Nestlé - Climate Change 2020

C0. Introduction

C0.1

(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 favorites, and we are present in 187 countries around the world. Nestlé's purpose is "**We unlock the power of food to enhance quality of life for everyone, today and for generations to come".** We want to help shape a better and healthier world. 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 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 operationalize 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; Help to improve 30 million livelihoods in communities directly connected to our business activities; 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 business principles are to be found here : https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf

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
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

C0.3

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

Algeria
Angola
Argentina
Australia
Bahrain
Bangladesh
Belgium
Bolivia (Plurinational State of)
Brazil
Bulgaria
Cameroon
Canada
Chile
China
China, Hong Kong Special Administrative Region
Colombia
Côte d'Ivoire
Cuba
Czechia
Democratic People's Republic of Korea
Denmark
Dominican Republic
Ecuador
Egypt
Ethiopia
Finland
France
Germany

Ghana
Greece
Guatemala
Hungary
India
Indonesia
Iran (Islamic Republic of)
Ireland
Israel
Italy
Japan
Jordan
Kenya
Lebanon
Malaysia
Mexico
Morocco
Myanmar
Netherlands
New Zealand
Nicaragua
Nigeria
Pakistan
Panama
Papua New Guinea
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russian Federation
Saudi Arabia
Senegal
Serbia
Singapore
Slovakia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Thailand
Trinidad and Tobago
Tunisia
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Uzbekistan
Venezuela (Bolivarian Republic of)
Viet Nam
Zimbabwe

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 chosen approach for consolidating your GHG 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	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Elsewhere in the value chain only [Agriculture/Forestry/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 land dedicated to agriculture/forestry.

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

(C-AC0.6f/C-FB0.6f/C-PF0.6f) Why are emissions from distribution activities within your direct operations not relevant to your current CDP climate change disclosure?

Row 1

Primary reason

Outside the direct operations of my organization

Please explain

Most of our distribution activities (upstream and downstream) are managed by third parties.

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.

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.

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).

C1. Governance

C1.1

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

C1.1a

(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	The Nomination and Sustainability Committee of the Board of Directors of Nestlé provides strategic guidance on climate-related matters and reports to the full Board of Directors, which has overall oversight. In 2019, the Board of Directors approved the Group's long-term climate ambition to achieve zero net greenhouse gas emissions by 2050. The Nomination and Sustainability Committee oversees all aspects of our environmental, social and governance performance. It reviews reports and gives advice on measures which ensures the long-term sustainability of the Company in its economic, social and environmental dimension (including its response to climate change and related reporting) and monitors the Group's performance against selected external sustainability indexes. It reviews the Company's commitments on environmental, social and governance aspects as well as the annual Nestlé in Society report and discusses periodically how other material non-financial issues affect the Company's financial performance and how its long-term strategy relates to its ability to create shared value.
Chief Financial Officer (CFO)	Executive management responsibility on climate-related matters is shared by the Executive Vice President CFO and Executive Vice President Head of Operations.
Other C-Suite Officer	Executive management responsibility on climate-related matters is shared by the Executive Vice President CFO and Executive Vice President Head of Operations.

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	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	The Nomination and Sustainability Committee oversees environment, including climate change and the climate roadmap supporting the Group's 2050 net-zero ambition. It meets at least twice a year and as frequently as necessary to fulfill its task. 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 Head of Operations for GHG reduction. Climate is integrated into the company's enterprise risk management (ERM) process and reviewed by the Board of Directors 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. 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 Executive Board reviews and guides 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, Head of Operations).

C1.2

(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)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (EVP Head of Operations)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Financial Officer (CFO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

C1.2a

(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).

The Head of Operations and the CFO report to the CEO and reports on the topic of environmental sustainability, including climate-related issues, to Nestlé's Executive Board.

In 2018 the Group decided to follow the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. The CFO has the primary responsibility for overseeing financial disclosures and oversees the implementation of the TCFD recommendations and the scope includes:

- assessment of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

- risk management processes used by the organization to identify, assess, and manage climate-related risks

- metrics and targets used to assess and manage relevant climate-related risks and opportunities

The first disclosure in line with TCFD was published in the Nestlé's 2019 Annual Report.

In 2019, Nestlé announced its ambition to achieve zero net greenhouse gas emissions by 2050. Over the next two years, the Group will lay out a time-bound plan including interim targets consistent with the 1.5°C path. The Head of Operations oversees the creation and operationalization of the climate change roadmap globally.

Committees in place to support Nestlé's climate agenda and roadmap to achieve net-zero by 2050:

- Global Sustainability Committee: governs Nestlé's global sustainability strategy, including commitments and targets with focus on climate and sustainable sourcing. Chaired by Head of Operations and CEO of Zone Americas. Meets quarterly.

- Caring for Water Committee: oversees Nestlé's strategy on water, drives and develops our flagship initiative on water and assesses and manages major water-related risks and opportunities. Co- Chaired by Head of Operations, Head of Waters Strategic Business Unit and Head of Corporate Communications. Meets quarterly.

- Issues Round Table (IRT), issue management including climate-related issues. Co-chaired by the Head of Operations and General Counsel, Corporate Governance & Compliance. Meets monthly.

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 are submitted to the Executive Board.

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

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

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Other C-Suite Officer	Monetary reward	Emissions reduction target	In 2020 the EVP Head of Operations has the objective to develop an operational climate change roadmap for the Group consistent with a 1.5C pathway. The short-term incentive program includes this objective.
Energy manager	Monetary reward	Emissions reduction project	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).

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?
Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time 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 Assessment outlook time horizon.
Long-term	5	10	Timescale reflecting Group Business Strategy planning cycle of 10 years.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The Group conducts a materiality assessment every 2 years. This helps us identify the economic, social and environmental issues that matter most to our business and our stakeholders. As part of the process, Nestlé engages with external and internal stakeholders to better understand the issues that are of most concern to them. For each issue, the materiality assessment rates the degree of stakeholder concern as well as the potential business impact. In 2018, climate change was identified as one of Nestlé's material issues, being rated internally as having the potential to have a significant impact on Nestlé's success, whilst external stakeholders rated climate change as being of major importance to them.

Both qualitative and quantitative factors are considered when assessing if a material issue may have a substantive strategic impact on the Group. They include:

- does the issue have the potential to substantively affect the Group's strategy or its business model (either at a global level, category level, or across multiple categories)?

- does the issue have the potential to substantively affect one or more of the capitals the Group uses or accesses (e.g. talented, engaged workforce, capital funding)?

- does the issue have the potential to substantively influence the assessments and decisions of stakeholders?

To support in the Group's identification and assessment of potential substantive climate-related risks and opportunities, Nestlé decided to implement the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. In 2020, the Group began a project to assess Nestlé's exposure and resilience to climate change using scenario modelling covering both climate-related physical and transitional risks and opportunities. The modelling output analysis will be both qualitative and quantitative analysis with the objectives:

- assess the Group's substantive exposures to climate-related risks & opportunities under different climate scenarios

- help identify mitigation & adaptation actions to increase the Group's resilience to climate change

- support the development of the Group's climate ambition of net-zero by 2050 and the roadmap to achieve this ambition

- build internal awareness of key climate-related exposures and develop public disclosures to external stakeholders in line with the TCFD recommendations

The results of the scenario analysis will be available in the H2 2020 and will be used to inform our climate adaptation and mitigation interventions, time-bound targets and metrics to measure external and internal progress.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Short-term
Medium-term

Description of process
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. An example of physical risks considered would be exposures linked to changing temperatures and precipitations patterns, and how this 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. Farmer Connect is our sourcing program for working directly with farmers to identify local farming issues. Farmer Connect 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 as we learn more. Additionally, through the biennial Materiality Assessment, the Group engages with external stakeholders to collect a wide-range of independent perspectives of the climate challenge in the context of Nestlé, and the expectations of stakeholders in terms of Nestlé managing the adaptation and mitigation of its CCRO. One issue considered in the Materiality Assessment is "Product regulation and taxation". Through the lens of climate change, an example of a transition risk under this material issue is the introduction of mandatory requirements for food manufacturers 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 to ensure that the communication is accurate and can be substantiated.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Every three years or more

Time horizon(s) covered
Medium-term

Description of process
Property Loss Prevention Program (i.e. production sites, warehouses, distribution sites etc.) The Nestlé Global Property Loss Prevention Program is managed centrally by Nestlé' corporate Group Risk Services department which provides an in-depth identification of exposures to property risks including potential risks such as floods, wind storms, interruption of supply which etc. In general, our 400 plus factories are assessed every 3 years by an independent assessor. In 2019, 219 sites were assessed and reported on including recommendations to prevent and miminize damage and loss to physical assets. 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. This enables us to form decisions about the future standards of prevention and protection.

