Nestlé - Climate Change 2021

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 "to 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. Creating Shared Value remains the fundamental guiding principle for how Nestlé does business, focusing energy and resources where we can make the greatest positive impact on people and the planet. We have set commitments to achieve 100% reusable or recyclable packaging by 2025 and to reduce the use of virgin plastics by one third by 2025. We have also committed to achieve net zero greenhouse gas emissions by 2050, supported by our Net Zero Roadmap with tangible, time-bound targets to reduce emissions, within and beyond our operations. Our actions include working with farmers and suppliers to support them in implementing regenerative agricultural practices, and our commitments to planting the equivalent of two hundred million trees within the next 10 years and to completing the company's transition to 100% renewable electricity by 2025.

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. **The Nestlé Corporate Business Principles** 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 2020	December 31 2020	Yes	2 years

C0.3

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

Afghanistan
Algeria
Angola
Argentina
Australia
Austria
Azerbaijan
Bahrain
Bangladesh
Belarus
Belgium
Bolivia (Plurinational State of)
Bosnia & Herzegovina
Brazil
Bulgaria
Burkina Faso
Cambodia
Cameroon
Canada
Chile
China
China, Hong Kong Special Administrative Region
China, Macao Special Administrative Region
Colombia
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Czechia
Democratic People's Republic of Korea
Denmark
Dominican Republic
Ecuador
Egypt
El Salvador
Estonia
Ethiopia

Fiji
Finland
France
French Polynesia
Gabon
Georgia
Germany
Ghana
Greece
Guadeloupe
Guatemala
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kazakhstan
Kenya
Lao People's Democratic Republic
Latvia
Lebanon
Lithuania
Luxembourg
Malaysia
Mali
Malta
Martinique
Mauritius
Mexico
Montenegro
Morocco
Mozambique
Myanmar
Netherlands
New Caledonia
New Zealand
Nicaragua
Niger
Nigeria
Norway
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Republic of Moldova
Réunion
Romania
Russian Federation
Saudi Arabia
Senegal
Serbia
Singapore
Slovakia
Slovenia
South Africa
Spain
Sri Lanka
State of Palestine
Sweden
Switzerland
Syrian Arab Republic
Taiwan, Greater China
Thailand
Trinidad and Tobago
Tunisia
Turkey
Ukraine
United Arab Emirates

United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
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.

Financial 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
20-40%

Produced or sourced
Sourced

Please explain
Coffee is primarily used in our Beverages business (mainly coffee-based beverages including Powdered and Liquid Beverages) – this amounted to CHF 22.2 bn turnover in 2020, equal to 21-30% of our total revenue. This business features some of our most iconic brands, such as: Nescafé® and Nespresso®, our premium coffee experience. In 2020, we sourced 76% of our total Nescafé coffee supply responsibly, surpassing our goal of 70%, and 74% was traceable.

Agricultural commodity
Other, please specify (Wheat)

% of revenue dependent on this agricultural commodity
20-40%

Produced or sourced
Sourced

Please explain
Whole wheat is the number one ingredient in a large majority of our product portfolio, including some of our breakfast cereal brands like Shreddies® and Nestlé Fitness®. We source cereals and grains from many countries around the world. Of our total cereals purchased in 2020, 59% was responsibly sourced and 82% was traceable back to source.

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 2020, 86% of our total dairy ingredients was responsibly sourced, and 91% was traceable. Regarding fresh milk specifically, in 2020, 99% was traceable and 87% was responsibly sourced. 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	In 2020, the Nomination and Sustainability Committee of the Board of Directors of Nestlé provided strategic guidance on climate-related matters with reporting to the full Board of Directors, which had overall oversight. The Nomination and Sustainability Committee oversaw all aspects of our environmental, social and governance performance. It reviewed reports and gave advice on measures which shall ensure the long-term sustainability of the Company in its economic, social and environmental dimension (including its response to climate change and related reporting), and monitored the Group's performance against selected external sustainability indexes. It reviewed the Company's commitments on environmental, social and governance aspects as well as the Creating Shared Value and Sustainability Report 2020, and discussed periodically how other material non-financial risks affect the Company's financial performance and how its long-term strategy relates to its ability to create shared value. At Board level, as of the Annual General Meeting 2021, Nestlé is splitting its existing Nomination and Sustainability Committee into a separate Nomination Committee and a focused Sustainability Committee. This reflects the importance of sustainability in Nestlé's corporate governance and allows Board members to dedicate more time and focus on each of these important topics. The Sustainability Committee provides strategic guidance on climate-related matters and reports to the full Board of Directors, which has overall oversight. The Sustainability Committee of the Board meets at least three times per year. It reviews the Company's commitments on environmental, social and governance aspects as well as the annual Creating Shared Value report and discusses periodically how other material non-financial risks affect the Company's financial performance and how its long-term strategy relates to its ability to create shared value. An Environmental, Social and Governance (ESG) Sustainability Council (ESG Sustainability Council) has been established at the Executive Board level. The ESG Sustainability Council provides governance, strategic leadership and execution support. It drives implementation of Nestlé's sustainability strategy, including implementation of our 2050 Net Zero roadmap, ensuring focus and alignment on execution.
Other C-Suite Officer	Up to the establishment of the ESG Sustainability Council in January 2021, Executive management responsibility on climate-related matters was shared by the Executive Vice President CFO and Executive Vice President Global Head of Operations, Nestlé. Once the ESG Sustainability Council was established, it took over Executive management responsibility on climate-related matters and is now chaired by the Group's Executive Vice President (EVP) Head of Strategic Business Units and Marketing and Sales. The other members of the ESG Sustainability Council are the Executive Vice President Chief Executive Officer Zone Americas (United States of America, Canada, Latin America, Caribbean), the Executive Vice President Chief Executive Officer Zone Europe, Middle East and North Africa (EMENA), the Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA), the Executive Vice President Global Head of Operations, the Executive Vice President Chief Technology Officer, the Executive Vice President General Counsel, Corporate Governance and Compliance and the Executive Vice President Chief Financial Officer.
Other C-Suite Officer	The Executive Vice President Chief Executive Officer Zone Americas (United States of America, Canada, Latin America, Caribbean) is a member of the ESG Sustainability Council.
Other C-Suite Officer	The Executive Vice President Chief Executive Officer Zone Europe, Middle East and North Africa (EMENA) is a member of the ESG Sustainability Council.
Other C-Suite Officer	The Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA) is a member of the ESG Sustainability Council.
Other C-Suite Officer	The Executive Vice President Global Head of Operations is a member of the ESG Sustainability Council.
Other C-Suite Officer	The Executive Vice President Chief Technology Officer is a member of the ESG Sustainability Council.
Other C-Suite Officer	The Executive Vice President General Counsel, Corporate Governance and Compliance is a member of the ESG Sustainability Council.
Chief Financial Officer (CFO)	The Executive Vice President Chief Financial Officer is a member of the ESG Sustainability Council.

