and calculated here accrue to 19'350'614 tons CO2-eq (17.7% of the total of Scope 3 GHG emissions calculated for 2018). GHG emissions associated with beef cattle products, consisting of fresh meat and byproducts accrues to 3'619'935 Tons CO2-eq (3.3% of the total of Scope 3 GHG emissions calculated for 2018).

---

**Agricultural commodities**

Other (Coffee)

**Do you collect or calculate GHG emissions for this commodity?**

Yes

**Please explain**

GHG emissions associated with coffee (Arabica And Robusta varieties) accrues to 4'365'326 tons CO2-eq (4.0% of the total of Scope 3 GHG emissions calculated for 2018). The calculations account for the fact that 57% of coffee was responsibly sourced in 2018, thus not including deforestation in the supply chain.

---

**Agricultural commodities**

Other (Cocoa)

**Do you collect or calculate GHG emissions for this commodity?**

Yes

**Please explain**

GHG emissions associated with cocoa accrues to 2'366'525 tons CO2-eq (2.2% of the total of Scope 3 GHG emissions calculated for 2018). The calculations account for the fact that 49% of cocoa was responsibly sourced in 2018, thus not including deforestation in the supply chain.

---

**Agricultural commodities**

Other (Soybean)

**Do you collect or calculate GHG emissions for this commodity?**

Yes

**Please explain**

GHG emissions associated with soybean accrues to 201'950 tons CO2-eq (0.2% of the total of Scope 3 GHG emissions calculated for 2018). The calculations account for the fact that 75% of soybeans were responsibly sourced in 2018, thus not including deforestation in the supply chain.

---

**Agricultural commodities**

Other (Palm oil and palm kernel oil)

**Do you collect or calculate GHG emissions for this commodity?**

No, not currently but intend to collect or calculate this data within the next two years

**Please explain**

GHG emissions associated to palm and palm kernel oil accrue to 868'395 tons CO2-eq (0.8% of the total of Scope 3 GHG emissions calculated for 2018). The calculations account for the fact that 64% of palm oil and palm kernel oil were responsibly sourced in 2018, thus not including deforestation in the supply chain.

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C-AC6.9a/C-FB6.9a/C-PF6.9a

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(C-AC6.9a/C-FB6.9a/C-PF6.9a) Report your greenhouse gas emissions figure(s) for your disclosing commodity(ies), explain your methodology, and include any exclusions.

#### Cattle products

##### Reporting emissions by

Total

##### Emissions (metric tons CO2e)

22970549

##### Denominator: unit of production

<Not Applicable>

##### Change from last reporting year

About the same

##### Please explain

Comparing the GHG emissions associated with raw milk and beef products (fresh meat and byproducts) between 2017 and 2018 show a reduction of 1.2%. The reduction can be explained by better management of raw milk (59% reduction in GHG emissions associated to milk losses) and a variation in volumes purchased in 2017 and 2018.

#### Other

##### Reporting emissions by

Total

##### Emissions (metric tons CO2e)

7802197

##### Denominator: unit of production

<Not Applicable>

##### Change from last reporting year

Much lower

##### Please explain

Comparing the GHG emissions associated with coffee, cocoa, palm oil, palm kernel oil and soybean between 2017 and 2018 show a reduction of 29.9%. The reduction can be explained by an increase in the share of responsibly sourced commodities, a variation in volumes purchased in 2017 and 2018 and updates in the emission factors for non-responsibly sourced commodities.

## C6.10

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**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

0.000063

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

5750460

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

91439000000

**Scope 2 figure used**

Market-based

**% change from previous year**

7.1

**Direction of change**

Decreased

**Reason for change**

A 7.1% decrease of our GHG emissions (Scope 1 & 2) per unit of revenue was achieved thanks to our emissions reduction activities. As explained in 4.3b under "Emissions reductions activities", we aim to use the most efficient technologies and apply best practices in order to further optimise energy, utilise sustainably managed renewable energy sources, recover value from by-products and control and eliminate emissions, including greenhouse gases. As a member of RE100, we aim to procure 100% of our electricity from renewable sources within the shortest practical timescale. In 2018, 34% of our electricity came from renewable sources avoiding 900'000 tCO2e to be emitted in the atmosphere; markets such as France, Brazil, Germany, Switzerland, UK, Italy, Poland, Czech Republic, Hungary, Sweden, Slovakia purchase already 100% renewable electricity. Globally, we have more than 40% of our factories that purchase renewable electricity. We have 23 factories generating direct energy from biomass (either wood or spent coffee ground). Our factories in Turku (Finland), Helsingborg (Sweden) and Montes Claros (Brazil) generated net zero GHG emissions in 2018. On energy efficiency, while we have grown by 24% since 2010, we have reduced our total energy consumption by 1%. We run "Energy Target Savings" programme designed to help our factory teams improve water and energy efficiency and reduce GHG emissions. Globally we implemented more than 500 CO2e savings projects in 2018. Our environmental reporting is based on operational control. We had to adapt the environmental reporting scope specifically for this question to align with the financial reporting scope. Emissions related to our joint ventures must be removed from the environmental reporting scope as they are excluded from our financial reporting scope.

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## C7. Emissions breakdowns

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### C7.1

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**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

### C7.1a

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**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	3289836	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	1004	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	2028	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	56764	IPCC Fifth Assessment Report (AR5 – 100 year)

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	690006
China	217657
India	200741
South Africa	128940
Mexico	160942
Spain	153810
Brazil	132676
Philippines	136531
France	131587
Pakistan	128972
United Kingdom of Great Britain and Northern Ireland	128492
Russian Federation	79526
Japan	71598
Malaysia	61596
Italy	63688
Chile	61575
Other, please specify (Rest of the world)	801295

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division

By facility

By activity

### C7.3a

**(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

Business division	Scope 1 emissions (metric ton CO2e)
Zone AMS	1159496
Zone AOA	1277043
Zone EMENA	680095
Nestlé Waters	119286
Other Nestlé Food	113712

### C7.3b

**(C7.3b) Break down your total gross global Scope 1 emissions by business facility.**

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
1	102500	41.9878	2.793
2	71834	31.42	73.58
3	66501	36.875364	-89.871318
4	64922	40.042454	-85.740477
5	61677	24.738217	118.14
6	60466	30.821253	75.150604
7	51296	30.372121	71.883432
8	50916	8.475003	124.730444
9	49780	12.141711	76.659937
10	44921	34.896607	134.734424
11	44265	-29.007803	29.870603
12	42524	-7.708246	112.861328
13	42098	37.687157	-77.013762
14	41278	6.502306	3.091294
15	38714	45.3743	126.324
16	37889	3.054602	101.513865
17	37741	43.3159	-3.8799
18	37365	19.289575	-99.617103
19	37275	40.259088	-74.275648
20	35657	-34.145319	22.10495
Rest of facilities	2330013		

### C7.3c

**(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

Activity	Scope 1 emissions (metric tons CO2e)
Milk products and Ice cream	971190
Powdered and Liquid Beverages	772734
PetCare	537470
Nutrition and Health Science	382904
Prepared dishes and cooking aids	320357
Confectionary	245690
Water	119287

### C-AC7.4/C-FB7.4/C-PF7.4

**(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?**

Partially

### C-AC7.4b/C-FB7.4b/C-PF7.4b

**(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.**

**Activity**

Processing/Manufacturing

**Emissions category**

<Not Applicable>

**Emissions (metric tons CO2e)**

3349632

**Methodology**

Default emissions factor

**Please explain**

"Includes fuel-and-energy-related activities (direct energy consumption) in our factories. Some recent acquisitions have not yet been implemented into the reporting system to track their emissions. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. "

**C7.5**

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United States of America	1049915	884253	2315660	284368
China	371790	361517	710866	31585
India	121342	111602	166086	236
South Africa	94881	94881	101423	0
Mexico	142959	69987	299647	191965
Spain	30934	7325	126437	193518
Brazil	49246	2293	400449	212418
Philippines	119881	82700	196655	34938
France	27765	1632	521550	335349
Pakistan	7037	7037	17910	0
United Kingdom of Great Britain and Northern Ireland	77822	25910	272132	192839
Russian Federation	70983	70983	203055	0
Japan	50333	50333	92203	0
Italy	29944	0	90192	149724
Chile	43489	30914	98656	136689
Other, please specify (Rest of the world)	864986	649812	2009512	702975

**C7.6**

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

- By business division
- By facility
- By activity

## C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Zone AMS	1040410	769887
Zone AOA	1117572	1079426
Zone EMENA	487536	214837
Nestlé Waters	489977	407291
Other Nestlé Food	114484	76410

## C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
1	78422	78422
2	70167	70167
3	43780	43780
4	43234	43234
5	40356	40356
6	36774	17048
7	34946	34946
8	34930	27890
9	34836	34836
10	33230	33230
11	32304	32304
12	30468	30468
13	28007	28007
14	27936	27936
15	27158	17646
16	27083	25354
17	26812	26812
18	26596	0
19	26133	0
20	25877	25877
Other s	2520930	1909538

## C7.6c

**(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Confectionary	347723	278340
Milk products and Ice cream	687602	578317
Nutrition and Health Science	302399	225487
PetCare	433602	281846
Powdered and Liquid Beverages	578681	485012
Prepared dishes and cooking aids	409996	291558
Water	489976	407291

**C7.9**

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**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

**C7.9a**

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**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	143000	Decreased	2.3	Gross Scope 1+2 emissions decreased by 2.3%, due to renewable electricity purchased. We have increased our renewable electricity purchased by 33.1% compared to 2017. Through these activities we reduced our emissions by 143000 tons CO 2e, and our total S1 and S2 emissions in the previous year was 6216259 tons CO2e, therefore we arrived at -2.3% through $(-143000/6216259) * 100 = -2.3\%$ (i.e. an 2.3% decrease in emissions).
Other emissions reduction activities	19500	Decreased	0.31	Gross Scope 1+2 emissions decreased by 0.3%, due to energy efficiency activities undertaken. We have achieved energy consumption reductions of -0.9% per ton of product. Through these activities we reduced our emissions by 19500 tons CO 2e, and our total S1 and S2 emissions in the previous year was 6216259 tons CO2e, therefore we arrived at -0.3% through $(-19500/6216259) * 100 = -0.3\%$ (i.e. an 0.3% decrease in emissions).
Divestment	56326	Decreased	0.9	Divesture/acquisitions resulted in a 0.9% decrease in 2018 emissions compared to 2017.
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output	99928	Decreased	1.61	If no additional measures had been introduced, change of volume and mix would have had an impact of only -1.61% on scope 1+2 (site level bottom up aggregation).
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