Value chain stage(s) covered
Upstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Not defined

Time horizon(s) covered
Medium-term

Description of process
Agriculture - Rural Development Framework Sustainable, economically viable farming must address material issues such as soil health, biodiversity and water. 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. Based on rural development assessments carried out to understand the needs of farmers who supply us, we are implementing programs to support them in seven priority locations. Having had results from four of the locations in 2018, we obtained results from the three remaining countries – China, India and Pakistan – in 2019.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Not defined

Time horizon(s) covered
None of the above/ Not defined

Description of process
Product Life Cycle Assessment Life-cycle assessments include analysis 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 ecosphere and ecosystems quality throughout a product's entire life-cycle. There is targeted use of screening LCAs on products during the renovation and innovation process. Full confirmatory LCAs suitable for external communication are

employed when claims are desired.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Compliance to existing regulations 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, The Ten Principles of the United Nations Global Compact, and the Alliance for Water Stewardship (AWS) standards. Compliance to current regulation is monitored by Market and Group Compliance Committees. Example: EU Emission Trading Scheme - emissions and allowances of each factory is closely monitored and analysed by Environmental Managers in each country.
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: emerging carbon pricing regulation closely monitored and analysed by Environmental Managers in each country. 2019 saw the largest number of carbon pricing initiatives being launched in a single year with ten initiatives entering into force.In 2019, South Africa became the first country in Africa to put a price on carbon, and Singapore's carbon tax also marked the first time a country in Asia introduced a carbon tax. (World Bank State and Trends of Carbon Pricing 2020)
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 or 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. Example - technology to support to end deforestation Nestlé is strongly opposed to deforestation and we remain committed to reaching 100% in line with our 2010 commitment. We expect 90% of our key agricultural commodities to be verified deforestation-free by the end of 2020. Real-time forest management and deforestation monitoring are generally challenged by inaccurate, incomplete and outdated information. Technology and innovative solutions can support in collecting and verifying data to increase transparency. Nestlé became the first global food company to implement a satellite-based service (Starling) to monitor 100% of its global palm oil supply chains. Starling was developed by Airbus and The Forest Trust (TFT, now Earthworm Foundation) as a global verification system evidencing that no deforestation is taking place throughout the supply chain. Starling uses cutting-edge technology combining high-resolution radar and optical satellite imagery to provide unbiased year-round monitoring of land cover changes and forest cover disturbances. Data collected along with its analytics enable companies to manage risks and perform field intervention strategies to drive changes. These 'eyes in the sky' monitor our palm oil supply chain 24/7, regardless of their certification status. This enables us to further disclose publicly what we find, where we choose to suspend non-compliant suppliers, and where we choose to engage and improve the situation. This will come with a request to suppliers to share their concession information, and work within the value chain with our partners to improve based on non-disputable evidences. This information along with our progress reports will be shared with our stakeholders, including consumers, investors and retailers.
Legal	Relevant, always included	Compliance with legal requirements is non-negotiable for Nestlé and therefore the expectation is for areas where a legal breach could result, must be captured in the risk assessments. Example: Starting in 2020, Mexico City implemented a change in their waste management law, and now single-use plastic bags are banned. From 2021, other single-use plastic items including cutlery, straws, cups and balloons will be banned. This law 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 2019), 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 and 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. bio-degradable, 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. Example: reducing waste including plastics Sector or business level reputation may be impacted (positively or negatively depending on the category) by shifts in consumer sentiment with respect to product packaging (including plastics). Collaborating with external partners is vital to quickly respond to complex challenges such as plastic waste. Nestlé engages with an open approach to external collaboration, which synergizes our internal R&D efforts and increases our access to disruptive ideas, technologies and business models. For example, Nestlé has a dedicated team, Open Innovation and Venturing, focused on external R&D collaborations, technology licensing and equity investments. In addition, in 2019, we launched the Nestlé R&D Accelerator based in Lausanne, Switzerland. It allows our employees and experts to collaborate with students, researchers from leading universities, suppliers and start-ups. In 2019, we commenced a collaboration with Danimer to develop PHA-based biodegradable bottles.
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 risks 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 are a member of 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 lead member of the UNGC, 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. Example: reducing waste including plastics Sector or business level reputation may be impacted (positively or negatively depending on the category) by increased stakeholder concern with respect to product packaging (including plastics). Collaborating with external partners is vital to quickly respond to complex challenges such as plastic waste. Nestlé engages with an open approach, which increases our access to disruptive ideas, technologies and business models. For example, in 2019, we launched the Nestlé R&D Accelerator based in Lausanne, Switzerland. It allows our employees and experts to collaborate with students, researchers from leading universities, suppliers and start-ups.
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. Nestlè'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 our climate roadmap including adaptation, mitigation and advocacy.

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

(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 & Primary climate-related risk driver

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

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

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. 46 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 100 and 200 million for Wind.

Time horizon
Medium-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)
0

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 using 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 2019, 46 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. An on-going intensive forward looking modelling work should help us estimating the impacts of Climate Change with a mid and end century time horizon.

Cost of response to risk
17000000

Description of response and explanation of cost calculation
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 2019, risk engineers experts inspected 219 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 1.8 million in 2019. These costs include the site visits, project reviews in terms of fire and natural hazard exposures and recommendations by specialists. In terms of implementation cost of the recommended measures, the annual average cost recently recorded in a system shows an actual cost of approx. CHF17m. It does not include all the protection system implemented during large projects (i.e new production line, greenfield projects). This is only the implementation cost of the recommendations made during the regular loss prevention visits. The climate change projection modelling should help us assessing the level of reinforcement and investments needed in the exposed region in the future.

Comment
The cost of response corresponds to the average annual implementation cost of the recommendations made during regular on-site Property Loss prevention assessments.

Identifier
Risk 2

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

Risk type & Primary climate-related risk driver

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

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
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)
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.

Cost of response to risk
160000000

Description of response and explanation of cost calculation
We want to help build a sustainable, long-term supply of ingredients. Farmer Connect is our sourcing program for working directly with farmers to identify local farming issues. We worked directly with more than 550k farmers and trained more than 400k farmers. 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 responsibly source coffee and improve farmer livelihoods and coffee landscapes. Together with our partners on the ground, we continue to train farmers in best agricultural practices, cost management and business skills. In 2019, 7228 farmer training sessions were carried out. Thanks to our partnership with the Rainforest Alliance, we measure our impact in 12 countries, enabling us to support the revitalization of coffee farms and achieve better results for farmers and the environment. During 2019, we passed the milestone of 200 million improved coffee plantlets distributed to growers (cumulative 200 million plantlets since 2010). The Nestlé Cocoa Plan aims to help farmers address the challenges they face through three pillars – better farming, better lives and better cocoa. Nestlé Cocoa Plan has cumulatively distributed more than 14 million plants and over 420000 shade trees. Activities such as training in better agricultural practices, distributing higher-yielding plants, and tackling deforestation which remains a major issues in cocoa regions. 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 reported above (CHF) includes some of the actions of our responsible sourcing program in 2018.

Comment

Identifier
Risk 3

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

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

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. Therefore at this point a potential financial impact is not provided.

Cost of response to risk

Description of response and explanation of cost calculation
The Group believes business benefits and positive societal impact must be mutually reinforcing. This is the core of our Creating Shared Value approach to business. That means responsibly manufacturing our products and managing our supply chain, bringing meaningful innovations to market, and building brands with purpose that delight. This is an integral part of doing business and reflected in the total cost of our operations and not separately identified. As a result, a cost of response to the risk is not given. Our approach to business is built top down and bottom up. We engage with stakeholders at every level to understand their reality. We use these insights to enhance the sustainability of our business by creating long-term partnerships that work to ensure the resilience and adaptability of our supply chains. Shared value starts with understanding , 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 2019 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. 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.

Comment

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
In order to limit warming to below 2.0°C, policy changes e.g. carbon pricing, energy demand and mix, land management restrictions etc. may be implemented in the next 3 to 5 years. 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 2019, 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 33.6 %.

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)
600000000

Potential financial impact figure – maximum (currency)
700000000

Explanation of financial impact figure
Assuming a single carbon price between USD 110-120 per ton of CO2e (Source: REMIND model) applying to our 2019 Scope 1 and Scope 2 emissions, the financial implications are estimated to be between CHF 600 and 700 million per year, figure will vary depending on evolution of GHG Scope 1 & 2, level of carbon pricing and geographic implementation of carbon pricing.