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>	In 2020, the Nomination and Sustainability Committee oversaw environment, including climate change and the climate roadmap supporting the Group's 2050 Net-Zero ambition. It met at least twice a year and as frequently as necessary to fulfill its task. The Committee Chairman provided 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 matters covered both the risk-related and GHG reduction strategies. The Chief Financial Officer was responsible for the financial risk-related aspects and the EVP Global Head of Operations had oversight of the 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 matters 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 reviewed and guided 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 was undertaken by individual Executive Board members (CFO, EVP Global Head of Operations). As of January 2021, the ESG Sustainability Council meets every month and reports progress to the full Executive Board monthly. It coordinates the ESG sustainability activities and has oversight of internal ESG sustainability data gathering and external disclosures. To ensure focused implementation of Nestlé's sustainability strategy, ESG-related KPIs are included in the 2021 Short-Term Bonus plan of the Executive Board.

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
Chief Financial Officer (CFO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other C-Suite Officer, please specify (Executive Vice President Global Head of Operations, Nestlé. As of January 2021, we have put in place an ESG Strategy Unit led by the Global Head of ESG, reporting to the EVP Head of Operations.)	<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 Group has aligned its reporting disclosures with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) including TCFD-aligned disclosures such as the scenario modelling undertaken in 2020. 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 line with the climate roadmap supporting the Group's 2050 Net-Zero ambition, the Group has laid out and is following a time-bound plan, including interim targets consistent with the 1.5°C path. As of January 2021, the ESG Sustainability Council oversees the implementation of the climate change roadmap globally.

Committees in place in addition to the ESG Sustainability Committee to support Nestlé's climate agenda and roadmap to achieve net-zero by 2050:

- 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 Executive Vice President Global 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 risks. Co-chaired by the Executive Vice President Global Head of Operations and General Counsel, Corporate Governance & Compliance. Meets monthly.

The company is monitoring 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.

In January 2021, we put in place an ESG Strategy Unit led by the Global Head of ESG, reporting to the EVP Global Head of Operations, Nestlé.

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
Board/Executive board	Monetary reward	Emissions reduction target	To ensure focused implementation of Nestlé's sustainability strategy, sustainability-related KPIs are included in the 2021 Short-Term Bonus plan of the Executive Board.
Energy manager	Monetary reward	Emissions reduction project	The short-term bonus pay-out is determined by the degree of achievement of several 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 three 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?

In 2020, we integrated our materiality assessment with the Group's Enterprise Risk Management process to ensure that wider sustainability risks were incorporated into the risks and opportunities under consideration across the company. We run the materiality assessment with external stakeholders every two years. This helps us identify the economic, social and environmental risks that matter most to our business and our stakeholders. For each risk, the materiality assessment rates the degree of stakeholder concern as well as the potential business impact.

The framework has a four-level risk rating scale which enables us to categorize the level of impact of each risk:

- Internal stakeholders rate the risk of the risk on Nestlé's success as major, significant, moderate or negligible

- External stakeholders rate the level of importance of the risk to them as major, significant, moderate or negligible

Both qualitative and quantitative factors are considered when rating a risk:

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

Based on the results of the materiality assessment, we tailor our activities. We will work to address those risks identified as potentially having the most material impact on our business, developing ambitious goals to help combat climate change, drive societal progress and support a sustainable and healthy food system.

In 2020, Climate & decarbonization was identified as one of Nestlé's material risks, being rated internally as having the potential to have a major impact on Nestlé's success, whilst external stakeholders rated Climate & decarbonization as being of major importance to them.

To support 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, we embarked on developing a qualitative and quantitative climate modeling process across our value chain to assess our portfolio's resilience under different external conditions. We partnered with the University of Cambridge's Centre for Risk Studies to build a climate modeling tool. Modeling simulations evaluated the potential directional impacts on Nestlé for both transition and physical risk factors. Full details of our process and the results are disclosed in our TCFD Report 2020 (https://www.nestle.com/sites/default/files/2021-04/2020-tcfd-report.pdf).

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
In 2020, we embarked on developing a qualitative and quantitative climate modeling process across our value chain to assess our portfolio's resilience under different external conditions. We partnered with the University of Cambridge's Centre for Risk Studies to build a climate modeling tool. Modeling simulations helped us to identify key climate-related risks and then evaluate their potential directional impacts on Nestlé for both transition and physical risk factors. To help in risk identification, we used the TCFD risk categorization framework described below. In addition, for physical risk identification, we used Cambridge's Centre for Risk Studies' Climate Risk Atlas which provides details of and forecasts of future climatic conditions. We considered various climate scenarios covering a broad spectrum of outcomes to help provide insight on