**C7.9b**

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

**C8. Energy**

**C8.1**

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

## C8.2

### (C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

## C8.2a

### (C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	2121034	14939619	17060653
Consumption of purchased or acquired electricity	<Not Applicable>	2466604	4753034	7219639
Consumption of purchased or acquired heat	<Not Applicable>	0	35867	35867
Consumption of purchased or acquired steam	<Not Applicable>	0	566281	566281
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	5090	<Not Applicable>	5090
Total energy consumption	<Not Applicable>	4592728	20294801	24887529

## C8.2b

### (C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

## C8.2c

### (C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

#### Fuels (excluding feedstocks)

Anthracite Coal

#### Heating value

LHV (lower heating value)

#### Total fuel MWh consumed by the organization

570472

**MWh fuel consumed for self-generation of electricity**

57047

**MWh fuel consumed for self-generation of heat**

114094

**MWh fuel consumed for self-generation of steam**

399331

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Diesel

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

578282

**MWh fuel consumed for self-generation of electricity**

57828

**MWh fuel consumed for self-generation of heat**

115656

**MWh fuel consumed for self-generation of steam**

404797

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Lignite Coal

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

125940

**MWh fuel consumed for self-generation of electricity**

12594

**MWh fuel consumed for self-generation of heat**

25188

**MWh fuel consumed for self-generation of steam**

88158

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---



**Fuels (excluding feedstocks)**

Liquefied Petroleum Gas (LPG)

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

78726

**MWh fuel consumed for self-generation of electricity**

7873

**MWh fuel consumed for self-generation of heat**

15745

**MWh fuel consumed for self-generation of steam**

55108

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Other, please specify (LPG (liquid))

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

555019

**MWh fuel consumed for self-generation of electricity**

55502

**MWh fuel consumed for self-generation of heat**

111004

**MWh fuel consumed for self-generation of steam**

388513

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

11621992

**MWh fuel consumed for self-generation of electricity**

1162199

**MWh fuel consumed for self-generation of heat**

2324398

**MWh fuel consumed for self-generation of steam**

8135395

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Residual Fuel Oil

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

1409188

**MWh fuel consumed for self-generation of electricity**

1162199

**MWh fuel consumed for self-generation of heat**

2324398

**MWh fuel consumed for self-generation of steam**

8135395

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Biogas

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

9354

**MWh fuel consumed for self-generation of electricity**

935

**MWh fuel consumed for self-generation of heat**

1871

**MWh fuel consumed for self-generation of steam**

6548

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Wood

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

1146900

**MWh fuel consumed for self-generation of electricity**

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114690

**MWh fuel consumed for self-generation of heat**

229380

**MWh fuel consumed for self-generation of steam**

802830

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Other, please specify (Coffe grounds)

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

964780

**MWh fuel consumed for self-generation of electricity**

96478

**MWh fuel consumed for self-generation of heat**

192956

**MWh fuel consumed for self-generation of steam**

675346

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

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## C8.2d

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**(C8.2d) List the average emission factors of the fuels reported in C8.2c.**

**Anthracite Coal**

**Emission factor**

0.09897

**Unit**

metric tons CO2e per GJ

**Emission factor source**

GHG Protocol Calculation Tools - derived from IPCC 2006 (Anthracite)

**Comment**

## Biogas

### Emission factor

0.05465

### Unit

metric tons CO2e per GJ

### Emission factor source

GHG Protocol Calculation Tools - derived from IPCC 2006 (Landfill Gas - LHV / NCV)

### Comment

## Diesel

### Emission factor

0.07434

### Unit

metric tons CO2e per GJ

### Emission factor source

GHG Protocol Calculation Tools - derived from IPCC 2006 (Gas/Diesel Oil)

### Comment

## Lignite Coal

### Emission factor

0.09817

### Unit

metric tons CO2e per GJ

### Emission factor source

IPCC 2006 (Brown Coal Briquettes)

### Comment

## Liquefied Petroleum Gas (LPG)

### Emission factor

0.06315

### Unit

metric tons CO2e per GJ

### Emission factor source

IPCC 2006 (LPG Gaseous - LHV / NCV)

### Comment

## Natural Gas

### Emission factor

0.05615

### Unit

metric tons CO2e per GJ

### Emission factor source

IPCC 2006 (Natural Gas - LHV / NCV)

### Comment

## Residual Fuel Oil

### Emission factor

0.07764

### Unit

metric tons CO2e per GJ

### Emission factor source

Set using Greenhouse Gas Protocol Stationary Combustion Tool for 'Residual Fuel Oil' (NCV - Manufacturing)

### Comment

## Wood

### Emission factor

0.11954

### Unit

metric tons CO2e per GJ

### Emission factor source

GHG Protocol Calculation Tools - derived from IPCC 2006 (Wood / Wood Waste - LHV / NCV)

### Comment

## Other

### Emission factor

0.10166

### Unit

metric tons CO2e per GJ

### Emission factor source

GHG Protocol Calculation Tools - derived from IPCC 2006 (Other Primary Solid Biomass Fuels - LHV / NCV)

### Comment

## C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1706065	1643492	212103	212103
Heat	3412131	3412131	1484724	1484724
Steam	11942457	11942457	1484724	1484724
Cooling	0	0	0	0

## C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

### Basis for applying a low-carbon emission factor

Power Purchase Agreement (PPA) with energy attribute certificates

### Low-carbon technology type

Solar PV

Wind

**Region of consumption of low-carbon electricity, heat, steam or cooling**

Latin America

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

328890

**Emission factor (in units of metric tons CO2e per MWh)**

0

**Comment**

"Nestlé has a power purchase agreement with CISAGAMESA, allowing approximately 85% of the total electricity consumed by Nestlé factories in Mexico to be supplied by wind power. The power purchase agreement entered into force in 2012 and started to deliver its environmental benefits since July 2012. A Purina site in the US has a direct power purchase agreement with a hydro project. A site in India has a direct PPA with a solar farm."

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**Basis for applying a low-carbon emission factor**

Contract with suppliers or utilities ( e.g. green tariff), supported by energy attribute certificates

**Low-carbon technology type**

Solar PV

Wind

Hydropower

**Region of consumption of low-carbon electricity, heat, steam or cooling**

Europe

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

608366

**Emission factor (in units of metric tons CO2e per MWh)**

0

**Comment**

United States, Germany, Philippines, Netherlands, Portugal, Sweden, Slovakia, Austria consumed renewable electricity.

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**Basis for applying a low-carbon emission factor**

Contract with suppliers or utilities (e.g. green tariff), not supported by energy attribute certificates

**Low-carbon technology type**

Hydropower

**Region of consumption of low-carbon electricity, heat, steam or cooling**

Latin America

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

345220

**Emission factor (in units of metric tons CO2e per MWh)**

0

**Comment**

"Nestlé Guatemala and Nestlé Panama consumed electricity generated from hydro power. Nestlé Brazil covers 100% of its electricity consumption with green power; the origin of the electricity in the trades is guaranteed by Brazil's National Electrical Energy Agency. A site in China consumed electricity generated from a hydro power."

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**Basis for applying a low-carbon emission factor**

Energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Solar PV

Wind

Hydropower

**Region of consumption of low-carbon electricity, heat, steam or cooling**

Europe

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

1184128

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**Emission factor (in units of metric tons CO2e per MWh)**

0

**Comment**

Nestlé Spain, Nestlé Italy, all sites in Switzerland, Poland, Hungary, Czech Republic and a Nestlé Waters factory in Greece cover their electricity consumption with Guarantees of Origin. Nestlé UK purchases GO to power its sites on renewable electricity, and will move to direct PPA once the wind farm they have commissioned will come on line in 2018.

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**C9. Additional metrics**

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**C9.1**

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**(C9.1) Provide any additional climate-related metrics relevant to your business.****Description**

Waste

**Metric value**

34380

**Metric numerator**

tons

**Metric denominator (intensity metric only)****% change from previous year**

45.3

**Direction of change**

Decreased

**Please explain**

"We reduced our waste for disposal by 45.3% in 2018 compared to 2017, to 34 ktonnes; At the end of 2017, 293 (2016:253) Nestlé factories achieved zero waste for disposal. By 2020, our objective is to achieve zero waste for disposal in all our sites. This means that eventually, no waste generated in our factory will go to landfill or be incinerated without energy or other resources being recovered from the process. "

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**Description**

Other, please specify (B-Products)

**Metric value**

1657074

**Metric numerator**

tons

**Metric denominator (intensity metric only)****% change from previous year**

0

**Direction of change**

No change

**Please explain**

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**Description**

Other, please specify (water withdrawal per ton of product)

**Metric value**

2.3

**Metric numerator**

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m3

**Metric denominator (intensity metric only)**

Tons of product

**% change from previous year**

1.5

**Direction of change**

Decreased

**Please explain**

"We have a target by 2020 to reduce direct water withdrawals per tonne of product in every product category to achieve an overall reduction of 35% since 2010. Some of the recent initiatives : - In 2018, we implemented 321 water-saving projects in our factories, for a total of savings of 3.7 million m3 of water. - 14 factories with Water Stewardship Plan. - 18 factories with the ""zero water technology"" implemented. "

**Description**

Other, please specify (water recycled)

**Metric value**

5860729

**Metric numerator**

m3

**Metric denominator (intensity metric only)**

**% change from previous year**

6

**Direction of change**

Decreased

**Please explain**

"In 2014, we were the first company in the world to implement zero water withdrawal technology at a dairy factory in Mexico. In 2015, we replicated the approach in our factory in Palmeira das Missões, Brazil, and included the technology early in the design of our new Dolce Gusto capsules factory in Montes Claros. As a result, this new factory was the first to be built with zero water technology in its original design. Zero water withdrawal is achieved by extracting and using water from milk, a commodity that represents a third of our business in Brazil. During the production of powdered and condensed milk, the whey is removed by evaporation, and further transformed into clean water for re-use in factories' cooling or cleaning processes. With this approach water withdrawal is reduced to zero. Since then, zero water technology has been implemented in five other factories, including our Modesto plant in California, where it will save a potential 286 million litres a year from 2018. Twelve factories have partially implemented the zero water technology. Facilities in South Africa, India, Pakistan and China are also incorporating this technology."