Cost of response to risk
41000000

Description of response and explanation of cost calculation
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 2) We have already exceeded our absolute emissions target (-23% vs -12% target), we have reduced our intensity target by 33.6% at the end of 2019. 3)As a member of RE100, we aim to procure 100% of our electricity from renewable sources within the shortest practical timescale. In 2019, 41% of our electricity came from renewable sources and a third of our factories (189) now use 100% renewable electricity. France, Brazil, Germany, Switzerland, UK, Italy, Poland, Czech Republic, Hungary, Sweden, Slovakia markets already purchase 100% renewable electricity. 4) 27 factories generate direct energy from biomass. Our factories in Turku (Finland), Helsingborg (Sweden) and Montes Claros (Brazil) generated net zero GHG emissions in 2019. 5)We grew by 21% since 2010, and reduced total energy consumption by 1.4%. “Energy Target Savings” programs help our factory teams improve water and energy efficiency and reduce GHG emissions.

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.

C2.4

(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

(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?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
An engaged generation of consumers is driving a new food ideology, with trends toward more natural and organic foods, plant-based proteins and simpler, healthier ingredients. They expect brands to provide experiences beyond the product, be authentic and act as a force for good – both socially and environmentally. Plant-based products should be delicious, offer a better nutritional profile and have a lower environmental footprint compared to meat. Through our strong innovation capacity, Nestlé developed our Garden Gourmet Sensational Burger in one year and launched it successfully in 10 European countries during 2019.

Time horizon
Medium-term

Likelihood
Very likely

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
Garden Gourmet vegetarian and plant-based food products continue to grow at a strong double-digit rate, helped by product launches such as the new vegetarian sausage.

Financial forecasts are business sensitive and not publically disclosed.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
We have the ambition and scale to be a major player in plant-based food products. Nestlé has developed a wide range of plant-based products that go beyond the burger, including vegan alternatives to chicken, cheese and bacon. In 2019 we achieved the following: - Through our strong innovation capacity, we developed our Garden Gourmet Sensational Burger in one year and launched it successfully in 10 European countries during 2019 - We also launched the Awesome Burger in the United States under the Sweet Earth brand - Both Garden Gourmet and Sweet Earth have developed a wide range of plant-based products that go beyond the burger, including vegan alternatives to chicken, cheese and bacon - Vegetarian and plant-based food products, including the Sweet Earth Awesome Burger and the Garden Gourmet Sensational Burger, saw strong double-digit organic growth, reaching sales of close to CHF 200 million

Comment

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

Primary potential financial impact
Reduced indirect (operating) costs

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 400 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)
300000000

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 300 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 2019 to 2030 to be aligned with 1.5°C decarbonization pathway (Halve 2019 GHG emissions = 0.5 x 5.6m tCO2e = 2.8m tCO2e), multiplied by an average price of carbon expected in 2030 of between USD 110-120 per ton of CO2e (Source: REMIND model). Assuming that all our plants have to comply with a regulatory carbon price in 2030, the potential impact estimate could be within the range of CHF300 – 400 million, figure will vary depending on evolution of GHG Scope 1 & 2, level of carbon pricing and geographic spread implementation of carbon pricing.

Cost to realize opportunity
41000000

Strategy to realize opportunity and explanation of cost calculation
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 ii) As a member of RE100, we aim to procure 100% of our electricity from renewable sources within the shortest practical timescale. In 2019, 41% of our electricity came from renewable sources; markets such as France, Brazil, Germany, Switzerland, UK, Italy, Poland, Czech Republic, Hungary, Sweden, Slovakia purchase already 100% renewable electricity. Globally, a third of our factories (189) now use 100% renewable electricity iii) We have 27 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 2019. iv) On energy efficiency, while we have grown by 21% since 2010, we have reduced our total energy consumption by 1.4%. Globally we implemented more than 700 CO2e savings projects in 2019.

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

Identifier
Opp3

Where in the value chain does the opportunity occur?
Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Reduced indirect (operating) costs

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, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
50000000

Potential financial impact figure – maximum (currency)
60000000

Explanation of financial impact figure
We estimate the cost avoidance for Nespresso France of this action at CHF 50 - 60 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 110 - 120/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.

Cost to realize opportunity
8250000

Strategy to realize opportunity and explanation of cost calculation
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). In France, Nespresso achieved full scope carbon neutrality 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 based on the scope for Nespresso France fully insetting for GHG Scope 1-3.

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

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?
Yes, qualitative and quantitative

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 2.6	In 2019 Nestlé announced its ambition to achieve zero net greenhouse gas emissions by 2050. In 2020 we began to build our low-carbon transition time-bound plan including interim targets consistent with the 1.5°C path. Nestlé will review its progress annually to ensure it is on track. In 2020 we began a project to assess Nestlé's exposure and resilience to climate change using scenario modelling covering both climate-related physical and transitional risks and opportunities. The modelling output analysis will be both qualitative and quantitative analysis with the objectives: - assess the Group's exposures to climate-related risks & opportunities under different climate scenarios - help identify mitigation & adaptation actions to increase the Group's resilience to climate change - support the development of the Group's climate ambition of net-zero by 2050 and the roadmap to achieve this ambition - build internal awareness of key climate-related exposures and develop public disclosures to external stakeholders in line with the TCFD recommendations The results of the scenario analysis will be available in the H2 2020 and will be used to inform our climate adaptation and mitigation interventions, time-bound targets and metrics to measure external and internal progress. The project will develop a digital modelling tool with the ability to mirror different Nestlé businesses and model climate-related scenarios to assess the exposures. The tool will incorporate a series of variables and potential outcomes aligned to agreed climate scenarios, and determine qualitative and quantitative outcomes depending on the business. The tool will provide a comparative and consistent methodology to identify Nestlé's key climate-related risks and opportunities between businesses and support in determining Nestlé's strategic resilience to climate change. The climate scenarios to be modelled include: IPCC RCP 2.6 The scenario is as per the most 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. 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. Under this scenario, the key climate-related risks are likely to be transitional risks up until 2030. Time horizons: - 5 years for transitional risks and opportunities - 5 years and 20 years for physical risks and opportunities Scope: - Full value chain Methodology: We are using the TCFD framework to identify key risks & opportunities Physical: - Acute: extreme weather events e.g. heatwaves, droughts, storms, flood surges - Chronic: higher average temperatures, sea level rise Transition: - Policy: carbon pricing, land use restrictions, agriculture subsidy regime change - Technology: energy demand and mix, renewables - Market: reduced demand for GHG-intensive products, increase demand in low-carbon products e.g. alternative proteins - Reputation: investor sentiment and portfolio allocations, changes to consumer sentiment to either favour or avoid certain categories of products and services
RCP 8.5	In 2019 Nestlé announced its ambition to achieve zero net greenhouse gas emissions by 2050. In 2020 we began to build our low-carbon transitiontime-bound plan including interim targets consistent with the 1.5°C path. Nestlé will review its progress annually to ensure it is on track. In 2020 we began a project to assess Nestlé's exposure and resilience to climate change using scenario modelling covering both climate-related physical and transitional risks and opportunities. The modelling output analysis will be both qualitative and quantitative analysis with the objectives: - assess the Group's exposures to climate-related risks & opportunities under different climate scenarios - help identify mitigation & adaptation actions to increase the Group's resilience to climate change - support the development of the Group's climate ambition of net-zero by 2050 and the roadmap to achieve this ambition - build internal awareness of key climate-related exposures and develop public disclosures to external stakeholders in line with the TCFD recommendations The results of the scenario analysis will be available in the H2 2020 and will be used to inform our climate adaptation and mitigation interventions, time-bound targets and metrics to measure external and internal progress. The project will develop a digital modelling tool with the ability to mirror different Nestlé businesses and model climate-related scenarios to assess the exposures. The tool will incorporate a series of variables and potential outcomes aligned to agreed climate scenarios, and determine qualitative and quantitative outcomes depending on the business. The tool will provide a comparative and consistent methodology to identify Nestlé's key climate-related risks and opportunities between businesses and support in determining Nestlé's strategic resilience to climate change. The climate scenarios to be modelled include: IPCC RCP 8.5 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. 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 average 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. Time horizons: - 5 years for transitional risks and opportunities - 5 years and 20 years for physical risks and opportunities Scope: - Full value chain Methodology: We are using the TCFD framework to identify key risks & opportunities Physical: - Acute: extreme weather events e.g. heatwaves, droughts, storms, flood surges - Chronic: higher average temperatures, sea level rise Transition: - Policy: carbon pricing, land use restrictions, agriculture subsidy regime change - Technology: energy demand and mix, renewables - Market: reduced demand for GHG-intensive products, increase demand in low-carbon products e.g. alternative proteins - Reputation: investor sentiment and portfolio allocations, changes to consumer sentiment to either favour or avoid certain categories of products and services