the risks & opportunities. The scenarios were built using publicly available data sources, including IPCC and IEA emission pathways. Our current portfolio & value chain were modeled using historical data. The potential impact of actions planned by Nestlé in our Net Zero Roadmap were not contemplated. The model incorporated Nestlé's physical & commercial footprint across the full value chain. The time horizon used was across a period of five years. In 2021 we plan to run the modeling simulations over a long-term horizon, particularly for physical risks, Our modeling approach included the potential directional financial impacts on Nestlé for transition and physical risks. The risk categorization was aligned with TCFD recommendations: Transition risks Risks related to shifts in the policy, technology, social and economic landscape that are likely to occur in the transition to a low carbon economy: • Policy • Market • Technology • Reputation Depending on the nature and, particularly, the speed of the transition, varying levels of financial and reputational risks exist including: • Reduced revenues as consumer demands and preferences shift • Increased costs of doing business • Impacts on asset values • Tangible and intangible asset obsolescence The timing and velocity of the transition risks are uncertain, and more likely to be in the short- to medium-term. Delaying the transition increases the likelihood of a more disorderly, disruptive and abrupt transition. Physical risks Risks related to physical impacts of climate change: • Acute event-driven extreme weather e.g. heatwaves, freeze events, drought, water stress, storms, extreme rainfall, flooding • Chronic longer-term climate shifts, e.g. sustained higher temperatures, sea-level rise Potential impacts considered were: • Direct asset damage to facilities • Indirect impacts including: operational capability e.g. storm surges affecting production, supply chain, health and safety; extended value chain, e.g. water availability affecting sourcing and quality of raw materials On timing: • Acute risks already occur today, we expect the severity and frequency to increase • Chronic risks are more likely to manifest over the longer term, weighted to mid-century and beyond We considered a time horizon of five years. Full details of our process are disclosed in our TCFD Report 2020. We took important steps in 2020 to strengthen our methodology and tools to identify, assess and manage our climate risks and opportunities and to feed this into our Enterprise Risk Management (ERM) Framework (explained below). The results and learnings of this ongoing work are regularly presented to the Executive Board and Board of Directors. The findings will continue to be integrated into our strategic planning and ERM Framework to help strengthen our resilience, mitigation and adaptation responses. Climate risks and opportunities are included in the scope of our ERM Framework, processes and reporting. Climate analysis is a rapidly evolving area and we intend to run the scenario analysis on an annual basis updating for key external and internal changes. A top-down assessment is performed at Group level once a year to create a good understanding of the company's key potential risks (which include climate-related ones), to allocate ownership to drive specific actions around them and take any relevant steps to address them. The identification includes an assessment of the external and internal environment in which the company operates, with climate-related risks and opportunities included in the risk universe considered. An example of transition risk considered was carbon pricing under the policy dimension. We split the world into leaders, fast followers and laggards to assess our potential exposure to carbon pricing in terms of pricing level, timing and geographic regions. Carbon price mechanisms have the potential to increase our operational costs, either directly (e.g. increase in direct energy costs) or indirectly (e.g. increase in supplier energy costs which are passed on to Nestlé). We overlaid our GHG physical footprint on this analysis to evaluate our potential risk exposure under different climate transition pathways. This helps to provide insights into decision-making and prioritization of where and when we should target our carbon reduction efforts. Physical changes in climate may affect Nestlé's supply of critical raw materials, potentially impacting yields, variability of supply and quality. An example of a physical risk considered was higher temperatures and water shortages compromising coffee quality and coffee supply for our coffee brands. This may lead to higher volatility of coffee prices and may have economic and social impacts on coffee-growing communities. Using the climate model, we attempted to quantify the potential yield reduction of arabica and robusta associated with extreme temperatures and drought events. Over a five-year outlook, the risk is relatively low. Considering a longer-term outlook, the impacts are likely to increase both in severity and frequency. Given this, we have initiatives in place to support farmers and our business in mitigating and adapting to climate-related physical risks. These include providing technical assistance to farmers through our Nescafé Plan and Nespresso AAA Program, enhancing resilience to climate change in our plant breeding programs. To further help to define and articulate long-term sustainability goals and outcomes, in 2021 we will assess physical risks in our value chain over a longer time horizon.

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's 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 etc. In general, our approximately 375 factories are assessed every three years by an independent assessor. In 2020, 142 sites were assessed (vs 210 initially planned but not performed due to Covid-19) and reported on including recommendations to prevent and minimize damage and loss to physical assets. The 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 what may pose a risk/opportunity is documented, including the trigger effect, controls in place and their level of efficiency. This is supported by an expert team of engineers. 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 aspects such as soil health, biodiversity and water. The Rural Development Framework (RDF) was designed in collaboration with key partners the Danish Institute for Human Rights, the Fair Labor Association (FLA), the Rainforest Alliance and Solidaridad. We developed the RDF to guide our work with farmers through our Farmer Connect programs and to inform our work on responsible sourcing through our trade partners. The aim of the RDF is to align business and social needs in order to ensure long-term supply of raw materials and simultaneously deliver upon our ambition to create shared value. The RDF provides a methodology that allows us to assess and prioritize any gaps in business practices and social needs that are present in our supply chains. Following on from that, we can define field activities to work on those gaps and needs. 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. The focus is in three pillars: • Developing farmers of the future • Transforming farms for the future • Creating conducive environments for farmers to expand their offering An example of how the RDF baseline assessments have informed our activities is our efforts to help improve food availability and dietary diversity in five priority sourcing locations. We believe the health of farming families is intrinsically tied to their resilience and that a good diet is key to well-being. By promoting diverse diets and greater access to nutritious foods, we are nurturing stronger farming communities. In Kenya, our Farmer Family Nutrition pilot program has shown that, with training and support from our local partners Coffee Management Services and Simlaw Seeds, the adoption of kitchen gardens has increased by 35% since 2017. More than 75% of the farmers surveyed indicated that the supply of vegetables from their garden met their household needs. A 'train the trainer' approach has been introduced to support both the gardens and a healthy eating initiative. Four local demonstration plots have been established for trainers to show how nutritious vegetables can be introduced. To support

farmers further, we have introduced entrepreneurship training programs. This will help them use any excess produce from their kitchen gardens to generate extra income with which to purchase more diverse, nutritious foods. We have also developed other pilot projects to help us explore how best to work toward achieving our objective of improving food availability and dietary diversity. These pilots were developed in Mexico, the Philippines, Indonesia and Côte d'Ivoire, and where possible, connected to existing Nestlé farmer programs. Over several years, we have developed and launched multiple initiatives that take a comprehensive approach to addressing the causes of poor diet. Our work around the world includes: • Kitchen gardens to support household nutrition and food security. • Entrepreneurship training for farmers in Kenya. • Supporting women in agribusiness with the FarmStrong Foundation in Côte d'Ivoire. • Food bank donations to support over 7500 households in Mexico – including those in rural communities – through our partnership with the Bancos de Alimentos de México. • Teaching crop diversification to farmers in the Philippines. The COVID-19 pandemic both disrupted the pilots and demonstrated their value. Good health, supported by sustainable access to nutritious food, will be crucial to developing healthier, more resilient communities as the world continues to battle COVID-19 and its effects. The relationships we have developed in our pilot regions will help drive this work further in the coming years.