**C10. Verification**

**C10.1**

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place



## C10.1a

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**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.**

**Scope**

Scope 1

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Nestle CDP Assurance Statement 2019 issued v2.0.pdf

**Page/ section reference**

All

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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**Scope**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Nestle CDP Assurance Statement 2019 issued v2.0.pdf

**Page/ section reference**

All

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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## C10.1b

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**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

**Scope**

Scope 3- all relevant categories

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Attach the statement**

Nestle CDP Assurance Statement 2019 issued v2.0.pdf

**Page/section reference**

All

**Relevant standard**

ISAE3000

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**C10.2**

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

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**C10.2a**

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Progress against emissions reduction target	ISO14064-3	During the process of audit for our Annual External Report, auditors checked the evolution of CO2 Scope 1 and CO2 Scope 2 emissions and the renewable electricity purchased progress versus the respective targets.

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**C11. Carbon pricing**

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**C11.1**

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

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**C11.1a**

**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

EU ETS

## C11.1b

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**(C11.1b) Complete the following table for each of the emissions trading systems in which you participate.**

### EU ETS

**% of Scope 1 emissions covered by the ETS**

10

**Period start date**

January 1 2018

**Period end date**

December 31 2018

**Allowances allocated**

167376

**Allowances purchased**

142211

**Verified emissions in metric tons CO2e**

340381

**Details of ownership**

Facilities we own and operate

**Comment**

This includes 16 factories in scope. We carry out allowances from one year to another to off-set any required CO2.

## C11.1d

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**(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?**

Our strategy for complying with the EU ETS includes improving energy efficiency, switching to cleaner fuels (from coal to gas, for example) and investing in renewable sources, such as spent coffee grounds and wood from sustainably managed forests as well as solar and wind energy. In cases when those measures may not provide the amount of reductions necessary to comply with regulations, our strategy includes the purchase of carbon credits. Nestlé EU-ETS strategy is to remain compliant considering the following action plan: 1. Facilities which might face a credit deficit submitted an action plan to fulfill their EU-ETS allowances. 2. Evolution of CO2 emissions and progress on the corresponding action plans set by facilities are analysed on a quarterly basis. 3. Potential climate projects in emerging markets are continuously identified to create Certified Emission Reductions (CER) since these CERs could offset potential deficits of Nestlé facilities in Europe or be traded on the Carbon credit market and create additional revenues for Nestlé. At the end of 2017 16 Nestlé factories were participating and considered in scope of the EU ETS Phase III. The situation on emissions and allowances of each factory is closely monitored and analysed by Environmental Managers in each country.

## C11.2

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**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

## C11.2a

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**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

**Credit origination or credit purchase**

Credit origination

**Project type**

Agriculture

**Project identification**

For the carbon operations (3 countries out of the 5 where Agroforestry is deployed), audits are carried to certify the projects against Verified Carbon Standard (VCS; in Colombia) and against Ecocert – Reforestation solidaire Standard ( in Guatemala and Ethiopia). The independent organization, Ecocert, certified the 3 carbon projects are operated and managed to allow the sequestration of eq Co2 volumes over the projects' duration. The carbon credits generated in Colombia are registered in the VCS registry (<http://verra.org/project/vcs-program/registry-system/> ) while the the carbon credits generated under the Ecocert - Reforestation Solidaire are registered in the IPI platform registry (<http://www.insettingplatform.com/>). The total credit generated since 2014 are 533,800.

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

533800

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

533800

**Credits cancelled**

Not relevant

**Purpose, e.g. compliance**

Voluntary Offsetting

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**C11.3**

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**(C11.3) Does your organization use an internal price on carbon?**

Yes

**C11.3a**

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**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

**Objective for implementing an internal carbon price**

Other, please specify (asses and manage the risks and opportunities to our current operations)

**GHG Scope**

Scope 1

**Application**

We currently use carbon pricing as a tool to asses and manage the risks and opportunities to our current operations participating in EU-ETS Phase III. This helps us guide capital investment decisions for those 16 factories.

**Actual price(s) used (Currency /metric ton)**

16

**Variance of price(s) used**

Static

**Type of internal carbon price**

Shadow price

**Impact & implication**

Nestlé analysed financial implications for its factories in EU ETS Phase III. Assuming a CO2 price of 16 CHF/t in 2020, financial implication of the EU-ETS is estimated at a cumulative CHF 2-3m during Phase III, based on an increase in cost (increase in production and so in emissions compensated by standard efficiency measures, without major investments in emissions reduction), down from CHF 24-30m estimated during Phase II, due to CO2/t price decrease. The financial implication scale is minor to the company.

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**C12. Engagement**

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**C12.1**

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**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

**C12.1a**

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**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

**Type of engagement**

Engagement & incentivization (changing supplier behavior)

**Details of engagement**

Run an engagement campaign to educate suppliers about climate change

Other, please specify (Compliance with our Responsible Sourcing Standard )

**% of suppliers by number**

0

**% total procurement spend (direct and indirect)**

95

**% Scope 3 emissions as reported in C6.5**

55

**Rationale for the coverage of your engagement**

Recognizing that deforestation is a major contributor to climate change, in 2010, Nestlé undertook a commitment on no-deforestation, which aims to both tackle deforestation and improve the standard of forest stewardship, through the responsible

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purchasing of products from forests and forested landscapes. Nestlé's Responsible Sourcing Standard defines the way we source through care and respect for individuals, communities and the planet. It delivers on consumers expectations on where our products come from and how they are made. Nestlé's approach to Responsible Sourcing is a fundamental pillar of our purpose, enhancing quality of life and contributing to a healthier future. The Standard goes beyond industry norms and/or local regulations and is designed to encourage a dynamic transformation of our sourcing and related production activities. To help make this a reality, Nestlé supports the establishment of milestones to improve practices and contribute to intervention projects. Failure to continuously improve upon this can impact the ability of our supply chain to deliver to Nestlé, which could lead to, for example, delisting. Using this mindset, we base our approach on three fundamental guiding principles: 1) Have a positive impact on people, communities and the planet as part of our sourcing activities; 2) Together, support and contribute to creating shared value; and 3) Continuously improve practices to achieve the Standard requirements. Additionally, our unique program, Farmer Connect, is at the heart of our efforts to responsibly source ingredients. By connecting directly with farmers, it helps us ensure the supply of high-quality agricultural raw materials while providing traceability all the way to farm level. We work directly with more than 716 000 farmers worldwide to source raw materials for our products. Through Farmer Connect, we are designing programs to help these farmers address the challenges they're facing . These programs involve training farmers on efficient water use, promoting inter-cropping, and preserving biodiversity. Our activities have enabled us to develop a deeper understanding of what our suppliers and farmers need. This enables us to measure the program's impact and adopt a more comprehensive approach. We have selected to disclose % procurement spend over % of suppliers by number to align with our CSV reporting.

#### **Impact of engagement, including measures of success**

Our commitment on no-deforestation, which dates back to 2010, states that our products will not be associated with deforestation by 2020. Zero net deforestation activities such as protection of High Carbon Stocks, High Conservation Values, Peatlands, regardless of legal licenses to cut. Covers Palm, Pulp and Paper, Soya, Meat and Sugar. These commodities account for 4 million tons sourced annually by Nestlé. As of March 2019, 77% of our purchases of key agricultural commodities linked to deforestation (palm oil, pulp and paper, soya, meat and sugar) was verified as deforestation-free, versus 63% in 2018. We continue to work on identifying and addressing any risk in the remaining of our supply chains to reach our 2020 commitment. Acceleration has been mainly due to: improved traceability back to low / no risk locations; and launch of Satellite Monitoring (covering 15% total volume) sharpening the ground verification (but not yet serving as sole verification). Our partners in this work include: Earthworm, Proforest, SGS, and Airbus. Breakdown per commodity: Palm oil - 60% deforestation free (425, 000 MT) Pulp & paper - 93% deforestation free (935, 000 MT) Soya - 76% deforestation free (477,000 MT) Meat - 99% deforestation free (164,000 MT) Sugar - 71% deforestation free (1,920,000 MT)

#### **Comment**

See: Deforestation update: <https://www.nestle.com/asset-library/documents/creating-shared-value/responsible-sourcing/deforestation-update-march-2019.pdf> Responsible Sourcing at Nestlé: <https://www.nestle.com/aboutus/suppliers>

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#### **Type of engagement**

Compliance & onboarding

#### **Details of engagement**

Included climate change in supplier selection / management mechanism

Code of conduct featuring climate change KPIs

Climate change is integrated into supplier evaluation processes

#### **% of suppliers by number**

15

#### **% total procurement spend (direct and indirect)**

70

#### **% Scope 3 emissions as reported in C6.5**

80

#### **Rationale for the coverage of your engagement**

Our engagement is summarized by the Responsible Sourcing Standard which describes the requirements and ways of working that we apply together with our upstream supply chain third parties to ensure sustainable long-term supply and to reach the ambition of our purpose, especially to continually reduce our impact on the planet's resources. The Standard addresses various climate-related issues such as land conversion, energy management, and air quality, and integrates them in our ways of working with regards to sourcing and production for our supply chain tiers, from Nestlé to suppliers, through intermediaries and all the way back to the origins of the goods and services we buy.

#### **Impact of engagement, including measures of success**

As part of our commitment to preserve the natural environment, we aim that by 2020, 70% of the volume of our 14 priority categories of raw materials will be assessed against our Responsible Sourcing Standard requirements and will be compliant, or improvement plans to preserve natural capital will be ongoing. In 2018, already 72% of the volume of our 14 priority categories of raw materials are responsibly sourced.

## Comment

See: Nestlé Responsible Sourcing Standard: <https://www.nestle.com/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf> Responsible Sourcing at Nestlé: <https://www.nestle.com/aboutus/suppliers>

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## C12.1b

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### (C12.1b) Give details of your climate-related engagement strategy with your customers.