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	As part of our net-zero 2050 ambition, we are speeding up the transformation of the products in line with consumer trends and choices. Nestlé will launch more products that have a better environmental footprint and contribute to a balanced diet. This includes more plant-based food and beverage options. Nestlé will also look to reformulate its products using more climate-friendly ingredients. Consumer demand for such products is rapidly increasing, and Nestlé's core strategy is in line with this shift. The company is also moving to alternative packaging materials. In 2019, Nestlé announced its ambition to achieve zero net greenhouse gas emissions by 2050. During 2021, Nestlé will lay out a time-bound plan including interim targets consistent with the 1.5°C path. Nestlé will review and communicate progress annually to ensure we are on track to zero net greenhouse gas emissions by 2050.
Supply chain and/or value chain	Yes	As part of our net-zero 2050 ambition, we will scale up initiatives in agriculture to absorb more carbon. Nestlé will strengthen its programs with farmers to restore land and limit greenhouse gas emissions. This includes improved management of its dairy supply chain. Nestlé will step up efforts to protect forests by replanting trees and enhancing biodiversity. All of these initiatives will help build resilient agricultural communities. In 2019, Nestlé announced its ambition to achieve zero net greenhouse gas emissions by 2050. During 2021, Nestlé will lay out a time-bound plan including interim targets consistent with the 1.5°C path. Nestlé will review and communicate progress annually to ensure we are on track to zero net greenhouse gas emissions by 2050.
Investment in R&D	Yes	We are leveraging science to innovate to help address sustainability challenges - Collaborating with external partners is vital to quickly respond to complex challenges such as plastic waste. We engage with an open approach, which increases our access to disruptive ideas, technologies and business models. For example, in 2019, we launched the Nestlé R&D Accelerator based in Lausanne, Switzerland. It allows our employees and experts to collaborate with students, researchers from leading universities, suppliers and start-ups. - In Sub-Saharan Africa we launched an R&D innovation challenge targeted at start-ups and universities across six countries and includes environmentally-friendly packaging solutions and sustainable solutions for transport of cocoa plantlets, - In China we launched an open innovation challenge to encourage the development of environmentally-friendly packaging solutions with Qinghua University in Beijing. This will enable us to engage with China's research community. - In Switzerland we joined forces with universities ETH Zurich and Ecole Polytechnique Fédérale de Lausanne (EPFL) and Swiss companies Bühler and Givaudan to launch the Future Food Initiative. This focuses on research in the area of ancient grain varieties and plant-based food and beverages.
Operations	Yes	To steward resources for future generations, we strive for zero environmental impact in our operations. We set goals that include best environmental, social and governance practices across our operations. The company is making its distribution networks and warehouses more efficient by optimizing routes to reduce fuel consumption and to lower carbon emissions. In the company's top 100 distribution centers, greenhouse gas emissions have decreased by close to 40% over the past four years (Sept 2019). In 2019, Nestlé announced its ambition to achieve zero net greenhouse gas emissions by 2050. During 2021, Nestlé will lay out a time-bound plan including interim targets consistent with the 1.5°C path. Nestlé will review and communicate progress annually to ensure we are on track to zero net greenhouse gas emissions by 2050.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures Acquisitions and divestments Assets	Revenues As part of our net-zero 2050 ambition, we are speeding up the transformation of its products in line with consumer trends and choices. Nestlé will launch more products that have a better environmental footprint and contribute to a balanced diet. This includes more plant-based food and beverage options. Nestlé will also look to reformulate its products using more climate-friendly ingredients. Direct costs Nestle scaling up our renewable energy sourcing (41% of our electricity was sourced from renewable sources in 2019) in line with our net-zero 2050 roadmap. This will also reduce exposure to potential carbon pricing regulation. Nestlé will continue to increase the use of energy from renewable sources, this will enable suppliers to invest in new infrastructure such as wind and solar farms. Acquisitions & divestments 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). In 2019, Nestlé announced it has agreed to sell a 60% stake of Herta cold-cuts and meat-based products. Nestlé will retain and develop its existing Herta vegetarian business, in line with its increased focus on plant-based offerings. Capital expenditures & Assets 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 including capital investments 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. 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. In 2019, Nestlé announced its ambition to achieve zero net greenhouse gas emissions by 2050. During 2021, Nestlé will lay out a time-bound plan including interim targets consistent with the 1.5°C path. Nestlé will review and communicate progress annually to ensure we are on track to zero net greenhouse gas emissions by 2050.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

In 2019 Nestlé announced its ambition to achieve zero net greenhouse gas emissions by 2050. It embraces the most ambitious aim of the Paris Agreement, to limit global temperature rise to 1.5°C. With this announcement Nestlé is accelerating its climate change efforts. This builds on a decade of work to reduce greenhouse gas emissions. Over the past four years, Nestlé has aligned its objectives with science-based targets to keep the temperature increase below 2°C. The company is determined to play a leading role in tackling climate change and over the next two years, Nestlé will lay out a time-bound plan including interim targets consistent with the 1.5°C path. Nestlé will review its progress annually to ensure it is on track.

C4. Targets and performance

C4.1

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

Both absolute and intensity targets

C4.1a

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

Target reference number

Abs 1

Year target was set

2016

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2014

Covered emissions in base year (metric tons CO2e)

7621293

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

12

Covered emissions in target year (metric tons CO2e) [auto-calculated]

6706737.84

Covered emissions in reporting year (metric tons CO2e)
5597216

% of target achieved [auto-calculated]
221.318198018805

Target status in reporting year
Achieved

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

Please explain (including target coverage)
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 2019 and are reporting progress against the same target in 2020. 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.

Target reference number
Abs 2

Year target was set
2016

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Other, please specify (Scope 3)

Base year
2014

Covered emissions in base year (metric tons CO2e)
111228768

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2020

Targeted reduction from base year (%)
8

Covered emissions in target year (metric tons CO2e) [auto-calculated]
102330466.56

Covered emissions in reporting year (metric tons CO2e)
107411104

% of target achieved [auto-calculated]
42.9032891922349

Target status in reporting year
Retired

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

Please explain (including target coverage)
We report Scope 3 GHG emissions from 2018 (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method, and the results for 2019 Scope 3 are not available yet. Preliminary results from the re-calculation of 2018 as a new baseline indicate that final numbers will not vary significantly from data we already have reported. As a consequence of the changes described above, future comparison to the previously declared 2014 benchmark will not possible due to a more comprehensive and detailed inventory building and evaluation method, and updated characterization factors (IPCC 2007 GWP 100 vs. IPCC 2013 GWP 100). Therefore, the previous target of 8% reduction compared to 2014 is retired. In 2019, Nestlé signed the UN Global Compact Business Ambition for 1.5°C pledge and will now align with the science-based targets to keep temperature to the 1.5°C pathway. We anticipate setting new targets within the next 2 years.

C4.1b

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

Target reference number
Int 1

Year target was set
2016

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based)

Intensity metric
Metric tons CO2e per metric ton of product

Base year
2010

Intensity figure in base year (metric tons CO2e per unit of activity)
0.159

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure
100

Target year
2020

Targeted reduction from base year (%)
35

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]
0.10335

% change anticipated in absolute Scope 1+2 emissions
-23

% change anticipated in absolute Scope 3 emissions
0

Intensity figure in reporting year (metric tons CO2e per unit of activity)
0.106

% of target achieved [auto-calculated]
95.2380952380952

Target status in reporting year
Underway

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

Please explain (including target coverage)
Our 2020 commitment on GHG emissions was established using the science-based Sectoral Decarbonizatoon 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 2019 and are reporting progress against the same target in 2020. 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.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production
No other climate-related targets

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2015

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
Percentage

Target denominator (intensity targets only)
<Not Applicable>

Base year
2015

Figure or percentage in base year
8

Target year

Figure or percentage in target year
100

Figure or percentage in reporting year
41

% of target achieved [auto-calculated]
35.8695652173913

Target status in reporting year
Underway

Is this target part of an emissions target?
This target is to support the achievement of emissions targets that include scope 2.

Is this target part of an overarching initiative?
RE100

Please explain (including target coverage)
Nestlé joined RE100 in 2014, thereby committing to having a strategy to procure 100% of electricity from renewable sources within the shortest practical timescale.

C4.3

(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

(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	384	83952
To be implemented*	161	192951
Implementation commenced*		
Implemented*	747	236000
Not to be implemented	239	369034

C4.3b

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

Initiative category & Initiative type
Please select

Estimated annual CO2e savings (metric tonnes CO2e)
186000

Scope(s)
Scope 2 (market-based)

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
Ongoing

Comment
41% of our electricity now comes from renewable sources, this is a 18% increase versus 2018.

Initiative category & Initiative type
Please select

Estimated annual CO2e savings (metric tonnes CO2e)
50000

Scope(s)
Scope 1
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

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

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

Payback period
1-3 years

Estimated lifetime of the initiative
Ongoing

Comment

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
Please select

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

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 v.3.5 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).