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 with existing climate-related regulations is a requirement for all our businesses. Any risk potentially resulting in a compliance breach should be included in the ERM risk assessments at market and/or business level. Potential impacts of non-compliance may include reputational damage, revenue losses, fines etc. 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 (of which number 13 Climate Action aims to take urgent action to combat climate change and its consequences), the UN Guiding Principles on Business and Human Rights, The 10 Principles of the United Nations Global Compact, and the Alliance for Water Stewardship (AWS) standards. Compliance with current regulation is monitored by Market and Group Compliance Committees. Example: EU Emission Trading Scheme. Emissions and allowances of each factory are closely monitored and analyzed by Environmental Managers in each country.
Emerging regulation	Relevant, sometimes included	Where known, emerging climate-related regulation which may impact the business should be assessed in terms of impact and likelihood. Any risk of potentially failing to meet new regulations should be included in the risk assessments at market and/or business level. Example: emerging reporting requirements linked to GHG and broader climate disclosures e.g. EU Taxonomy requirements on corporates requiring disclosures of revenues aligned to the EU Taxonomy. The regulation is monitored by our Public Affairs and Legal teams in the markets and at headquarters to assess implications on stakeholder expectations and internal actions to ensure external disclosure requirements are met.
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 failing to meet consumer expectations/new trends. These types of risks and opportunities are identified through the Enterprise Risk Management process at market, function and group levels where relevant, in order to minimize impacts and capitalize on opportunities. Example: Nestlé is strongly opposed to deforestation and we remain committed to reaching 100% assessed deforestation-free key agricultural commodities in line with our 2010 commitment. Ninety percent of our key agricultural commodities were assessed deforestation-free at 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. 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. We've been using Starling data to identify deforestation risks and cases around the mills we source from, and to prioritize actions within our supply chain. When we receive alerts through Starling, we engage direct suppliers linked to the mill around which the alert was detected. This helps us understand if the alert is linked to our supply chain, what measures suppliers are taking to address deforestation risk and to discuss collaboration to accelerate progress. When necessary, with our partner Earthworm Foundation and/or our supplier, on the ground verification is used to verify what satellite imagery shows us and how this links to mills in our supply chain. This informs our decisions, including whether to suspend companies. We have published findings from Starling in our Palm Oil Transparency Dashboard.
Legal	Relevant, always included	Compliance with climate-related legal requirements is non-negotiable for Nestlé and therefore the expectation is that areas where a legal breach could result, must be captured in risk assessments. Example: regulation bans/limits on certain products/categories to reduce waste (including GHG) and pollution. Packaging helps keep our food safe and prolong its shelf life but if not properly disposed, it can be source of waste. Packaging itself can be a significant source of GHG emissions. Starting in 2020, Mexico City implemented a change in its 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 certification in our factories, 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. Packaging itself accounts for around 12% of our in-scope 2018 carbon footprint. We have committed to make 100% of our packaging recyclable or reusable by 2025 and to reduce our use of virgin plastics by one-third in the same period. So far, 87% of our total packaging and 66% of our plastic packaging is recyclable or reusable. Tackling this challenge requires a wide range of actions and we are accelerating our efforts.
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 about our products across the full value chain. Consumer behaviors 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. responsible sourcing, traceability of ingredients, organic raw 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 and related GHG footprint. 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. Our initial commitment was ambitious: address packaging waste management and marine littering with alliances in 10 markets. Today, understanding of the topic has advanced, enabling us to accelerate our efforts. By the end of 2019, we had developed stakeholder alliances across 15 markets. Throughout 2020, we built on this, signing 10 national or regional Plastics Pacts for a more circular economy for plastic packaging. Through the Ellen MacArthur Foundation's New Plastics Economy, we also signed a manifesto calling for a global treaty on plastic pollution. We are aware of the links that exist between packaging waste, climate change and biodiversity. That is why we will work to align future packaging efforts with our Net Zero Roadmap and our approach to help preserve natural capital.
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 of potential risks are 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 risks including climate-related risks that may lead to reputational risks are managed by the Issues Round Table (IRT), both at a Market and Group level. The IRT prioritizes risks on a heatmap and this heatmap is considered 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, labor, 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 standardized frameworks with common indicators, and were appropriate support. Example: reducing waste and related GHG footprint. 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. Throughout 2020, we signed 10 national or regional Plastics Pacts for a more circular economy for plastic packaging. Through the Ellen MacArthur Foundation's New Plastics Economy, we also signed a manifesto calling for a global treaty on plastic pollution.
Acute physical	Relevant, sometimes included	Assessments for origin-source materials are carried out using two 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 agriculture and uses indicators such as economic viability, natural resources and quality of life. Nestlé's corporate Agriculture team uses these assessment tools to identify and prioritize activities. Long-term sustainability goals and outcomes are defined and articulated. Resources are allocated and prioritized to activities deemed the most impactful, and progress is measured toward short- and medium-term milestones. Nestlé communicates the 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. This may lead to higher direct costs of raw materials, disruption to production leading to revenue loss, increased costs (e.g. replacement and maintenance costs linked to fixed asset damage) 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 (source: 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 potential 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
Decreased revenues due to reduced production capacity

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

Company-specific description
Extreme weather events can reduce the productivity of business activities and add costs to operations and processes. Events with contrasting characteristics impact businesses in various ways. Typically, storms and floods are destructive and cause significant physical capital losses, while extreme temperature waves disrupt productivity. The effects of extreme weather on business activities can include direct physical damage or destruction of physical assets, including property, plants, equipment, and inventory. The severity of such impacts is typically measured in terms of the total cost of destroyed physical assets, usually as a repair cost, reconstruction estimate, or lost value of damaged property. Operational disruption can result in the loss of productive output, either if the means of production are directly disrupted, for example through transportation and supply chain interruption, energy and utility outages, or productivity is reduced in the workspace. For example, one of our largest coffee factories is exposed to tropical storms which may lead to direct asset damage as well as flooding. By modelling potential extreme weather hazards, we can identify where we have significant exposures to target mitigation including business continuity plans. To assess physical risks until 2025, we focused on impacts from extreme weather events including extreme temperature, water stress, storms and flooding risks. Extreme weather affects our value chain today, and the impacts represent the differential between the current run rate of impacts and the 2025-forecasted level. We undertook climate scenario analysis to quantify the change in expected (i.e. probability weighted) physical impacts on Nestlé's key facilities until 2025. The University of Cambridge's Centre for Risk Studies' Climate Risk Atlas was applied to assess the exposure of each key Nestlé facility to various hazard types. The model quantified the aggregate risk of multiple extreme weather threat types. The model provided a range of Nestlé's extreme weather exposure attributed to facility disruption risk over the next five years.

Time horizon
Medium-term

Likelihood
About as likely as not

Magnitude of impact
Low

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)
1000000000

Explanation of financial impact figure
To assess physical risks until 2025, we focused on impacts from extreme weather events including extreme temperature, water stress, storms and flooding risks. Extreme weather affects our value chain today, and the impacts represent the differential between the current run rate of impacts and the 2025-forecasted level. We undertook climate scenario analysis to quantify the change in expected (i.e. probability weighted) physical impacts to Nestlé's key facilities until 2025. The University of Cambridge's Centre for Risk Studies' Climate Risk Atlas was applied to assess the exposure of each key Nestlé facility to various hazard types. The model quantified the aggregate risk of multiple extreme weather threat types. The model provided a range of Nestlé's potential extreme weather exposure attributed to facility disruption risk over the next five years. The physical impacts were assessed as relatively low, less than CHF1bn cumulative until 2025 (five-year time period).