#### Type of engagement

Collaboration & innovation

*Nestlé is engaging with its customers on food loss and waste by being part of the United Against Waste platform, in Switzerland and Germany. Through this platform, knowledge and solutions against food waste along the value chain are elaborated. More recently, in April 2019, Nestlé and Carrefour gave consumers access to blockchain data for Mousline purée in France, to increase the traceability of the product. Consumers could use their smartphone or other device to scan a QR code on the Mousline packaging. This would in turn allow them to follow the journey of the product from the Nestlé factory in the north of France to Carrefour stores. They would see the production date, quality control parameters, storage times and the location of warehouses. In addition to the blockchain data, consumers will also find information on the farmers who supply the potatoes for Mousline and how the puree is made.*

#### Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

#### % of customers by number

10

#### % Scope 3 emissions as reported in C6.5

10

#### Please explain the rationale for selecting this group of customers and scope of engagement

We engage with customers on climate change, plastics and food loss and waste strategies through meetings, consultations. For example, we engage with Walmart to provide our input to the Sustainability Category Profile. We engage with Carrefour to provide access to consumers to blockchain data for Mousline Puree in France. This increases traceability of the product. We also engage with our customers through CDP supplier platform where we provide detailed information on the GHG emissions of our products and proposed collective areas of opportunities for the reduction of GHG emissions. For Nespresso, the supplier engagement strategy for climate is embedded in the overall AAA Program strategy which promotes regenerative agriculture via the deployment of sustainable agricultural practices aligned with Rainforest Alliance principles (no deforestation and conservation practices), Agroforestry models, low carbon practices (in alignment with NAMA café) and related innovations. We use brand communication to engage with our customers, through the Nespresso reward program for consumers surveys and commercial offer for B2B client. The Nespresso.com/the choices we make + Global campaign Nat geo and reward programs relate to Brand image. The other engagement strategies are decided at the local level to create awareness on the brand commitment with climate (i.e. rationale of brand image). In the case of Nespresso France carbon neutral contract, it was a business rationale, to ensure longer contract commitment with strategic B2B clients. We prioritize customers based on their interest and willingness to engage on the topic.

#### Impact of engagement, including measures of success

The strategy for prioritizing engagement is based on our customers interest and engagement in climate change, food loss and waste, traceability, and other sustainability topics. For CDP supply chain we prioritize based on the requests received. In 2018, we continued to engage with all customers that requested us specific information on GHG through the CDP supplier programme. For the Nespresso consumer reward program, we have 20 to 30% of consumers engage with it which we consider being a strong measure of success. Impact of engagement is measured by the performance of our products, customer service, customer satisfaction with level of implementation of collaborative projects. For example, in the case of Nespresso France carbon neutral contract, it was a business rationale, to ensure longer contract commitment with strategic B2B clients.

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## C12.1c

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**(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.**

Consumers

1) Engagement method: We help consumers make informed choices through credible, substantiated communication. We use relevant contact points such as digital, packaging and point-of-sale to inform consumers of action they can take when using our products and handling used packaging. We use Twitter and other social media to listen and respond to consumers on environmental issues that matter to them. We support and shape the development of environmental communication best practices and standards, working in collaboration with industry, government and public forums.

2) The strategy for prioritizing engagement is based the results of life cycle analysis of main products categories which show that the consumer use phase is significant. For example, a recent LCA of the new Nescafe Milano machine helped us identify that the consumer phase has a share of the GHG emissions due to the cup washing and machine cleaning. The NESCAFÉ Plan focuses on responsible consumption.

Other stakeholders

1) Methods of Engagement: Communication on the topic of environmental sustainability is an increasingly important part of our corporate communication strategy involving media relations and engagement with nongovernmental organisations, special interest groups, governments and public authorities. Our website (section on Our Impact) features our activities on environmental sustainability and water.

2) A strategic priority for us is to engage stakeholders and develop key partnerships. Our proactive engagement with stakeholders on environmental topics includes biennial external stakeholder convenings and other meetings (as needed). We also seek to nurture constructive relations with organisations critical of the Company's environmental performance.

3) Success is measured by the quality of the collaborations we engender through the various stakeholder convenings and meetings. The strategy for prioritizing engagement is as follows: we encourage our businesses to identify the stakeholders who are most important to their business at a national level. Our engagement at the global level is coordinated centrally, through the CSV Forum and stakeholder convenings. These stakeholder events inform our materiality process. Measure of success: Our objectives in 2018 were to understand stakeholder expectations and concerns; report back on progress against action points identified at the previous convening; stimulate fresh thinking; and prioritise key actions on our newly articulated purpose and ambitions. The convenings, which were facilitated by SustainAbility, were attended by 66 external expert stakeholders from multilateral agencies, non-governmental organisations (NGOs), industry associations, government representatives, farmer associations,

academics, investors and social entrepreneurs. The convenings were also attended by Nestlé senior management from its headquarters and the host country. The stakeholders were drawn from a wide range of NGOs, academic centres, governmental and intergovernmental organisations, think tanks, consultancies and social enterprises working in Nestlé's areas of impact: Individuals and families, communities, and the planet.

**C-AC12.2/C-FB12.2/C-PF12.2**

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**(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?**

Yes



**(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.**

**Management practice reference number**

MP1

**Management practice**

Agroforestry

**Description of management practice**

As part of The Positive Cup vision, Nespresso seeks to strengthen coffee farm resilience to climate change and help reverse the degradation of natural ecosystems through an extensive agroforestry program. Working with Pur Projet, we are planting trees in and around Nespresso AAA Sustainable Quality™ coffee farms. The agroforestry program will also help compensate the Nespresso residual operational carbon footprint. We believe that agroforestry is an important business opportunity, but also one that creates shared value in coffee farming regions. Trees not only provide carbon capture, but also promote soil nutrients, biodiversity, water conservation, shade for coffee trees, and long-term wood provision – which can itself secure longer-term futures for farmers.

**Your role in the implementation**

Financial  
Procurement

**Explanation of how you encourage implementation**

The Positive Cup's overall vision is to create a cup of coffee that has a positive impact on the world. Thus, Nestlé encourages its farmers in this management practice by assisting them to achieve high certification standards, through water management, biodiversity, and fair worker treatment. Nespresso also innovates with its partners to improve coffee farming's social dimensions: pensions, insurance, price volatility and climate change resilience. By 2020, even more of Nespresso coffee will meet the AAA Sustainable Quality™ standards, thanks to more farmers choosing to attain certification.

**Climate change related benefit**

Emissions reductions (mitigation)  
Increasing resilience to climate change (adaptation)  
Increase carbon sink (mitigation)

**Comment**

For more information: <https://www.nespresso.com/fi/en/our-choices/sustainable-quality>

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**Management practice reference number**

MP2

**Management practice**

Biodiversity considerations

**Description of management practice**

Nestlé Purina is part of the ReThink Soil initiative with The Nature Conservancy focusing on healthy farming practices. This not only helps farmers, but it improves drinking water quality, wildlife habitat, reduces greenhouse gas emissions and builds up resilience to extreme weather conditions like drought and flooding. Purina also believes that by investing in soil health, we are also investing in our own future. Strong soil health investments will help us to have continued access to the best pet food ingredients grown from US farms.

**Your role in the implementation**

Financial  
Knowledge sharing  
Operational

**Explanation of how you encourage implementation**

The Soil Health Partnership and Soil Health institute use demonstration farms to show the impact of soil health practices on a farm's profitability and on the environment. They also lead landowner outreach showing how soil health can improve the value of their land, as well as encouraging government policies to provide more incentives to help farmers get started using soil health practices. Purina have joined this movement by supporting The Nature Conservancy's reThink Soil initiative with a USD 1 million commitment.

**Climate change related benefit**

Emissions reductions (mitigation)  
Increasing resilience to climate change (adaptation)  
Increase carbon sink (mitigation)

**Comment**

For more information: <https://www.nestle.com/stories/nestle-purina-invests-healthy-soil>  
<https://www.nestleusa.com/media/pressreleases/purina-petcare-supports-nature-conservancy-soil-health>

**Management practice reference number**

MP3

**Management practice**

Organic farming

**Description of management practice**

Nestlé is involved with Sols Vivants, an initiative that supports farmers in the transition from their agricultural model to more sustainable practices. The objective is to produce with greater respect for the planet while valuing the work and the quality of productions.

**Your role in the implementation**

Knowledge sharing  
Operational

**Explanation of how you encourage implementation**

**Climate change related benefit**

Emissions reductions (mitigation)  
Increasing resilience to climate change (adaptation)  
Increase carbon sink (mitigation)

**Comment**

For more information: <https://solsvivants.org/indexen>

**C-AC12.2b/C-FB12.2b/C-PF12.2b**

**(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?**

Yes

**C12.3**

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Direct engagement with policy makers  
Trade associations  
Funding research organizations  
Other