Level of aggregation
Group of products

Description of product/Group of products
ReadyRefresh® by Nestlé® direct-to-consumer beverage delivery service has achieved carbon neutrality and earned the CarbonNeutral® company certification for the year 2020 in accordance with The CarbonNeutral Protocol.

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
Fleet improvements: ReadyRefresh is on track to convert 50% of its beverage delivery trucks to propane this year and has started to add electric vehicles to its last-mile fleet. - Route optimization: ReadyRefresh has implemented dynamic routing to meet evolving customer needs. This led to a reduction in customer delivery miles by 600,000 in 2019. - Road to rail: ReadyRefresh ships water dispensers to be cleaned and redeployed for use from the West to the East coast by train instead of by truck. Each month, transporting by train saves approximately 100 tons of carbon compared to traveling by truck. - Renewable energy: All ReadyRefresh branches in Texas use 100% renewable electricity purchased through a power purchase agreement, except for one where the option is unavailable. The renewable electricity helps reduce emissions by 397 tons per year. ReadyRefresh is exploring options toexpand its use of renewable electricity to its 11 branches in Florida and Pennsylvania in 2020. To address the remaining emissions after the above initiatives and to drive immediate progress on reducing its carbon footprint, ReadyRefresh worked with Natural Capital Partners to purchase carbon offsets in the regions, states and communities where it operates, enabling it to be certified as CarbonNeutral in 2020

Level of aggregation
Group of products

Description of product/Group of products
Nespresso is introducing, for the first time in the coffee market, capsules made using 80% recycled aluminium. The new capsules are now available for the Original Line Master Origin Colombia coffee and by the end of 2021, Nespresso aims to have the Original Line and Vertuo ranges of coffee capsules made using recycled aluminium.

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

% of total portfolio value
<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

The benefit of using recycled aluminium is linked to the amount of energy saved in the production of the aluminium. Recycled aluminium requires 95% less energy to produce than virgin aluminium, so it is well-suited to use in a circular business model. The new aluminium composition of our new capsules also uses 9.2% less aluminium per capsule and is 8% lighter. Using recycled aluminium and the thinner alloy also reduces the carbon footprint of Original Line capsules by 19%. When this new alloy is fully implemented for our full Original Line and Vertuo Line, these two elements together will result in an estimated 28.344 ton reduction overall in Nespresso's carbon footprint.

C5. Emissions methodology

C5.1

(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)
3268509

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

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(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)
3291303

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.2

(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

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

Reporting year

Scope 2, location-based
3206495

Scope 2, market-based (if applicable)
2305914

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.4

(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

(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 & R&D sites

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
New acquisitions

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.

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

C6.5

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

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
69156197

Emissions calculation methodology
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. 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 2007GWP 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

Please explain
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 CO2e
425600

Emissions calculation methodology
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. 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

Please explain
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 CO2e
1365367

Emissions calculation methodology
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. 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

Please explain
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 CO2e
2343655

Emissions calculation methodology
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. Three default distances were used to estimate the contribution to the overall GHG emissions comng 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

Please explain
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 CO2e
90488

Emissions calculation methodology
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. 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

Please explain
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
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. - 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). All emissions were calculated using the IPCC 2007 GWP 100 characterization factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

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

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
294263

Emissions calculation methodology
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. 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

Please explain
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>

Please explain
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. 2017 data reported 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 non road 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 effectivness (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 non water businesses. The global CO2e emissions for transportation are extrapolated to the complete sold volume, using separately the average CO2 effectivness for non -water 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 effectivness 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

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

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>

Please explain
This category is not relevant for Nestlé, as the company sells finished food products. Most of our products are sold for direct consumption, which therefore does not involve further industrialprocessing. 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
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. 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

Please explain
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
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. 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. In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
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>

Please explain
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>

Please explain
This category is not material to Nestlé's operation.

Investments

Evaluation status
Relevant, calculated

Metric tonnes CO2e
265788

Emissions calculation methodology
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. Two approaches were followed: a) Direct reporting on Scope 1 & 2 GHG emissions by companies, and b) Input/Output modelling: The investments in CHF made by Nestlé in 2018 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

Please explain
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>

Please explain

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>

Please explain

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

(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

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

Activity
Agriculture/Forestry

Scope 3 category
Purchased goods and services

Emissions (metric tons CO2e)
69156197

Please explain
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. Raw materials and packaging: The amount of materials purchased in 2018 was 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 main sources of emission factors are: World Food LCA Database (v.3.4) , ecoinvent v.3.5, 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 the case of packaging materials, it was necessary to apply an extrapolation factor of 27%, to account for the total purchases. In all cases, the results are calculated using the IPCC 2007 GWP 100. The value reported here represents the share of Category 1. Purchased goods and services that can be directly associated to raw food ingredients and fiber based packaging materials.

Activity
Consumption

Scope 3 category
Use of sold products

Emissions (metric tons CO2e)
27544018

Please explain
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. 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.

Activity
Consumption

Scope 3 category
End of life treatment of sold products

Emissions (metric tons CO2e)
2504715

Please explain
The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet. 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. The GHGs emission factors used are taken from ecoinvent 3.5, using IPCC 2007, GWP100 (secondary data).

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?
Yes

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

(C-AC6.8a/C-FB6.8a/C-PF6.8a) Account for biogenic carbon data pertaining to your direct operations and identify any exclusions.

CO2 emissions from biofuel combustion (processing/manufacturing machinery)

Emissions (metric tons CO2)
812930

Methodology
Default emissions factors

Please explain

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). The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet.

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. The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet.

Agricultural commodities
Other (Cacao)

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. The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet.

Agricultural commodities
Other (Coffee)

Do you collect or calculate GHG emissions for this commodity?
Please select

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. The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet.

Agricultural commodities
Other (Palm oil and palm kernel oil)

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

Please explain
GHG emisssions 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. The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet.

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

(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. The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet.

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. The values reported correspond to 2018 Scope 3 emissions as stated in the 2019 CDP Climate Change questionnaire (using IPCC 2007 GWP 100 method) because this year Nestlé has engaged in a thorough review of reporting boundaries and calculation method. The results for 2019 Scope 3 are not available yet.

C6.10

(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
0.000061

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
5597217

Metric denominator
unit total revenue

Metric denominator: Unit total
92568000000

Scope 2 figure used
Market-based

% change from previous year
4.2

Direction of change
Decreased

Reason for change
"A 4.2% 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. 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 accounting reporting scope. Our financial accounting rules now requires to exclude joint ventures, which is why emissions related to our joint ventures must be removed from the environmental reporting scope as explained above. After performing all these adaptations, we have a decrease in CO2e emissions of 4.2% per unit of revenue."

C7. Emissions breakdowns

C7.1

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

Yes

C7.1a

(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
CH4	922	IPCC Fifth Assessment Report (AR5 – 100 year)
CO2	3238632	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	1834	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	49915	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	715056
India	207851
Mexico	172610
Spain	162629
China	154117
South Africa	147303
Philippines	133756
France	133314
Brazil	128594
United Kingdom of Great Britain and Northern Ireland	127694
Pakistan	119163
Russian Federation	82964
Japan	72224
Chile	60727
Italy	59844
Malaysia	57387
Other, please specify (Rest of the world)	756070

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	1175782
Zone AOA	1218687
Zone EMENA	679752
Nestlé Waters	108645
Other Nestlé Food	108437

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	109904	41.9878	2.793
2	69049	31.42	73.58
3	70367	36.875364	-89.871318
4	71188	40.042454	-85.740477
5	36546	45.6435	38.9487
6	65297	30.821253	75.150604
7	45196	30.372121	71.883432
8	44605	8.475003	124.730444
10	46881	34.896607	134.734424
11	53271	-29.007803	29.870603
12	38465	-7.708246	112.861328
13	57882	37.687157	-77.013762
14	44592	6.502306	3.091294
15		45.3743	126.324
16	38580	3.054602	101.513865
17	38676	43.3159	-3.8799
18	37603	19.289575	-99.617103
19	36556	40.259088	-74.275648
20	37319	-34.145319	22.10495
Rest of facilties	2261393		
9	40376	21.358775	-101.926003

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	889765
Powdered and Liquid Beverages	795813
PetCare	572656
Nutrition and Health Science	376761
Prepared dishes and cooking aids	309572
Confectionary	238091
Water	108645

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)