Cost of response to risk
18000000

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 2020, risk engineer experts inspected 142 Nestlé sites providing recommendations for 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) Emergency plans for flood and storms are in place on a case-by-case in Nestlé sites exposed to these perils from any source. The costs associated with these actions include the Loss Prevention Program and specialist engineers visiting the sites which amounted to CHF 1.2 million in 2020. These costs include 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 approximately CHF17 million. This corresponds to the implementation cost of the recommendations made by our main insurer without considering the costs of response to the risk. 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 cost of response is in total approx. CHF18m for implementation of recommendations and the loss prevention program. The climate change scenario modelling can help us in assessing the level of reinforcement and investments needed in the exposed regions in the future.

Comment

Identifier
Risk 2

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

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 response to the Paris Agreement strategy, countries may rapidly implement legislation to reduce greenhouse gas emissions. Such a response may be forceful, abrupt, and disorderly. Carbon pricing is considered a fundamental mechanism through which governments may incentivize the transition to a decarbonized economy. The pace and nature of how carbon price mechanisms may evolve is uncertain. We assessed this policy dimension through our scenario analysis. We made the following assumptions: - three climate scenario pathways were considered: "no mitigation" (approx. in line with RCP8.5), "stated policy" (approx. in line with RCP4.5), "Paris 1.5" (approx. in line with RCP2.6) - policies are determined at national or sub-national levels of governance, reflecting the difficulties in mandating a global agreement, although some international coordination is expected - price is variable between countries, countries are categorized, primarily by income level, into climate policy leaders (started transition, high ambition), followers (emerging initiatives, international power plays key), and laggards (prioritize socioeconomic development, limited ambition) - time horizon was up until 2025 - projected increases in global average carbon price to 2025 were made for each climate scenario. 2020 values were taken from the World Bank Carbon Pricing Dashboard. Scenario projections are aligned with a series of published C prices from established sources, including the IMF, PRI, and IEA, based on estimated requirements to stimulate and achieve emissions reduction in line with the pathways. The impact is that businesses may have to pay a price for carbon they emit across their value chain subject to the carbon price mechanisms of the jurisdictions they operate in. This may include: - scope 1 direct emissions from company-owned sources - scope 2 indirect emissions from the consumption of purchased electricity, heat or steam - scope 3 other indirect emissions from upstream or downstream sources e.g. with suppliers passing on carbon price impacts to Nestlé. Note that ingredients, and specifically dairy and livestock ingredients, are our largest single source of emissions. Therefore charting a course to net zero means driving a major shift in the way we source and produce these nutritious ingredients, investing in innovations and new business models. The financial implications for Nestlé of carbon pricing were modelled until 2025 under the climate scenarios described above.

Time horizon
Medium-term

Likelihood
About as likely as not

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)
2000000000

Potential financial impact figure – maximum (currency)
3000000000

Explanation of financial impact figure
We assessed this policy dimension through our climate scenario analysis. We made the following assumptions: - three climate scenario pathways were considered: "no mitigation" (approx. in line with RCP8.5), "stated policy" (approx. in line with RCP4.5), "Paris 1.5" (approx. in line with RCP2.6) - policies are determined at national or sub-national levels of governance, reflecting the difficulties in mandating a global agreement, although some international coordination is expected - price is variable between countries, countries are categorized, primarily by income level, into climate policy leaders (started transition, high ambition), followers (emerging initiatives, international power plays key), and laggards (prioritize socioeconomic development, limited ambition) - time horizon was up until 2025 - projected increases in global average carbon price to 2025 were made for each climate scenario. 2020 values were taken from the World Bank Carbon Pricing Dashboard. Scenario projections are aligned with a series of published C prices from established sources, including the IMF, PRI, and IEA, based on estimated requirements to stimulate and achieve emissions reduction in line with the pathways. Based on this external data, the carbon price assumptions for each scenario were: - "Paris 1.5" 2025 carbon price of USD80/ton - "stated policy" 2025 carbon price of USD40/ton - "no mitigation" 2025 carbon price of USD2/ton The impact is that businesses may have to pay a price for the carbon they emit across their value chain subject to the carbon price mechanisms of the jurisdictions they operate in. This may include scope 1, scope 2, and scope 3. The financial implications for Nestlé of carbon pricing was modelled until 2025 under the climate scenarios. The potential financial impact range for Nestlé is estimated at CHF2-3bn cumulative until 2025 and is based on the 1.5 scenario. In terms of GHG emissions, it involves reaching net zero carbon emissions by 2050. It requires the world to take immediate and coordinated action to tackle climate change and curb emissions with an estimated carbon price in 2025 of USD80/ton. For the scenarios: - "stated policy" potential financial impact range for Nestlé is estimated CHF1 - 2bn cumulative 2025 (5-yr period) - no mitigation" potential financial impact for Nestlé is estimated to be less than CHF1bn cumulative until 2025 (5-yr period)

Cost of response to risk

Description of response and explanation of cost calculation
Financial forecasts including forecasted costs are business sensitive and not publicly disclosed. In 2020, Nestlé approved and published its plan to halve Nestlé's greenhouse gas (GHG) emissions by 2030 and to achieve Net Zero by 2050 (https://www.nestle.com/sites/default/files/2020-12/nestle-net-zero-roadmap-en.pdf). As part of the roadmap we will work across our value chain, particularly focused on the upstream value chain working with farmers, suppliers and communities to reduce emissions. Dairy and livestock ingredients are our largest single source of emissions. Charting a course to Net Zero means driving a major shift in the way we source and produce these nutritious ingredients, investing in innovations and new business models. As announced in 2020, we have set target for sourcing our ingredients more sustainably by 2030. For dairy and livestock supply chain emissions, our ambition is to reduce GHG emissions by 21.3million tons CO2e. This represents 23% of our in-scope 2018 carbon footprint. The key drivers of the plans are: 1. Making farms more productive through training and better herd management (estimated -8.4 m CO2e tons) 2. Caring for grassland to store more carbon by using regenerative agriculture and organic fertilizers (estimated -3.2 m CO2e tons) 3. Cutting the methane produced by animals during digestion through nutrition change (estimated -3.2 m CO2e tons) 4. Feeding livestock with more sustainable feed (-2.7 m CO2e tons) These actions have been defined based on research and data as at December 2020. The contributions to emissions reductions may be subject to change over time. Looking to 2050, we will continue to support family-operated farming systems through regenerative agricultural practices that help reduce the carbon footprint of dairy farming. Activities will also include investing in partnerships to develop technologies to help take farming to the next level of sustainability.