**C12.3a**

**(C12.3a) On what issues have you been engaging directly with policy makers?**

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
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Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (No deforestation)	Support	<p>Nestlé believes that improving the sustainability of our raw materials will create shared value across the supply chain from local communities all the way through to consumers. The shared value will include inter alia maintenance and restoration of ecosystem services, improved farm economics, and stronger relations between the different actors in the supply chain. It has therefore produced a commitment on forests in order to describe its commitments to both tackle deforestation and improve the standard of forest stewardship, through the responsible purchasing of products from forests and forested landscapes. We have taken a proactive role in tackling deforestation, particularly in the responsible sourcing of palm oil, through our work to drive traceability, our work directly with suppliers and our support for the goal of the Consumer Goods Forum (CGF) to mobilise resources within our respective businesses to help achieve zero net deforestation by 2020. We also assisted the CGF in setting up the Tropical Forest Alliance 2020, a public-private partnership between the CGF and the governments of the USA, United Kingdom, Norway, the Netherlands and others that aims to reduce tropical deforestation associated with key global commodities. Nestlé has also backed the New York Declaration on Forests, whose vision is to halt and reverse the loss of forests, and participated in various conferences and events to raise awareness, seek solutions and develop collaborative efforts across different sectors to tackle deforestation in key locations such as Africa, South East Asia and Latin America. In 2014, we endorsed CDP climate change initiatives including the commitment to remove commodity-driven deforestation from all supply chains by 2020. In early 2017 we were a signatory to a cocoa industry initiative to tackle deforestation in west Africa. Related geographies: worldwide.</p>	<p>In our own Commitment on Deforestation and Forest Stewardship, we pledge that our products will not be associated with deforestation. This covers all the raw materials we use to make our products, and also packaging. Our Responsible Sourcing Guideline Framework for Forest-Based Materials has been developed to help procurement staff and suppliers implement our commitment. Five categories of raw material are central to our 'no deforestation' commitment, as they are considered to have the highest impact on deforestation and forest stewardship: palm oil, soya, cocoa, cattle and pulp and paper. Our approach to the challenge remains the same for all five: to work with suppliers and partners to map our supply chains back to the origin, then assess and develop our suppliers against our Responsible Sourcing Guideline. Other commodities including dairy products, coffee and cassava are also problematic in some places, and are being tackled accordingly country by country.</p>
Other, please specify (No deforestation)	Support	<p>Nestlé has endorsed CDP's six climate action initiatives, thereby committing to: • Adopt evidence-based GHG emissions reduction targets that will help limit global warming to below 2°C, aided by the 'Mind the Science, Mind the Gap' methodology developed by CDP, UN Global Compact, the World Resources Institute and the WWF; • Having a strategy to procure 100% of electricity from renewable sources within the shortest practical timescale; • Removing commodity-driven deforestation from all supply chains; • Providing climate change information in mainstream corporate filings; • Responsibly engaging policy makers on climate change policy; and • Putting a price on carbon.</p>	<p>Nestlé is committed to provide climate change leadership. Nestlé is continuously making efforts to improve the environmental performance of its operations in order to preserve natural resources and to be successful in the long term. Over the last 10 years, we have already made real progress, reducing direct GHG emissions per tonne of product by 39% while increasing production by 46%. We are on track to achieve our science-based 2020 objective, as we have reduced GHG emissions (Scopes 1 and 2) per tonne of product in every product category achieving an overall reduction of 32% in our manufacturing operations versus 2010.</p>
Other, please specify (Food Loss and Waste reduction)	Support	<p>In 2016, our CEO, Paul Bulcke, joined Champions 12.3, a coalition of government, industry and NGO influencers dedicated to accelerating progress towards halving food waste by 2030. Nestlé is indeed committed to further playing its part in helping to reduce food loss and waste to help contribute to a resource-efficient circular economy. This will allow us to secure our agricultural supplies while having a positive impact on society. We therefore engage with US EPA, EU Commission, UNEP/FAO.</p>	<p>As a company, we have played a leadership role with the CGF to adopt the public resolution of halving food waste from their members' own operations by 2025, five years ahead of UN SDG 12.3. To overcome one of the major challenges to measure food loss and waste, we steered the development of a major global and recognised protocol, the Food Loss and Waste Protocol (FLW Protocol) to coherently measure food loss and waste throughout the food chain.</p>
Other, please specify (Climate Change)	Support	<p>Nestlé is also one of 81 companies to sign the American Business Act on Climate pledge. The signatories are demonstrating their support for action on climate change and the conclusion of a climate change agreement in Paris that takes a strong step forward toward a low-carbon, sustainable future. By signing the American Business Act on Climate pledge, these companies are: • Voicing support for a strong Paris outcome. The pledge recognizes those countries that have already put forward climate targets, and voices support for a strong outcome in the Paris climate negotiations. • Demonstrating an ongoing commitment to climate action. As part of this initiative, each company is announcing significant pledges to reduce their emissions, increase low-carbon investments, deploy more clean energy, and take other actions to build more sustainable businesses and tackle climate change. These pledges include ambitious, company-specific goals such as: o Reducing emissions by as much as 50 percent, o Reducing water usage by as much as 80 percent, o Achieving zero waste-to-landfill, o Purchasing 100 percent renewable energy, and o Pursuing zero net deforestation in supply chains. • Setting an example for their peers. Today's announcements builds on the launch of the American Business Act on Climate Pledge in July. This fall, the Obama Administration will release a third round of pledges, with a goal of mobilizing many more companies to join the American Business Act on Climate Pledge. Related geographies: US</p>	<p>Nestlé has set ambitious targets for climate action, including target in reducing GHG emissions, waste for disposal and water withdrawal.</p>

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	Nestlé USA is a signatory of Ceres and its BICEP (Business for Innovative Climate & Energy Policy) coalition that urges federal policymakers to take action on climate change, asserting that a bold response to the climate challenge is "one of America's greatest economic opportunities of the 21st century." CERES public declaration calls to combat climate change, use less electricity, drive more efficient car, choosing clean energy and inventing new technologies. BICEP was founded on the belief that the energy and climate challenges facing the United States present vast opportunities, along with urgent risks, for U.S. businesses. A rapid transition to a 21st century, low-carbon economy will create new jobs and stimulate economic growth while stabilizing our planet's fragile climate. Related geographies: US	We Nestlé, as a member of BICEP, seek long-term prosperity for our businesses, our economy, and the countries and communities in which we operate. We work in every state and our products and services are in the homes and impact the lives of Americans across the country. As individual companies, we have taken strong steps to reduce our emissions and become more energy efficient, but we recognize that the U.S. must act boldly and swiftly to enact effective energy and climate policies to address the challenges and seize the opportunities we face. Only the market certainty provided by clear policies will spur development of an efficient clean energy economy at the necessary scale, and allow the U.S. to remain globally competitive. We, Nestlé propose to: i) continue to target the reduction of GHG emissions from its direct operations. The emphasis at the factories will be on energy efficiency and to increase the amount of energy derived from sustainably-managed renewable sources. ii) Extend the scope of its GHG reduction efforts along the value chain, including sourcing of raw materials, manufacturing, packaging, distribution, and consumer use and beyond. iii) Identify the reduction potential and put in place programmes for the different GHGs, particularly CO2, methane, NOx and F-Gases. iv) Further reduction in waste in the supply chain. v) Implement a strategy to tackle deforestation associated with its procurement of agricultural commodities. The strategy includes protection for high carbon soils and forests.
Carbon tax	Support	Nestlé endorsed CDP initiatives on carbon pricing. This includes agreeing to align with the UN Global Compact's Business Leadership Criteria on Carbon Pricing.	Together, with other 74 companies in the US, we met with a bipartisan group of federal lawmakers to call on Congress to pass meaningful climate legislation, including a price on carbon.
Other, please specify (Disclosure of climate related financial disclosure)	Support	In 2018, Nestlé decided to adopt and implement the TCFD's recommendations on climate risk disclosure, which should lead to better consistency in reporting of climate change risks and opportunities in our annual report.	In 2019, we improved our understanding and gathered the data needed to report on the TCFD. We focused this work on three commodities – coffee, wheat and dairy in selected geographies. We will participate of the preparum forum with the WBCSD.

### C12.3b

#### (C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

### C12.3c

#### (C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

##### Trade association

FoodDrinkEurope

##### Is your position on climate change consistent with theirs?

Consistent

##### Please explain the trade association's position

Food and Drink manufacturers are committed to contributing fully to the policy objectives in the field of climate change and are undertaking a wide range of activities and investments to cut greenhouse gas emissions and energy use, as well as to consider adaptation measures. Position: FoodDrinkEurope supports long-term emission reduction targets based on impact assessments leading up to a low carbon economy by 2050 (a more detailed positioning concerning the "transition towards a carbon neutral Europe by 2050" is currently under preparation). Energy efficiency should be seen an important driver for both climate change mitigation and competitiveness. Promotion of energy efficient technologies, such as Combined Heat and Power, is needed. Resource efficiency plays a key role in tackling climate change. Food and drink manufacturers are increasingly acting as bio-

refineries often contributing to renewable energy production.

#### **How have you influenced, or are you attempting to influence their position?**

Nestlé is a member of the Board. We actively engage in the Environmental Sustainability Committee of FoodDrinkEurope, which represents the European food and drink industry. Our focus 2019 lies very much on the implementation of the EU Waste Legislation and the EU Plastics Strategy (i.a. Single-use plastics Directive). Both legislative packages are triggering very important changes in the sustainable design and effective end-of-life management of our packaging. In line with the Nestlé Global Plastics Packaging Commitments we are working on a more circular and resource-efficient way to produce, use and reuse/recycle our packaging products. The FoodDrinkEurope Environmental Sustainability Committee has drafted a "Sustainable Packaging Roadmap" outlining the industry's vision of future packaging design and recycling. In parallel, Nestlé continued its contribution to the "Every Meal Matters" FoodDrinkEurope campaign with a video testimony on how we work with the Banco Alimentare (food bank) in Italy shared on FoodDrinkEurope online assets. We provided further information on collaborations with food banks and charities in Sweden, Spain and the UK. We contributed to the reporting exercise initiated by FoodDrinkEurope on Food Waste and Losses, outlining the different initiatives in our group working to this end. These fed into FoodDrinkEurope's contribution to the European Commission's Joint Research Center's technical brief on the 'assessment of food waste prevention actions'.

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#### **Trade association**

WBCSD

#### **Is your position on climate change consistent with theirs?**

Consistent

#### **Please explain the trade association's position**

The World Business Council for Sustainable Development (WBCSD) is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. It is involved in a number of key processes and dialogues around the world, particularly the United Nations Framework Convention on Climate Change. Its mission is to accelerate the transition to a sustainable world by making more sustainable businesses more successful. Its position regarding climate and energy is to accelerate the development of low-carbon technology solutions to stay below the 2°C ceiling. Its position regarding water is to ensure safe access to water, sanitation and hygiene (WASH) in the workplace. WBCSD vision 2050 must have include: Incorporating the costs of externalities, starting with carbon, ecosystem services and water, into the structure of the marketplace; Doubling agricultural output without increasing the amount of land or water used; Halting deforestation and increasing yields from planted forests; Halving carbon emissions worldwide (based on 2005 levels) by 2050 through a shift to low-carbon energy systems; Improved demand-side energy efficiency, and providing universal access to low-carbon mobility.

#### **How have you influenced, or are you attempting to influence their position?**

Nestlé is a member of the WBCSD and Magdi Batato, Executive Vice President of Operations, represents Nestlé in the WBCSD Council. We actively support the LCTPi work through the RE100 initiative as well as the low carbon freight action. With a solid framework and clear agenda, LCTPi is a unique, action-oriented program that brings together companies and partners to accelerate the development of low-carbon technology solutions to stay below the 2°C ceiling. We also support the WBCSD's pledge to ensure safe access to water, sanitation and hygiene (WASH) in the workplace. Nestlé has supported the WBCSD in its aim to reach 50 signatory companies. To date, 47 signatories have adopted the WASH Pledge, representing 2.4 million employees in Europe, the United States, Africa, Asia and the Middle East. Internally, we are committed to achieving and maintaining WASH for all our employees. In 2017 an estimated 100% of employees had access to WASH; We remain in the process of continuing self-assessments across our facilities, identifying and correcting gaps through action plans.