3291303

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 for in Scope 2 market-based approach (MWh)
United States of America	1029446	773429	2270952	542080
India	125271	107172	173290	25037
Mexico	153083	72283	315339	178923
Spain	40193	6605	143798	115941
China	366512	357350	794087	16313
South Africa	88717	88717	98784	0
Philippines	139881	39283	208125	149677
France	35585	1407	513797	492474
Brazil	47168	1262	398356	392688
United Kingdom of Great Britain and Northern Ireland	70966	27473	276585	204819
Pakistan	8100	8100	19430	0
Russian Federation	73366	73366	214062	0
Japan	46922	46922	89477	0
Chile	44008	8235	1012018	81878
Italy	31506	0	96347	96347
Other, please specify (Rest of the world)	829550	610967	1989973	644335
Malaysia	76251	83373	199653	0

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 (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Zone AMS	1047457	676887
Zone AOA	1114994	1011617
Zone EMENA	484323	209829
Nestlé Waters	459922	345245
Other Nestlé Food	99799	62336

C7.6b

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

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
1	5449	0
2	77819	77819
3	27616	0
4	3513	3513
5	28688	28688
6	12097	12097
7	25431	25431
8	25204	7325
9	7074	7074
10	669	669
11	39283	39283
12	0	0
13	18939	5373
14	14655	0
15	17636	19897
16	50742	50742
17	22249	3538
18	14723	14723
19	18979	0
20	24849	24849
Other s	2770880	1984893

C7.6c

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

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Confectionary	341432	272436
Milk products and Ice cream	684178	557065
Nutrition and Health Science	299393	175001
PetCare	458363	252070
Powdered and Liquid Beverages	552199	410364
Prepared dishes and cooking aids	411008	293733
Water	459922	345245

C7.9

(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

(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	186000	Decreased	3.2	Gross Scope 1+2 emissions decreased by 3.2%, due to switch to renewable energy. Through these activities we reduced our emissions by 186000 tons CO 2e; and our total S1 and S2 emissions in the previous year was 5840839 tons CO2e, therefore we arrived at -3.2% through (-186000/5840839) * 100 = -3.2% (i.e. a 3.2% decrease in emissions).
Other emissions reduction activities	50000	Decreased	0.85	Gross Scope 1+2 emissions decreased by 0.85%, due to switch to renewable energy. We have increased our renewable electricity purchased by 18% compared to 2018. Through these activities we reduced our emissions by 50000 tons CO 2e; and our total S1 and S2 emissions in the previous year was 5840839 tons CO2e, therefore we arrived at -0.85% through (-50000/5840839) * 100 = -0.85% (i.e. a 0.85% decrease in emissions).
Divestment	44114	Decreased	0.8	Divesture/acquisitions resulted in a 0.8% decrease in 2019 emissions compared to 2018.
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	138126	Decreased	2.4	If no measures had been introduced, change of volume and mix would have had an impact of 2.4% on scope 1+2.
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other	175225	Increased	3	Change in our volume & mix resulted in a 3% increase in 2019 emissions compared to 2018.

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 undertook this energy-related activity in the reporting year
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 (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	2032541	14828449	16860990
Consumption of purchased or acquired electricity	<Not Applicable>	2940511	4251956	7192467
Consumption of purchased or acquired heat	<Not Applicable>	0	30572	30572
Consumption of purchased or acquired steam	<Not Applicable>	0	680236	680236
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	7034	<Not Applicable>	7034
Total energy consumption	<Not Applicable>	4980086	19791213	24771299

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
484816

MWh fuel consumed for self-generation of electricity
48482

MWh fuel consumed for self-generation of heat
96963

MWh fuel consumed for self-generation of steam
339371

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.09897

Unit
metric tons CO2 per GJ

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

Comment

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
495392

MWh fuel consumed for self-generation of electricity
49539

MWh fuel consumed for self-generation of heat
99078

MWh fuel consumed for self-generation of steam
346

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.07434

Unit
metric tons CO2e per GJ

Emissions factor source
GHG Protocol Calculation Tools - derived from IPCC 2006 (Dieseil)

Comment

Fuels (excluding feedstocks)
Lignite Coal

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
134121

MWh fuel consumed for self-generation of electricity
13412

MWh fuel consumed for self-generation of heat
26824

MWh fuel consumed for self-generation of steam
93885

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.09817

Unit
metric tons CO2e per GJ

Emissions factor source
GHG Protocol Calculation Tools - derived from IPCC 2006 (Brown Coall)

Comment

Fuels (excluding feedstocks)
Liquefied Petroleum Gas (LPG)

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
77253

MWh fuel consumed for self-generation of electricity
7725

MWh fuel consumed for self-generation of heat
15451

MWh fuel consumed for self-generation of steam
54077

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.06315

Unit
metric tons CO2e per GJ

Emissions factor source
GHG Protocol Calculation Tools - derived from IPCC 2006 (LPG Gaseous)

Comment

Fuels (excluding feedstocks)
Other, please specify (LPG Liquid)

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
559375

MWh fuel consumed for self-generation of electricity
55938

MWh fuel consumed for self-generation of heat
111875

MWh fuel consumed for self-generation of steam
391563

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.06444

Unit
metric tons CO2e per GJ

Emissions factor source
US Environmental Protection Agency / US Mandatory Greenhouse Gas Reporting Rule.

Comment

Fuels (excluding feedstocks)
Natural Gas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
11801340

MWh fuel consumed for self-generation of electricity
1180134

MWh fuel consumed for self-generation of heat
2360268

MWh fuel consumed for self-generation of steam
8260938

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.05615

Unit
metric tons CO2e per GJ

Emissions factor source
GHG Protocol Calculation Tools - derived from IPCC 2006 (Natural Gas)

Comment

Fuels (excluding feedstocks)
Residual Fuel Oil

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
1276153

MWh fuel consumed for self-generation of electricity
127615

MWh fuel consumed for self-generation of heat
255231

MWh fuel consumed for self-generation of steam
893307

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.07764

Unit
metric tons CO2e per GJ

Emissions factor source
Greenhouse Gas Protocol Stationary Combustion Tool for 'Residual Fuel Oil' (NCV - Manufacturing)

Comment

Fuels (excluding feedstocks)
Biogas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
8085

MWh fuel consumed for self-generation of electricity
809

MWh fuel consumed for self-generation of heat
1617

MWh fuel consumed for self-generation of steam
5660

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.05465

Unit
metric tons CO2e per GJ

Emissions factor source
GHG Protocol Calculation Tools - derived from IPCC 2006 (Landfill Gas)

Comment

Fuels (excluding feedstocks)
Biodiesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
783

MWh fuel consumed for self-generation of electricity
78

MWh fuel consumed for self-generation of heat
157

MWh fuel consumed for self-generation of steam
548

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.07104

Unit
metric tons CO2e per GJ

Emissions factor source
GHG Protocol Calculation Tools - derived from IPCC 2006 (Biodiesel)

Comment

Fuels (excluding feedstocks)
Wood

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
1095623

MWh fuel consumed for self-generation of electricity
109562

MWh fuel consumed for self-generation of heat
219125

MWh fuel consumed for self-generation of steam
766936

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.11954

Unit
metric tons CO2e per GJ

Emissions factor source
GHG Protocol Calculation Tools - derived from IPCC 2006 (Wood)

Comment

Fuels (excluding feedstocks)
Solid Biomass Waste

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
928049

MWh fuel consumed for self-generation of electricity
92805

MWh fuel consumed for self-generation of heat
185610

MWh fuel consumed for self-generation of steam
649634

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.10166

Unit
metric tons CO2e per GJ

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

Comment
Spent coffee Grounds

C8.2d

(C8.2d) 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	1686099	372273	203254	203254
Heat	3372198	3372198	406508	406508
Steam	11802693	11802693	1422778	1422778
Cooling				

C8.2e

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

Sourcing method
Power purchase agreement (PPA) with a grid-connected generator without energy attribute certificates

Low-carbon technology type
Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling
Latin America (LATAM)

MWh consumed accounted for at a zero emission factor
285838

Comment

Sourcing method
Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type
Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling
Central Europe

MWh consumed accounted for at a zero emission factor
922474

Comment

Sourcing method
Green electricity products (e.g. green tariffs) from an energy supplier, not supported by energy attribute certificates

Low-carbon technology type
Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling
Latin America (LATAM)

MWh consumed accounted for at a zero emission factor
500615

Comment

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling
Central Europe

MWh consumed accounted for at a zero emission factor
1231584

Comment

C9. Additional metrics

C9.1

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

Description
Waste

Metric value
14256

Metric numerator
tons

Metric denominator (intensity metric only)

% change from previous year
58.6

Direction of change
Decreased

Please explain
"We reduced our waste for disposal by 58.6% in 2019 compared to 2018, to 14 ktonnes; 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. "

Description
Other, please specify (By-Products)

Metric value
1669115

Metric numerator
tons

Metric denominator (intensity metric only)

% change from previous year
0.7

Direction of change
Increased

Please explain

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

Metric value
2.3

Metric numerator
m3

Metric denominator (intensity metric only)
Tons of product

% change from previous year
2

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."