Comment

Identifier

Risk 3

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

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

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
Dietary shifts – particularly toward plant-based diets – are one of the measures that we, as a global community, can take to keep our food system within environmental limits. Trends show growing consumer demand for low-carbon products such as plant-based foods and drinks. Demand for products and services may be impacted as consumers switch to sustainable alternatives and innovative competitors emerge that challenge market share. If Nestlé does not anticipate and act on these changing consumer shifts, it has the potential to impact on Nestlé's revenues and market shares. We assessed this market dimension through our climate scenario analysis. We considered the potential uptake rates of sustainable alternatives based on the proportion of consumers transitioning to products and services with a lower carbon footprint. We also considered other variables including the socioeconomic dynamics of individual markets and the product portfolio in key markets. Variable rates of adoption were projected across the different climate scenarios considered. Revenue impacts were modelled in each year up to 2025. The model estimated potential directional financial impacts for each climate scenario considered. Our core strategy is in line with these consumer shifts and that means engaging the one billion consumers a day who buy our products by offering more foods and beverages that are good for them and good for the planet. We will strive to continuously reduce the environmental footprint of our ingredients and recipes and investigate ways to transparently communicate about it. By engaging with consumers, we can increase demand for these products, which in turn should help us toward our net zero pledge.

Time horizon
Medium-term

Likelihood
About as likely as not

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)
1000000000

Potential financial impact figure – maximum (currency)
2000000000

Explanation of financial impact figure
The directional impact range is based on the climate scenario analysis in 2020. The impact of CHF1-2bn is cumulative up until 2025 (five-year period) and is based on the Paris 1.5C climate scenario. For the other climate scenarios considered the estimated directional cumulative impacts until 2025 were: With no mitigation 4 - 5C - low impact, less than CHF1bn Stated policy 2.5C - low impact, less than CHF1bn Modeling approach and assumptions - considered various climate scenarios covering a broad spectrum of outcomes to help provide insight into risks and opportunities - scenarios were built using publicly available data sources, including IPCC and IEA climate emission pathways - our current portfolio and value chain were modeled using historical data. The potential impact of actions planned by Nestlé in our Net Zero Roadmap were not contemplated - model incorporated Nestlé's physical and commercial footprint including: volumes and sourcing locations of raw materials, facility locations and distribution of finished goods; sales and profit by market - time horizon used was a medium-term outlook of five years. In the longer-term (10 years+), risks are highly uncertain and unpredictable, particularly in the context of how the transition to a lower-carbon economy may evolve - given complexity of how risks may influence others, each risk factor was modeled independently, not contemplating dependencies or trade-offs between them

Cost of response to risk

Description of response and explanation of cost calculation
Financial forecasts including forecasted costs are business sensitive and not publicly disclosed. As consumers demand increasingly sustainable products, our brands will continue to adapt, embracing sustainability. Our strategy is in line with this shift and that means engaging the one billion consumers a day who buy our products by offering more foods and beverages that are good for them and good for the planet. We will strive to continuously reduce the environmental footprint of our ingredients and recipes and investigate ways to transparently communicate about it. By engaging with consumers, we can increase demand for these products, which in turn will help us toward our Net Zero pledge. Our Net Zero Roadmap includes transformation of our product portfolio. In parallel with our corporate pledge, individual brands are on a journey to achieve product or brand carbon neutrality. Initiatives include: Transforming our portfolio • Acceleration of innovation to lower the environmental footprint of our recipes • Switching to plant-based ingredients – specifically in our frozen meals, pizzas and dairy categories Evolving our packaging • Continuing to invest in packaging innovations, alternative delivery systems and new business models that help stop waste going to landfill or ending up as litter, and reduce carbon emissions Carbon neutrality • Individual brands achieving product or brand carbon neutrality to meet growing market preferences for more transparent and sustainable products • Use of high-quality, verified offsets and insets Case study: Nespresso's business operations have been carbon neutral since 2017 via reductions and carbon insetting. In 2020, Nespresso committed to achieve full carbon neutrality across its supply chain and product lifecycle by 2022. This new ambition builds on 10+ years during which Nespresso reduced its carbon emissions and compensated the remainder through agroforestry. Nespresso aims to achieve carbon neutrality by reducing carbon emissions and making an immediate positive impact through support and investment in high-quality offsetting projects. Nespresso will continue to invest in carbon insetting via agroforestry which will contribute toward medium-to-long-term carbon removal goals. This commitment is part of a broader sustainability ambition to preserve exceptional coffees, build a resilient and regenerative coffee agriculture system, drive sustainable livelihoods for farmers and build a circular business.

Comment

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
Trends show growing consumer demand for low-carbon products such as plant-based foods and drinks. 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. Company-specific description of this opportunity: Our relentless dedication to innovation allows us to deliver on consumer preferences time and time again. We focus on exploring trends, rapidly converting ideas into products and testing their relevance with consumers and customers. Through our strong innovation capacity, we have significantly invested in plant-based products, launching Garden Gourmet brand's Sensational Burger and Sensational Vuna, our vegan tuna alternative, in Europe. We continue to upgrade our plant-based offering in terms of taste, texture, flavor and nutrition. We also leverage our expertise in plant protein to expand our dairy-alternative offerings. In 2020, vegetarian and plant-based food offerings continued to see strong double-digit growth (more specific financial forecasts are business sensitive and not publicly disclosed).

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-low

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
We are offering more plant-based food and beverage options to enable us to be the consumers' preferred choice as they diversify their diets. In 2020, launches included Sensational Vuna, our vegan tuna alternative. Vegetarian and plant-based food offerings continued to see strong double-digit growth, helped by product launches such as the new vegetarian sausage. Financial forecasts are business sensitive and not publicly disclosed.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Transforming our product portfolio includes lowering the environmental footprint of our recipes. Our process of constant improvement is our competitive advantage, reducing our carbon footprint while continuing to contribute to healthy and nutritious diets. We are putting our resources and scale to work on being part of the development of the countries and communities where we are present and on helping tackle issues such as climate change, packaging waste and biodiversity. As a company-specific example, in 2020 we continued to invest in research and development (R&D) and in our brands, and we made further investments behind key growth platforms which includes high-growth platforms, such as plant-based foods. Our ambition by 2030 is to reduce future GHG emissions by 6 million tons CO2e through transforming our product portfolio. The key drivers of this are: 1. evolving product offering (estimated -4.2 m CO2e tons) e.g. in 2020 we expanded our portfolio of plant-based offerings with upgrades to Garden Gourmet's Sensational Burger e.g. new additions such as Sensational Vuna, our plant-based alternative to tuna 2. shifting towards ingredients with lower carbon footprint like plant-based foods (estimated -1.4 m CO2e tons) e.g. the new Milo replaces milk powder with ingredients from soy and oats, the core ingredients are the same as original Milo – malt, barley and cocoa e.g. our plant-based Coffee Mate natural bliss creamers that come in a variety of bases like almond and oat milks. We will continue to expand our plant-based know-how to meet new consumer needs as well as helping meet our net-zero commitments.