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#### **Trade association**

European Food Sustainable Consumption and Production Round Table

#### **Is your position on climate change consistent with theirs?**

Consistent

#### **Please explain the trade association's position**

The European Food Sustainable Consumption and Production Round Table objectives are centred around three main topics in the management of environmental sustainability along the European food chain: -Identification of scientifically reliable and uniform environmental assessment methodologies for food and drink products, including product category specifications where relevant, considering their significant impacts across the entire product life-cycle; -Identification of suitable communication tools to consumers and other stakeholders, looking at all channels and means of communication; -Promotion of and reporting on continuous environmental improvement along the entire food supply chain and engaging in an open dialogue with its stakeholders. We actively participate in the consultations and steering meetings.

#### **How have you influenced, or are you attempting to influence their position?**

We, Nestlé, co-chair together with the European Commission the steering committee on behalf of the food sector. We support its position. We also support and shape the development of communications best practice and standards, working in collaboration with industry and government, and leading forums such as the European Food Sustainable Consumption and Production Round Table and FoodDrinkEurope.

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**Trade association**

UN Global Compact

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

A global strategic policy initiative. It encourages businesses globally to adopt more sustainable responsible policies. In addition to its core environmental principles, the UN Global Compact is focusing on two of the most critical — and related — environmental issues of this century: climate change and water sustainability. In this regard, participants are encouraged to join the following engagement platforms: • Caring for Climate: The Global Business Leadership Platform – a voluntary and complementary action platform for companies seeking to demonstrate leadership on climate change. Caring for Climate demonstrates how committed business leaders can advance practical solutions, shape public opinion and government attitudes. • The CEO Water Mandate – a policy framework to assist companies in the development, implementation and disclosure of comprehensive water policies and practices — in partnership with civil society, UN agencies, specialized institutes, and public authorities.

**How have you influenced, or are you attempting to influence their position?**

Nestlé provides Communication on Progress towards UNGC goals and principles through our comprehensive yearly Nestlé in Society report, which describes the company's efforts implementing the Advanced criteria. We also provide relevant information through our Annual Report, Consolidated Financial Statements and our website, nestle.com. As a founding member of UNGC LEAD, a group of companies leading the way to a new era of sustainability. We also report progress against additional criteria of the Blueprint for Corporate Sustainability Leadership, a document designed to improve corporate sustainability performance. Nestlé's own Corporate Business Principles incorporate the UNGC's Ten Principles and we reflect the basic concepts of fairness, honesty and respect for people and the environment in all of our business actions.

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**Trade association**

Consumer Goods Forum

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

The Consumer Goods Forum (CGF) is a global industry network that brings together the CEOs and senior management of over 650 retailers, manufacturers, service providers and other stakeholders across 70 countries. It is led by a Board of Directors of 54 CEOs. It is focused on advancing the industry through strategic priorities including sustainability. The CGF Resolution on Deforestation states: "As the Board of the Consumer Goods Forum we pledge to mobilise resources within our respective businesses to help achieve zero net deforestation by 2020. We will develop specific, time bound, and cost effective action plans for the different challenges in sourcing commodities like palm oil, soy, beef, paper and board in a sustainable fashion." Nestlé is a founding member of the CGF.

**How have you influenced, or are you attempting to influence their position?**

We actively participate on the Sustainability Steering Committee, Deforestation Alignment Group, Palm oil, Soy, Paper Working Groups, Refrigeration, Sustainability - Measurements & Reporting group. In 2010, Nestlé made a 'no deforestation' commitment, stating that all of its products, globally, will not be associated with deforestation by 2020. This commitment was the first of its kind by a food company, and covers all the raw materials we use to make our foods and beverages, as well as our packaging, making traceability and transparency crucial. A significant number of traders and manufacturers have since followed our lead and developed sustainable palm oil policies and 'no deforestation' commitments of their own. During 2018 we participated in a working group to update the CGF no-deforestation commitment. This will be approved by the CGF board during 2019.

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**Trade association**

Consumer Goods Forum

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

The CGF Resolution on Refrigeration states: "As individual member companies, we commit to the following in all commercial and industrial refrigeration equipment under our control along the food & beverage supply chain: In markets where viable, to install new equipment that utilise only natural refrigerants or alternative ultra-low GWP refrigerants, effective immediately; In markets where barriers to deployment exist, to engage with our suppliers, civil society, business partners and governments to overcome remaining technical, regulatory and other barriers in certain geographies and sectors, to enable the purchase of new equipment that utilise only natural refrigerants or alternative ultra-low GWP refrigerants as soon as possible and no later than 2025; Work to reduce the total equivalent environmental warming impact of our existing and new refrigeration systems, including (but not limited to) improving energy efficiency, optimising refrigerant charge sizes, and minimising refrigerant leaks; Develop individual targets and action plans to measure and achieve the above and regularly publish information on progress."

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**How have you influenced, or are you attempting to influence their position?**

We influence the development of CGF positions and resolutions on climate change. We are an active member of the CGF's Sustainability Steering Committee, developing action plans to help achieve zero net deforestation by 2020, and mobilising resources to begin phasing out hydrofluorocarbon (HFC) refrigerants and replace them with natural refrigerant alternatives when purchasing point-of sale units and large refrigeration installations.

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**C12.3d**

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**(C12.3d) Do you publicly disclose a list of all research organizations that you fund?**

No

**C12.3e**

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**(C12.3e) Provide details of the other engagement activities that you undertake.**

Engagement activities with our employees : e-learning course enables employees to enhance their knowledge and learn how to apply environmentally sustainable business practices, including actions to mitigate climate change. Our 2020 commitment to run environmental sustainability training in all countries and continue to strengthen environmental awareness among employees was met 2 years ago.

Engagement activities with our farmers: The Nestlé Cocoa Plan aims to improve the lives of cocoa farmers and the quality of their products. Improving productivity by adopting good agricultural practices is key in improving farmers' income but also in using natural resources in a sustainable way. In 2018, more than 535,000 farmers received awareness raising sessions. We have invested 110 million CHF between 2010 and 2019. Nestlé is committed to eliminating deforestation from our supply chains by 2020. We signed the Cocoa and Forests Initiative with the World Cocoa Foundation and the governments of Ghana and Côte d'Ivoire. Following this, we developed an action plan, including an aim to distribute 2.8 million shade trees in four years.

Engagement activities with our competitors and other companies: Together, with other 74 companies in the US, we met with a bipartisan group of federal lawmakers to call on Congress to pass meaningful climate legislation, including a price on carbon.

**C12.3f**

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**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

Our internal governance structure:

The Board of Directors, the Chairman, CEO and Executive Board are responsible for the supervision and management of our role in society, and for the Creating Shared Value (CSV) strategy overall, including climate change. They are supported by relevant Committees to drive our ambitions and commitments and an external advisory group. (For additional reference, please see Nestlé's Internal Governance Structure: <https://www.nestle.com/csv/what-is-csv/governance>)

Executive Board

In 2018, the meetings of the Nestlé in Society Board was absorbed into Nestlé's Executive Board meetings. This level of coordination ensures that all of our direct and indirect activities that influence policy are consistent with our overall climate change strategy.

Nomination and Sustainability Committee

The Nomination and Sustainability Committee was established in 2016. It prepares the succession planning of the Board and periodically reviews other measures to ensure our company's sustainability and how its long-term strategy relates to our ability to create shared value.

The Nomination and Sustainability Committee currently comprises: Paul Bulcke, Henri de Castries (chair), Ann M. Veneman and Eva Cheng.

CSV Council (external advisory group)

Chaired by Janet Voûte, the Nestlé CSV Council currently comprises six external members, whose expertise spans corporate social responsibility, strategy, sustainability, nutrition, water and rural development. The group advises Nestlé management on implementing Creating Shared Value (CSV) and assesses our progress. Council members also participate in Nestlé's CSV Global Forum and form the judging panel for the Nestlé CSV Prize.

The CSV Council currently comprises: Cecilia Chatterjee-Martinsen, Georg Kell, Michael R. Kramer, José Lopez, Prabhu Pingali, Frederick K. Swaniker, Anne M. Veneman, Janet Voûte.

<https://www.nestle.com/csv/what-is-csv/governance>

To ensure that all engagements are consistent with the overall Nestlé strategy on climate change, position statements are available and reflect Nestlé's official position on specific issues that may prompt questions from external stakeholders, such as the media and NGOs. The Nestlé Policy on Environmental Sustainability and The Nestlé Commitment on Climate Change are available to all employees and used internally to align our position vis-à-vis climate change.

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**C12.4**



**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In mainstream reports, in line with the CDSB framework (as amended to incorporate the TCFD recommendations)

**Status**

Complete

**Attach the document**

**Page/Section reference**

Stewarding resources for future generations, pp.38-39 Stakeholder engagement and materiality mapping, p. 40-41 Principal risks and uncertainties, 54-55

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures

**Comment**

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

creating-shared-value-report-2018-en.pdf

**Page/Section reference**

Focusing on our material issues, p. 4 Enhancing rural development and livelihoods, p. 25, 29 For the Planet, p. 40 Acting on climate change, 46-48

**Content elements**

Governance  
Strategy  
Emissions figures  
Emission targets

**Comment**

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**Publication**

In voluntary communications

**Status**

Complete

**Attach the document**

**Page/Section reference**

<https://www.nestle.com/stories/home#/category/planet/1>

**Content elements**

Strategy  
Risks & opportunities  
Emissions figures  
Emission targets

**Comment**

Every day we touch billions of lives. We want to help shape a better and healthier world for individuals and families, for our communities and for the planet. Our stories take a deeper look at how Nestlé is making a difference.