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

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

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 2020 Scope 12 v2.0 issued.pdf

Page/ section reference
1-2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

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

Scope 2 approach
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 2020 Scope 12 v2.0 issued.pdf

Page/ section reference
1-2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 location-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 2020 Scope 12 v2.0 issued.pdf

Page/ section reference
1-2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

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

Scope 3 category
Scope 3 (upstream & downstream)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Underway but not complete for reporting year – previous statement of process attached

Type of verification or assurance
Third party verification/ assurance underway

Attach the statement
Nestle CDP Assurance Statement 2019 issued v2.0.pdf

Page/section reference
Scope 3 GHG emissions, reported for 2018; verified in 2019.

Relevant standard
Please select

Proportion of reported emissions verified (%)

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?
No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

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

C11.1a

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

C11.1b

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

EU ETS

% of Scope 1 emissions covered by the ETS
9

% of Scope 2 emissions covered by the ETS
0

Period start date
January 1 2019

Period end date
December 31 2019

Allowances allocated
141890

Allowances purchased
176609

Verified Scope 1 emissions in metric tons CO2e
348274

Verified Scope 2 emissions in metric tons CO2e
0

Details of ownership
Facilities we own and operate

Comment

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

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. The situation on emissions and allowances of each factory is closely monitored and analysed by Environmental Managers in each country.

C11.2

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

C11.2a

(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 purchase

Project type
Hydro

Project identification
Carbon credits for our activities in our factory Montes Claros in Brazil (registered under n°AC19146).

Verified to which standard
CDM (Clean Development Mechanism)

Number of credits (metric tonnes CO2e)
550

Number of credits (metric tonnes CO2e): Risk adjusted volume
550

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify (High quality market based instruments that meet the requirements of the CarbonNeutral Protocol including waste to energy, landfill gas, IFM)

Project identification
Carbon credits for Nestle Waters Ready Refresh Brand via the following projects: - Lee County Waste to Energy, Florida - USA project, VCS (8,087 tCO2e) - Hillsbourough County Waste to Energy, Florida - USA project, VCS (30,000 tCO2e) - Seneca Meadows Landfill Gas, USA project, ACR (82,420 tCO2e) - New Jersey Hudson Farm IFM, USA project, ACR (10,000 tCO2e)

Verified to which standard
Other, please specify (VCS and ACR)

Number of credits (metric tonnes CO2e)
130507

Number of credits (metric tonnes CO2e): Risk adjusted volume
130507

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(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

(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 (Encourage suppliers to be responsible stewards of the forests and forested areas from which they are sourcing materials)

% of suppliers by number
0

% total procurement spend (direct and indirect)
95

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
Nestlé's Responsible Sourcing (RS) Standard defines the way we source through care and respect for individuals, communities and the planet. Our approach to RS is a fundamental pillar of our purpose, unlocking the power of food to enhance quality of life for everyone, today and for generations to come. 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. 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 and potentially lead to delisting. Using this mindset, we base our approach on three fundamental guiding principles: 1) Positive impact on people, communities and the planet as part of our sourcing activities; 2) Support and contribute to creating shared value; and 3) Continuously improve practices to achieve Standard requirements. Our unique program, Farmer Connect, is at the heart of our efforts to responsibly source ingredients. We work directly with more than 716 000 farmers worldwide to source raw materials for our products. This helps us ensure the supply of high-quality agricultural raw materials while providing traceability to farm level. Through Farmer Connect, we design programs to help farmers address the challenges they're facing, involving trainings on efficient water use, promoting inter-cropping and preserving biodiversity. Our activities have enabled us to develop a comprehensive understanding of what our suppliers and farmers need. 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, Agroforestry models, low carbon practices and related innovations. The field operators of the AAA Program, in compliance with the AAA shared commitment, implement the yearly operational master plan and deliver yearly objectives in a spirit of continuous improvement. In the case of agroforestry operations designed for carbon sequestration, "carbon operations", a specific service level agreement is signed between Nespresso and our key partner Pur Project. Objectives are defined annually.

Impact of engagement, including measures of success
Our commitment on no-deforestation, which dates back to 2010, pledges that our products will not be associated with deforestation by the end of 2020. Zero net deforestation activities such as protection of High Carbon Stocks and High Conservation Values, regardless of legal licenses to cut, cover commodities in the breakdown below, which 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 towards our 2020 commitment. Acceleration has been mainly due to: improved traceability back to low / no risk locations; launch of Satellite Monitoring (covering 15% total volume) sharping the ground verification (but not yet serving as sole verification), the latter two allow us to set targets and thus measure success of the impact of our engagement. 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) For Nespresso, we measure the impact of engagement via yearly supplier review process as well as monitoring of defined objectives and indicators. The adoption of practices is independently reviewed by members of Sustainable Agricultural Network (SAN) via a Monitoring and Evaluation Tool and audits are carried out as part of VSS certification processes (Rainforest Alliance, Fairtrade). For the carbon operations (3 countries out of the 8 where Agroforestry is deployed), audits are carried to certify 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 while the carbon credits generated under the Ecocert - Reforestation Solidaire are registered in the IPI platform registry.

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 Nestlé Responsible Sourcing Standard: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf Nespresso AAA Program: https://www.nespresso.com/de/en/thepositivecup/initiatives/aaa-sustainable VCS registry: http://verra.org/project/vcs-program/registry-system/ IPI platform registry: http://www.insettingplatform.com/

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

% of supplier-related Scope 3 emissions as reported in C6.5
80

Rationale for the coverage of your engagement
Risk management

Impact of engagement, including measures of success
N/A

Comment

C12.1b

(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

% of customer - related Scope 3 emissions as reported in C6.5
10

Portfolio coverage (total or outstanding)
<Not Applicable>

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.

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 2019, we continued to engage with all customers that requested us specific information on GHG through the CDP supplier programme.

Type of engagement
Collaboration & innovation

Background information for Nespresso answer : As customers, we understand: consumers + B2B clients; This means it excludes employees, KOL, grant donors and suppliers ; We define engagement strategy as the communication/commercial strategy and activities which 1. Create awareness on Nespresso actions related to climate challenge; 2. Embarks "customers" in acting with us

Details of engagement
Other, please specify (Nespresso collaborates with supply chain stakeholders and civil society to promote sustainable production and the circular use of aluminum.)

% of customers by number
68

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)
<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement
We engage with customers on climate change and circular opportunities for the end of life of our capsules. For example, we engage at the national and municipal level to maximise the circular potential of capsules after use, though the Nespresso capsule recycling programme, now available in 57 countries. In fact, we invested 55 million CHF in recovery schemes for recycling in 2019 (+16M vs. 2018). We engage broadly and reached a major milestone by opening our dedicated recycling infrastructure to other aluminium capsule manufactures with the aim of driving up the recycling rate across the entire industry. Collaborations were subsequently announced with JDE in France and Delica AG in Switzerland to scale the recycling of aluminium capsules.

Impact of engagement, including measures of success
Through further investments (+16M vs. 2018) and global communication campaigns spanning 50 markets, we were able to increase the recycling rate of our capsules by 2.5 percentage points vs. 2018 (current capsule recycling rate is estimated at 30%). The compatibility of aluminium coffee capsules within existing household recycling systems improved in 4 countries: - France – 19 million people (30% of the population) can now dispose of all their small metal packaging in their recycling bin thanks to Nespresso and CELAA, with a target for 30 million (50% of the population) by 2022 - Austria and Canada – 57% and 14% of the population respectively now have access to PRO solutions - USA – all consumers in New York can now dispose of their capsules through its curbside programme Success is measured through our capsule recycling rate and the provision of convenient recycling options. In 28 of our markets, a convenient recycling option was available to 100% of consumers, thanks to solutions deployed in new growth areas. The overall global recycling capacity was 91%. Our 2020 target is to provide 100% of consumers with a convenient recycling solution though this remains to be a challenge due to both legal constraints and the insufficient national infrastructure in many markets.

C12.1d

(C12.1d) 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 on 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 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. These stakeholder events inform our materiality process. Measure of success: Our objectives in 2019 were to understand stakeholder expectations and concerns such as those related to plastics and packaging; report back on progress against action points identified at the previous convening; and stimulate fresh thinking. The 2019 convening was attended by approximately 70 stakeholders as well as Nestlé S.A. CEO Mark Schneider, two members of Nestlé's Executive Board and 15 employees.