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 direct 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. As a company-specific example, today we have nine facilities in Europe that participate and comply with EU-ETS Phase III. However, we have approximately 375 factories located in more than 80 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 its Net Zero 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
More likely than not

Magnitude of impact
Low

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 potential carbon price mechanisms. As an estimation of the annual financial impact of the opportunity: we use the GHG reductions in our operations (scope 1+2) from our 2018 baseline calculation of 5.8mt CO2e As at 2030 to be aligned with Paris 1.5°C decarbonization pathway and Net Zero Roadmap, we should have approximately halved 2018 GHG emissions 0.5 x 5.8 million t CO2e = 2.8million t CO2e Assuming that all our plants have to comply with a regulatory carbon price in 2030 and a global average price of carbon in 2030 of between USD 100 - 120 per ton of CO2e, this would represent a savings of between USD 300 - 400 million per year. The figure will vary depending on evolution of GHG Scope 1 & 2, level of carbon pricing and geographic spread implementation of carbon pricing as well as our ability to achieve our internal targets.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
We are accelerating our manufacturing and operations to reduce our emissions as part of our company-specific Net Zero Roadmap, published in 2020. By 2025, we aim to purchase 100% renewable electricity in all our sites. The specific actions we are focusing on : - power our manufacturing renewably by increasing the proportion of renewable electricity that we use through power purchase agreements, green tariffs, renewable energy certificates and on-site production. Alongside established forms of renewable electricity, such as wind and solar, we will work with suppliers to increase availability of renewable thermal energy generated from sources, e.g. biogas and biomass by 2030. - further emissions reductions are expected to be delivered by increasing the efficiency of our operations. Many energy efficiency projects are already planned for sites across the globe, ranging from LED lighting systems to optimizing energy consumption during non-production times and recovering heat energy. - phase out refrigerants with a high global warming potential, such as hydrofluorocarbons, in our industrial refrigeration systems. We will replace these with new, natural refrigerants with zero or low GWP, such as ammonia, CO2 and hydrocarbons. Financial forecasts including forecasted costs are business sensitive and not publicly disclosed.

Comment

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
Increased revenues resulting from increased demand for products and services

Company-specific description
As consumers demand increasingly transparent and sustainable products, our brands will continue to adapt, embracing sustainability. Our company-specific core strategy is in line with this shift and that means engaging the one billion consumers a day who buy our products by offering more foods and beverages that are good for them and good for the planet. We will strive to continuously reduce the environmental footprint of our ingredients and recipes and investigate ways to transparently communicate about it. By engaging with consumers, we can increase demand for these products, which in turn will help us toward our net zero pledge. Our company-specific Net Zero Roadmap includes transformation of our product portfolio. In parallel with our corporate Net Zero emissions pledge, individual Nestlé brands are on a journey to achieving product or brand carbon neutrality. Our initiatives include: Our Net Zero Roadmap, which was launched in December 2020 with targets approved by the Science Based Targets initiative (SBTi). Historically, we have focused on emissions that are produced within our own factories (Scope 1), as well as those related to the electricity we purchase and use in our facilities (Scope 2). To achieve net zero emissions by 2050, we must now address emissions throughout our value chain. As the majority of our emissions come from activities in our supply chain (Scope 3), that is where we must focus efforts, collaborating with various partners to achieve our goals. The power of our products is key to driving industry action, and we have set goals for some of our best-known brands. Nespresso, S.Pellegrino, Perrier and Acqua Panna are planning to achieve carbon neutrality by 2022, with the rest of our Nestlé Waters portfolio achieving the same by 2025.

Time horizon
Medium-term

Likelihood

Likely

Magnitude of impact
Medium

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
Financial forecasts are business sensitive and not publicly disclosed.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Financial forecasts including costs are business sensitive and not publicly disclosed. Our Net Zero Roadmap includes transformation of our product portfolio. In parallel with our corporate Net Zero emissions pledge, individual Nestlé brands are on a journey to achieving product or brand carbon neutrality: • Individual brands achieving product or brand carbon neutrality to meet growing market preferences for more transparent and sustainable products • Use of high-quality, verified offsets and inset Example - Nespresso has committed to being carbon neutral by 2022, which will support our work to achieve net zero emissions by 2050. This new target will help drive our ongoing work to produce exceptional coffees, build a resilient and regenerative agriculture system, and drive sustainable livelihoods. Example - Our Waters business provides healthy hydration products all over the world. In 2020, we pledged to make our entire portfolio carbon neutral by 2025. Perrier, S.Pellegrino and Acqua Panna, the most renowned Waters brands, will be prioritized first and are expected to achieve carbon neutrality by 2022. To reach our target, we will pursue high-quality offsets in addition to investing in projects that reduce or capture carbon across our portfolio. Other brands like Vittel and Levissima have voluntarily decided to move faster than committed by the Group and also aim to achieve carbon neutrality by 2022. Example - Garden Gourmet, Garden of Life and Sweet Earth have all set targets for carbon neutrality by 2022.