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## C13. Other land management impacts

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### C-AC13.2/C-FB13.2/C-PF13.2

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**(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?**

Yes

### C-AC13.2a/C-FB13.2a/C-PF13.2a

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**(C-AC13.2a/C-FB13.2a/C-PF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.**

**Management practice reference number**

MP1

**Overall effect**

Positive

**Which of the following has been impacted?**

Biodiversity

Soil

Water

Yield

**Description of impacts**

Trees have hundreds of benefits. Planting trees within and around the coffee fields helps protect the crops. Thanks to their canopy and rooting system, they reduce the impact of climate deregulations. They generate multiple benefits for these farmers and their ecosystem: natural soil enrichment with nitrogen and organic matter, erosion reduction, water depollution and regulation, biodiversity regeneration. Moreover, trees offer diversified sources of income to farmers: fruits, timber, fuelwood, medicines, and they value the land. High-valued tree species can serve as well as a "safety net" for farmers, to pay for schooling or medical fees. Some farmers refer to them as their "pension fund", as they plan to cut some of these trees when they retire to cover their expenses.

**Have any response to these impacts been implemented?**

Yes

**Description of the response(s)**

Agroforestry is the solution implemented by Nespresso. Trees are one of the best investments you can make on earth. They cost just a few euros and take only a few minutes to plant, but will generate multiple economic and ecosystem services (soil, water, biodiversity...) for many years, and for free. They are a privileged way to balance human activities with nature. All agroforestry projects are fully designed and developed by the coffee farmers and their organisations. Nespresso assists them technically, but they choose and plant the trees, they maintain and monitor them, and also replant the ones that die. Nespresso is funding the whole program, with a very ambitious commitment to plant 10 million trees by 2020. This fosters multiple positive impacts on soil, water, biodiversity, farmer revenue, and of course on the quality of the coffees sourced for Nespresso Grands Crus.

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**Management practice reference number**

MP2

**Overall effect**

Positive

**Which of the following has been impacted?**

Biodiversity

Soil

Water

Yield

**Description of impacts**

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The Nature Conservancy's reThink Soil initiative causes a multitude of interlinked positive impacts. It's good for the environment (environmental conservation and increasing biodiversity), good for the farmer's bottom line (improved livelihoods and farming practices), and good for Purina (investment in its own future) and the pets that enjoy our healthy recipes.

**Have any response to these impacts been implemented?**

Yes

**Description of the response(s)**

In response to these impacts, technology is being used widely on the farms and Nestlé supports this development. Sensors, drones, computers, better seeds, and improved agronomic practices are all helping farmers treat natural resources with care.

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**Management practice reference number**

MP3

**Overall effect**

Positive

**Which of the following has been impacted?**

Biodiversity

Soil

Water

Yield

**Description of impacts**

Increasing soil organic matter can have significant impacts on offsetting carbon emitted by humans. In addition, this creates plenty of other properties including: - More nutrients: organic matter provides essential minerals and allows for better yields - Water absorption: this type of soil can absorb up to 20 times its mass in water. This is useful to reduce irrigation and fight against floods and droughts. - Erosion resistance: organic matter structures the soil which reduces mudflows from happening - Water filtering: purification for cleaner groundwater - Biodiversity: more organic matter means more life in the soil - Fewer plant phytosanitary products: healthy crops simply require fewer inputs

**Have any response to these impacts been implemented?**

Yes

**Description of the response(s)**

New practices, respectful of the soil, are developed with farmers. These rely on three principles: - Limit tillage: turning the land over means impoverishing it and releasing the carbon it has managed to trap. Therefore, it's best to let earthworms and biodiversity do the work - Between each crop, various plants are sown so that the soil is never exposed: with this vegetation cover, the plants can take CO2 from the air to grow. Then they are laid on the ground where they are decomposed and incorporated into the soil. - Diversification of crops and extended rotations: the same elements of the soil are not constantly being used and thus pests are repelled seeing as they do not have time to get used to the soils.

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## C14. Signoff

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C-FI

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**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

Please see the following documents for supporting information:

- The Nestlé Corporate Business Principles

[https://www.nestle.com/asset-library/documents/library/documents/corporate\\_governance/corporate-business-principles-en.pdf](https://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf)

- The Nestlé Policy on Environmental Sustainability

[https://www.nestle.com/asset-library/documents/library/documents/environmental\\_sustainability/nestle%20policy%20on%20environmental%20sustainability.pdf](https://www.nestle.com/asset-library/documents/library/documents/environmental_sustainability/nestle%20policy%20on%20environmental%20sustainability.pdf)

- The Nestlé Responsible Sourcing Standard

<https://www.nestle.com/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf>

- Nestlé Annual Review 2018

[https://www.nestle.com/asset-library/documents/library/documents/annual\\_reports/2018-annual-review-en.pdf](https://www.nestle.com/asset-library/documents/library/documents/annual_reports/2018-annual-review-en.pdf)

- The Corporate Governance Report 2018

[https://www.nestle.com/asset-library/documents/library/documents/corporate\\_governance/corp-governance-report-2018-en.pdf](https://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corp-governance-report-2018-en.pdf)

- The Financial Statements 2018

[https://www.nestle.com/asset-library/documents/library/documents/financial\\_statements/2018-financial-statements-en.pdf](https://www.nestle.com/asset-library/documents/library/documents/financial_statements/2018-financial-statements-en.pdf)

- Nestlé Creating Shared Value and meeting our commitments 2018 Report

[https://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/creating-shared-value-report-2018-en.pdf](https://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf)

- The Nestlé Commitment on Climate Change

<https://www.nestle.com/csv/impact/climate-change/climate-change>

- RE100 Spreadsheet

2019RE100-reporting-spreadsheet.xlsx

## C14.1

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**(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Operating Officer	Chief Operating Officer (COO)

## SC. Supply chain module

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### SC0.0

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**(SC0.0) If you would like to do so, please provide a separate introduction to this module.**

As stated in The Nestlé Policy on Environmental Sustainability, we apply a product life cycle approach involving our partners from farm to consumer and beyond. Specific to our food and beverage business we focus on water preservation, natural resources efficiency, biodiversity conservation, air emissions reduction, climate change adaptation, and zero waste. In our Corporate Business Principles, Nestlé commits to foster responsible practices in our supply chain. The Nestlé Supplier Code helps to implement this commitment. We want to ensure both responsible sourcing and supplier relationships that deliver a competitive advantage. Nestlé sources its raw materials either directly from farmers or from primary processors or traders. We prefer to use agricultural materials which are locally available. We foster environmental sustainability in the supply chain through: • the Responsible Sourcing Audit Programme which requests key vendors to demonstrate compliance with Nestlé’s environmental standards through independent third party audits; if corrective actions are required Nestlé, together with auditors, will guide vendors in upgrading their practices; • the Responsible Sourcing Traceability Programme which promotes transparency in our extended supply chains back to the farm or feedstock, implementing our commitments on no-deforestation, • responsible use of water, sustainable fisheries and animal welfare, and addressing other specific environmental aspects; • the Farmer Connect Programme which supports the farming communities where we source agricultural raw materials, and provides technical assistance on sustainable production methods; we also optimise the delivery of raw materials up to the factory; • the Sustainable Agriculture Initiative at Nestlé which shares best practices and lessons learned. The Nestlé Supplier Code establishes non-negotiable minimum standards that we ask our suppliers, their employees, agents and subcontractors to respect and to adhere to at all times when conducting business. The Nestlé Supplier Code is an integral part of all purchase orders, supply contracts and is being integrated into all other commercial agreements. The Nestlé Supplier Code is implemented in each market and business and is applicable to all suppliers. The Supplier Code is complemented by Responsible Sourcing Guidelines for specific raw and packaging materials. These guidelines are aligned with or go beyond internationally-recognised responsible production standards. We also work with partners and certification schemes such as the Rainforest Alliance, 4C Association, UTZ-certified that carry out independent verification to ensure compliance with their respective standards. For more information, please visit [www.nestle.com/csv/](http://www.nestle.com/csv/)

### SC0.1

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**(SC0.1) What is your company’s annual revenue for the stated reporting period?**

	Annual Revenue
Row 1	91439000000

### SC0.2

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**(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?**

Yes

## SC0.2a

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(SC0.2a) Please use the table below to share your ISIN.

	ISIN country code (2 letters)	ISIN numeric identifier and single check digit (10 numbers overall)
Row 1	CH	0038863350

## SC1.1

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(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

**Requesting member**

L'Oréal

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO<sub>2</sub>e**

21

**Uncertainty (±%)**

10

**Major sources of emissions**

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 CO<sub>2</sub> 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 (CO<sub>2</sub> eq). This indicator corresponds to Scope 1 of the WRI/WBCSD GHG Protocol. Gases included in the calculation are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from combustion processes and refrigerants losses in our factories over which the company has operational control are included. Process emissions are excluded as this is not relevant for our industry. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

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**Requesting member**

L'Oréal

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

0

**Uncertainty (±%)**

0

**Major sources of emissions**

No indirect GHG emissions due to renewable electricity purchased at our factory, Sofinol, that supplies L'Oréal.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from electricity, steam and heat purchased in our factories over which the company has operational control are included. Process emissions are excluded as this is not relevant for our industry. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

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**SC1.2**

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**(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).**

Please see:

2018 Consolidated Nestlé Environmental Performance Indicators (including Definitions & Comments), <https://www.nestle.com/asset-library/documents/creating-shared-value/consolidated-nestle-environmental-performance-indicators-2018.xls>

**SC1.3**

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**(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?**

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	Nestlé has a very large portfolio of products and services (more than 2000 brands) but may supply only part of it to its customers. Allocating the scope 1, 2 and 3 emissions of Nestlé entire portfolio would be inaccurate if the type of good supplied to customers has a lower or higher emissions intensity than the average emissions intensity of overall Nestlé portfolio. To obtaining product-level GHG data we have been conducting LCAs to further identify the environmental performance of our major product categories. We use EcodEx (Eco-design for Sustainable Product Development and Introduction) a LCA-based ecodesign tool that enables product development teams to systematically assess the environmental performance of a product faster and earlier in the design process, and to make fact-based decisions. The entire life cycle of our products, using environmental indicators such as climate change, land use, ecosystem quality, mineral and non-renewable resources and water consumption is taken into account. By the end of 2017, we evaluated and addressed the sustainability hotspots for 22 product categories since the introduction of eco-design software a decade ago. Evaluated 7005 projects and 20 608 scenarios using eco-design tools.
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	Our GHG Scope 1 and 2 emissions are reported at factory level. A single production facility can produce different products: a challenge is to allocate emissions between the different products manufactured in this facility and supplied to our customers. To obtaining product-level GHG data we have been conducting LCAs to further identify the environmental performance of our major product categories. We use EcodEx (Eco-design for Sustainable Product Development and Introduction) a LCA-based ecodesign tool that enables product development teams to systematically assess the environmental performance of a product faster and earlier in the design process, and to make fact-based decisions. The entire life cycle of our products, using environmental indicators such as climate change, land use, ecosystem quality, mineral and non-renewable resources and water consumption is taken into account. By the end of 2017, we evaluated and addressed the sustainability hotspots for 22 product categories since the introduction of eco-design software a decade ago. Evaluated 7005 projects and 20 608 scenarios using eco-design tools.
Managing the different emission factors of diverse and numerous geographies makes calculating total footprint difficult	Nestlé has a very large portfolio of products and services (more than 2000 brands) and present in more than 189 countries. Allocating the scope 1, 2 and 3 emissions of Nestlé entire portfolio would be inaccurate if the type of good supplied to our customers has a lower or higher emissions intensity than the average emissions intensity due to country specific lower emissions levels. This would require a very detailed list of products supplied to our customers with information on where it is manufactured.