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

(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

(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

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

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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

Management practice reference number
MP4

Management practice
Knowledge sharing

Description of management practice
Our approach is to support producers to better manage their farms, their businesses and their land, aiming to a greater resilience of the coffee farms and communities. We promote regenerative agriculture via the deployment of sustainable agricultural practices aligned with Rainforest Alliance principles (no deforestation and conservation practices), agroforestry farming models and low carbon practices (as per NAMAcafé Costa Rica). We operationalize agroforestry as our nature based solution for adaptation to climate change (extreme weather patterns, soil degradation, water accessibility) and biodiversity loss. Various models of agroforestry are deployed enabling to generate defined ecosystems services from water and soil retention, pollination, income diversification and carbon sequestration. For smallholders, and particularly in Africa, the curriculum contains specific training on how to prepare compost and how to mulch. We initiated a landscape approach in Brazil Cerrado which is now managed by an autonomous organization, Cerrado das Aguas. The 5 year commitment of private and public sector (2019-2023) has enabled to fund a conscious producer program promoting best practices on farm as well as restoration of degraded land.

Your role in the implementation
Financial
Knowledge sharing
Operational
Procurement
Other, please specify (Monitoring and evaluation: independent verifiers (from the Sustainable Agricultural network) are commissioned to assess the performance of the Program and help qualify the underlying drivers of change and impacts.)

Explanation of how you encourage implementation
The AAA program, launched in 2003, is a sourcing program for quality coffee designed and implemented specifically for Nespresso in collaboration with the Rainforest Alliance. Through long-standing partnerships with farmers, coffee suppliers, and cooperatives, and with support from NGOs, it promotes the adoption of sustainable agricultural practices on the farm and landscape levels as well as improves the productivity and quality of harvests. Since 2014, the program has also aimed at innovating solutions for broader systemic challenges faced by the farming communities, such as climate change and price volatility. The benefits for producers are many: technical assistance, training, premium on quality, and inclusion in co-financed projects such as retirement savings plans and agroforestry. Thanks to the network of more than 400

agronomists, the program covers more than 110,000 producers in 14 countries. More than 30 partners are working in close collaboration for the implementation of the program and related projects: amongst other, the Federation of Coffee Growers in Colombia, Pur Projet for agroforestry.

Climate change related benefit

Emissions reductions (mitigation)
Increasing resilience to climate change (adaptation)
Increase carbon sink (mitigation)
Reduced demand for fertilizers (adaptation)
Reduced demand for pesticides (adaptation)
Other, please specify (Avoid soil degradation)

Comment

Nespresso sources a very specific coffee quality, buying from the same farmers every year. Nespresso aims to source towards 100% of its permanent coffees through the AAA Program by 2020. The program is currently expanding in Ethiopia and Kenya to reach this objective. By the end of 2019, 95% of the coffee delivered to the Nespresso factories was sourced via AAA. 56% of the coffee delivered to the factories come from certified farms (Rainforest alliance, Fairtrade international, Fairtrade USA). 4.5 Mio trees have been planted in 8 countries (Colombia, Guatemala, Ethiopia, Kenya, Indonesia, Costa Rica, Nicaragua, and Brazil) as part of our agroforestry deployment (target 2020: 5 Mio trees)

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
Other, please specify (No deforestation)	Support	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 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 signed up to a cocoa industry initiative to tackle deforestation in west Africa. Related geographies: worldwide.	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.
Other, please specify (No deforestation)	Support	Nestlé has endorsed CDP's six climate action initiatives: • 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.	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.
Other, please specify (Food Loss and Waste reduction)	Support	In 2016, our then-current 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.	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. At the end of 2019, we started the process to join the CGF Coalition of Action on Food Loss and Waste to further influence the required actions to reduce food loss and waste. 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.
Other, please specify (Climate Change)	Support	Nestlé announced in September 2019 its ambition to achieve zero net greenhouse gas emissions by 2050. It embraces the most ambitious aim of the Paris Agreement, to limit global temperature rise to 1.5°C. Over the past four years, Nestlé has aligned its objectives with science-based targets to keep the temperature increase below 2°C. In 2019, Nestlé signed the UN Global Compact Business Ambition for 1.5°C pledge, and will now align with the science-based targets to keep temperature to the 1.5°C pathway. Limiting global warming to 1.5°C requires transformational change across industries, governments and society as a whole. Nestlé will continue its advocacy for government policies to ensure all sectors move faster towards 1.5°C. Supportive legislation could help to reduce barriers to expanding renewable energy markets, incentivize innovation in the agriculture and forestry sectors to capture more carbon, and help to establish carbon pricing.	Nestlé has set ambitious targets for climate action, including targets in reducing GHG emissions, using 100% renewable energy, building resilient agricultural communities and speeding up the transformation of its products to have a better environmental footprint. Nestlé is also part of the Sustainable Food Policy Alliance, which was founded in 2018 by Nestlé, Mars, Danone and Unilever. In May of 2019, it released a set of Climate Principles which were widely considered a game changer in the food-climate policy space. Since the release, SFPA members have worked diligently to advocate on behalf of policies and legislation that would create a price on carbon, increase access to renewable energy and transform the way the agriculture sector participates in climate reduction goals.
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 conducted a high-level assessment of physical and transition exposure focused on coffee, cereals and dairy. Risks identified include the negative impact of climate change on raw material quality and availability, along with increased costs. We produced our first TCFD report in our 2019 Annual Financial Accounts. We will participate in the Preparer Forum with the WBCSD and other companies to establish guidance on effective practices relating to the food and agriculture sector. Additionally, we participate in a TCFD led working group to provide guidance on how to use scenarios for climate.

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. 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'.

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 haves 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. We were in 2019 a founding member of the One Planet Business for Biodiversity together with industry peers such as Danone or Unilever, hosted by the WBCSD. The ambition of this coalition is 1) to develop innovative solutions aimed at protecting and promoting diversity within natural ecosystems and reducing excessive or inappropriate synthetic agricultural-chemical inputs; 2) to deploy these solutions to transform our strategic value chains and reach impact at scale; 3) report transparently on progress and impact.

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. Regarding OP2B, besides being a founding member of the coalition, we also chair the pillar #2 on developing product portfolios to boost cultivated biodiversity and increase the resilience of the food agriculture and models. We also contribute to the two other pillars of the coalition on Regenerative agriculture and eliminating deforestation.

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.

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. In 2019, Nestlé was again named as a LEAD UN Global Compact company for its ongoing commitment to sustainability and the UN Global Compact 's ten principles for responsible business.

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, pledging that all of its products, globally, will not be associated with deforestation by the end of 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. Nestlé is a signatory and active member of the Forest Positive Coalition of Action which its creation was approved by the CGF Board in November 2019.

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."

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.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?
No

C12.3e

(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 the end of 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. In line with our commitment to make 100% of our packaging recyclable or reusable by 2025, we announced our global partnership with Danimer Scientific to develop biodegradable bottles. In March 2019, we joined forces with Veolia to tackle plastic leakage into the environment and to develop collection, sorting and recycling schemes for plastic materials.

Engagement activities with nongovernmental organisation: Nestlé is a Partner of the Ellen MacArthur Foundation of both the New Plastics Economy initiative and the Food initiative. We contribute to the Foundation's mission to accelerate the transition to the circular economy. Being a Partner of the Foundation allows us to engage with other industry stakeholders and join forces to mobilize the ecosystem for an effective transformational change.

C12.3f

(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 (chairman), Ann M. Veneman, Eva Cheng and Dinesh Paliwal.

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, Gim Huay, Georg Kell, Mark R. Kramer, Bryan Meehan, Prabhu Pingali, Frederick K. Swaniker, Ann 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.

To further ensure a consistent approach to climate engagement activities across business divisions and geographies there is also the Global Advocacy Committee (where climate is one of the topics we follow/develop), the IRT (Issues Round Table), the Compliance Committee (dealing with internal processes and ensuring we maintain an overview on how we are following our internal processes), and the Global Sustainability Steering Committee.

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, incorporating the TCFD recommendations

Status
Complete

Attach the document
2019-annual-review-en.pdf

Page/Section reference
Section: Our Commitments: page 5 Section: Creating Shared Value: For the Planet (pages 44-45) Section: Principal risks and uncertainties (pages 62-64) Section: Climate disclosure (pages 65-67)

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
creating-shared-value-report-2019-en.pdf

Page/Section reference
Our materiality assessment: page 4 Section: For the Planet (pages 40-53) Section: Reporting and governance (page 54)

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment

C13. Other land management impacts

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

(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

(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.

Management practice reference number
MP2

Overall effect
Positive

Which of the following has been impacted?
Biodiversity
Soil
Water
Yield

Description of impacts
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.

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 signficant 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 repeled seeing as they do not have time to get used to the soils.

C15. Signoff

C-FI

(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.

No additional information.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Global Head of Public Affairs	Public affairs manager

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors Customers	Public

Please confirm below
I have read and accept the applicable Terms