**SC1.4**

**(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?**

Yes

**SC1.4a**

**(SC1.4a) Describe how you plan to develop your capabilities.**

The quality of LCAs is constrained by the availability of environmental data on food ingredients. To address this challenge, we have actively supported the development of the World Food LCA Database so that the food sector at large can benefit from sound and reliable datasets and we very much welcome its inclusion in EU Product Environmental Footprint compliant studies. The study is coordinated by LCA consultancy Quantis and 11 other partners. We are working with governments around the world to develop public databases. In particular, we are focusing on enlarging the scope of the input data on agricultural raw materials, as they constitute the main environmental impact of many products. Besides, we are continuing to improve EcodEX through a collaboration with the Montreal-based International Reference Centre for the Life Cycle of Products, Processes and Services (CIRAIG). We are currently working on incorporating information on statistical uncertainty into EcodEX and regionalising life-cycle inventory datasets for water flows and land use. Nestlé is also funding further data development, in collaboration with Quantis, to focus on ingredients not yet considered in other major databases. This data will undergo a critical review before being incorporated into the publicly available LCA database Ecoinvent.

**SC2.1**

**(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.**



**Requesting member**

L'Oréal

**Group type of project**

Other, please specify (Renewable energy)

**Type of project**

Other, please specify (Renewable electricity purchased)

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

3-5 years

**Estimated lifetime CO2e savings****Estimated payback**

Cost/saving neutral

**Details of proposal**

At Nestlé, we are committed to purchase 100% of our electricity from renewable sources by the shortest practical timescale. We strongly invite our customers to embrace this commitment.

---

**Requesting member**

Tesco

**Group type of project**

Other, please specify (Reduce food loss and waste)

**Type of project**

Other, please specify (Reduce food loss and waste)

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

0-1 year

**Estimated lifetime CO2e savings****Estimated payback**

0-1 year

**Details of proposal**

The proposal is to help further reduce food loss and waste of Nestlé products along the value chain. Nestlé is committed to Reduce Food Loss and Waste. In addition, we collaborate with The Consumer Goods Forum (CGF). In 2016, our CEO, Paul Bulcke, joined Champions 12.3, a coalition of government, industry and NGO influencers dedicated to accelerating progress towards halving food waste by 2030. This will enable us to contribute to a circular economy and allow us to secure our agricultural supplies while having a positive impact on society. As a company, we have guided the CGF to adopt the public resolution of halving food waste from their members' own operations by 2025, five years ahead of UN SDG 12.3.

---

**Requesting member**

Tesco

**Group type of project**

Other, please specify (Renewable energy)

**Type of project**

Other, please specify (Renewable electricity purchase)

**Emissions targeted**

Actions to reduce customers' operational emissions (customer scope 1 & 2)

**Estimated timeframe for carbon reductions to be realized**

3-5 years

**Estimated lifetime CO2e savings****Estimated payback**

Cost/saving neutral

#### Details of proposal

At Nestlé, we are committed to purchase 100% of our electricity from renewable sources by the shortest practical timescale. We strongly invite our customers to embrace this commitment. In July 2018, Nestlé opened a new wind farm at Sanquhar in Dumfries and Galloway, Scotland. The farm, developed in partnership with energy business Community Windpower, is made up of nine turbines which, combined, are now producing around 125GWh of power per annum. That's enough to supply half the annual electricity demands of all Nestlé's UK and Ireland operations. Each year, enough electricity to power 30,000 homes will be delivered back to the National Grid, meaning that Nestlé is now contributing directly to the de-carbonising of the UK and Ireland's electricity supply. Ecological surveys ensured that important habitats and species were not affected by the construction of the windfarm. This included avoiding the Black Grouse lek where the males display to each other and nationally important blanket bog. Many attenuation ponds were dug during construction to catch silt, these have been left in site and have attracted frogs, damselflies and whirligig beetles. Baskets have been put up in the trees next to moorland for Merlin to nest in. There are a suite of habitat improvements currently taking place including wetland improvements and tree planting, all designed to make the wind farm better for wildlife. Nestlé has made a global commitment to procure 100% of its electricity from renewable sources such as solar, wind and hydropower within the shortest practical timescale. Having met this target in 2016, Nestlé in the UK and Ireland is now leading the way for others with the opening of its own wind farm in partnership with Community Windpower, are now able to supply sustainable electricity back into the grid.

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#### Requesting member

Walmart, Inc.

#### Group type of project

Other, please specify (Renewable energy)

#### Type of project

Other, please specify (Renewable electricity purchased)

#### Emissions targeted

Actions to reduce customers' operational emissions (customer scope 1 & 2)

#### Estimated timeframe for carbon reductions to be realized

3-5 years

#### Estimated lifetime CO2e savings

#### Estimated payback

Cost/saving neutral

#### Details of proposal

At Nestlé, we are committed to purchase 100% of our electricity from renewable sources by the shortest practical timescale. We strongly invite our customers to embrace this commitment.

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#### Requesting member

Wal Mart de Mexico

#### Group type of project

Other, please specify (Renewable energy)

#### Type of project

Other, please specify (Renewable electricity purchased)

#### Emissions targeted

Actions to reduce customers' operational emissions (customer scope 1 & 2)

#### Estimated timeframe for carbon reductions to be realized

3-5 years

#### Estimated lifetime CO2e savings

#### Estimated payback

Cost/saving neutral

#### Details of proposal

At Nestlé, we are committed to purchase 100% of our electricity from renewable sources by the shortest practical timescale. We strongly invite our customers to embrace this commitment.

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#### Requesting member

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Wal Mart de Mexico

**Group type of project**

Other, please specify (Reduce food loss and waste)

**Type of project**

Other, please specify (Reduce food loss and waste)

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

0-1 year

**Estimated lifetime CO2e savings**

**Estimated payback**

0-1 year

**Details of proposal**

The proposal is to help further reduce food loss and waste of Nestlé products along the value chain. Nestlé is committed to Reduce Food Loss and Waste. In addition, we collaborate with The Consumer Goods Forum (CGF). In 2016, our CEO, Paul Bulcke, joined Champions 12.3, a coalition of government, industry and NGO influencers dedicated to accelerating progress towards halving food waste by 2030. This will enable us to contribute to a circular economy and allow us to secure our agricultural supplies while having a positive impact on society. As a company, we have guided the CGF to adopt the public resolution of halving food waste from their members' own operations by 2025, five years ahead of UN SDG 12.3.

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**Requesting member**

Target Corporation

**Group type of project**

Other, please specify (Reduce food loss and waste)

**Type of project**

Other, please specify (Reduce food loss and waste)

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

0-1 year

**Estimated lifetime CO2e savings**

**Estimated payback**

0-1 year

**Details of proposal**

The proposal is to help further reduce food loss and waste of Nestlé products along the value chain. Nestlé is committed to Reduce Food Loss and Waste. In addition, we collaborate with The Consumer Goods Forum (CGF). In 2016, our CEO, Paul Bulcke, joined Champions 12.3, a coalition of government, industry and NGO influencers dedicated to accelerating progress towards halving food waste by 2030. This will enable us to contribute to a circular economy and allow us to secure our agricultural supplies while having a positive impact on society. As a company, we have guided the CGF to adopt the public resolution of halving food waste from their members' own operations by 2025, five years ahead of UN SDG 12.3.

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## SC2.2

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**(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?**

Yes

## SC2.2a

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**(SC2.2a) Specify the requesting member(s) that have driven organizational-level emissions reduction initiatives, and provide information on the initiatives.**

**Requesting member**

Walmart, Inc.

**Initiative ID**

2018-ID1

**Group type of project**

Reduce Logistics Emissions

**Type of project**

Other, please specify (GHG Emissions reduction)

**Description of the reduction initiative**

In 2016, Walmart set a new goal to reduce emissions in their supply chain by 1 gigaton (1 billion metric tons) by 2030. To achieve this goal, Walmart launched Project Gigaton - an opportunity for suppliers to join Walmart in reducing greenhouse gas (GHG) emissions in the supply chain.

**Emissions reduction for the reporting year in metric tons of CO2e**

**Did you identify this opportunity as part of the CDP supply chain Action Exchange?**

No

**Would you be happy for CDP supply chain members to highlight this work in their external communication?**

Yes

---

**Requesting member**

Walmart, Inc.

**Initiative ID**

2018-ID2

**Group type of project**

Other, please specify (Recycling)

**Type of project**

Other, please specify (How2Recycle)

**Description of the reduction initiative**

At the Walmart Sustainability Milestone Summit event Nestlé Waters North America announced that they will be joining the How2Recycle® label program to educate consumers how to recycle packaging correctly. Walmart has demonstrated measurable influence in the sustainable packaging space recently by encouraging brands that sell at its stores to join How2Recycle.

**Emissions reduction for the reporting year in metric tons of CO2e**

**Did you identify this opportunity as part of the CDP supply chain Action Exchange?**

No

**Would you be happy for CDP supply chain members to highlight this work in their external communication?**

Yes

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**SC3.1**

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**(SC3.1) Do you want to enroll in the 2019-2020 CDP Action Exchange initiative?**

No

**SC3.2**

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**(SC3.2) Is your company a participating supplier in CDP's 2018-2019 Action Exchange initiative?**

No

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## SC4.1

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**(SC4.1) Are you providing product level data for your organization's goods or services?**

No, I am not providing data

Submit your response

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**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

**Please confirm below**

I have read and accept the applicable Terms