Comment

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) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, but we intend it to become a scheduled resolution item within the next two years	In April 2021 at the Annual General Meeting, Nestlé's detailed, time-bound roadmap to achieve Net Zero greenhouse gas emissions by 2050, which was released in December 2020, (i.e. low-carbon transition plan), was submitted to an advisory vote by shareholders. Shareholders supported the roadmap with a very large majority.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?
Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 2.6	Our Net Zero Roadmap specifies our plan to halve Nestlé's GHG emissions by 2030 and achieve net zero by 2050. Scenario analysis is a critical tool for strategic planning and risk management. In 2020, we embarked on climate modeling across our value chain to assess our portfolio's resilience under different scenarios. We partnered with the University of Cambridge's Centre for Risk Studies to build a climate modeling tool to evaluate the potential directional impacts on Nestlé for both transition and physical risks: - various climate scenarios covering a broad spectrum of outcomes to help provide insight on key exposures - scenarios were built using publicly available data sources, including IPCC & IEA - our current portfolio and value chain were modeled, the potential impact of our planned actions in our Net Zero Roadmap were not contemplated - model incorporated Nestlé's physical and commercial footprint including: sourcing of raw material, site locations, distribution of finished goods; sales and profit by market - time horizon used was five years, over longer horizons risks are highly uncertain and unpredictable, particularly of how the transition to a lower-carbon economy may evolve - each risk factor was modeled independently, not contemplating dependencies or trade-offs The climate scenarios modelled included the IPCC RCP 2.6, as per the most recent IPCC 1.5°C report. It involves reaching net zero carbon emissions by 2050. It requires the world to take immediate and coordinated action to curb emissions. Storylines consistent with this involve deep reductions in energy demand and agricultural emissions, extensive electrification and low-carbon electricity generation, reduced demand for GHG-intensive products, as well as GHG removal. The expected carbon price in 2025 under this modelled scenario is estimated at USD80 per ton. 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. The analysis indicated that up to 2025, under this scenario the key climate-related challenges are likely to be transition risks. The key potential risks are for Nestlé were assessed as: - High impact on Policy: action to constrain emission-intensive activities resulting in an expected carbon price of ~USD80 per ton by 2025. This could lead to a significant increase in costs of production, distribution and raw materials for Nestlé - Medium impact on Technology: Nestlé may be required to make moderate investments in low-carbon technologies, as well as face potential higher input costs as suppliers pass on their own low-carbon investment costs - Medium impacts on Market & reputation: a shift to sustainability leading to consumers adopting more sustainable choices may result in revenue losses, and/or missed growth opportunities, as well as increasing the cost of capital for Nestlé Physical risks, which have limited impacts today, may present a growing challenge beyond 2025 and in the next few decades as warming of the planet continues. Full details of the directional impacts (non-financial and financial) are disclosed in our TCFD Report 2020. Description of how results informed business strategy: our 2020 scenario analysis was integrated into our climate strategy. Case study: in developing our advocacy strategic pillars. We cannot achieve our goals alone, and need to shape our advocacy and communications around our roadmap and engage with others. By considering the external policy context, this supported the development of critical areas to advocate for supportive legislation that, amongst other things, reduces barriers to renewable energy markets, incentivize innovation in agricultural and forestry sectors to capture more carbon, and helps to establish common standards for carbon claims.
RCP 4.5	Our Net Zero Roadmap specifies our plan to halve Nestlé's GHG emissions by 2030 and to achieve net zero by 2050. Scenario analysis is a critical tool for strategic planning and risk management. In 2020, we embarked on climate modeling across our value chain to assess our portfolio's resilience under different scenarios. We partnered with the University of Cambridge's Centre for Risk Studies to build a climate modeling tool to evaluate the potential directional impacts on Nestlé for both transition and physical risks: - various climate scenarios covering a broad spectrum of outcomes to help provide insight on key exposures - scenarios were built using publicly available data sources, including IPCC & IEA - our current portfolio and value chain were modeled, the potential impact of our planned actions in our Net Zero Roadmap were not contemplated - model incorporated Nestlé's physical and commercial footprint including: sourcing of raw materials, site locations, distribution of finished goods; sales and profit by market - time horizon used was five years, over longer horizons risks are highly uncertain and unpredictable, particularly of how the transition to a lower-carbon economy may evolve - each risk factor was modeled independently, not contemplating dependencies or trade-offs The climate scenarios modelled included the IPCC's RCP 4.5, an intermediate scenario more likely that not to result in a global temperature rise of between 2 and 3 degrees by 2100. In terms of GHG emissions, it requires that CO2 emissions would peak around 2040 and then decline to reach roughly half of the levels of 2050 by 2100. The world would rely on existing policies as well as potentially some planned policies, but no additional measures would be undertaken. Many plant and animal species may be unable to adapt to the effects of RCP 4.5 and higher RCPs. Under this scenario, the key exposures would be driven by policy (medium exposure), with low exposure across technology, market and reputation. The key risk for Nestle would be on policy action taken to start to limit emission-intensive activities (e.g. carbon price of up to ~USD 40 per ton by 2025). This could lead to moderate increases in costs of production, distribution and raw materials for Nestlé. On technology developments, Nestlé may be required to make low-level investments in low-carbon technologies in order to maintain competitiveness. On the market and reputation context, a lower proportion of consumers adopting choices with less environmental footprint would limit supply and demand shifts. Physical risks, which have limited impacts today, may present a growing challenge beyond 2025 and in the next few decades as warming of the planet continues. Full details of the directional impacts (non-financial and financial) are disclosed in our TCFD Report 2020. Our 2020 climate scenario modeling analysis was integrated into our climate change strategy. One example of this was in developing our advocacy strategic pillars. We cannot achieve our goals alone, therefore we need to shape our advocacy and communications around our roadmap and engage with others. By considering the external policy context, this supported the development of critical areas to advocate for supportive legislation that, amongst other things, reduces barriers to renewable energy markets, incentivize innovation in agricultural and forestry sectors to capture more carbon, and helps to establish common standards for carbon claims.
RCP 8.5	Our Net Zero Roadmap specifies our plan to halve Nestlé's GHG emissions by 2030 and to achieve net zero by 2050. Scenario analysis is a critical tool for strategic planning and risk management. In 2020, we embarked on climate modeling across our value chain to assess our portfolio's resilience under different scenarios. We partnered with the University of Cambridge's Centre for Risk Studies to build a climate modeling tool to evaluate the potential directional impacts on Nestlé for both transition and physical risks: - various climate scenarios covering a broad spectrum of outcomes to help provide insight on key exposures - scenarios were built using publicly available data sources, including IPCC & IEA - our current portfolio and value chain were modeled, the potential impact of our planned actions in our Net Zero Roadmap were not contemplated - model incorporated Nestlé's physical and commercial footprint including: sourcing of raw materials, site locations, distribution of finished goods; sales and profit by market - time horizon used was five years, over longer horizons risks are highly uncertain and unpredictable, particularly of how the transition to a lower-carbon economy may evolve - each risk factor was modeled independently, not contemplating dependencies or trade-offs The climate scenarios to be modelled included the IPCC's RCP 8.5, a very high baseline emissions scenario. This scenario results in a global temperature rise of potentially greater than 4C by 2100. In terms of GHG emissions, it requires that CO2 emissions continue to rise throughout this century. The world is focused on short-term concerns with no consideration for sustainable, long-term economic policies to mitigate global emissions. Chronic longer-term (and potentially irreversible tipping points) impacts in climate patterns (e.g. sea-level rise, ice caps and glacier melts) are expected to be significantly more pronounced under this scenario compared to the lower temperature rise pathways. Under this scenario, the exposures are low across the policy, technology, market and reputation risk factors. Carbon pricing is estimated to remain at today's level with no new low-carbon policies introduced, and current and planned policies repealed. There would be minimal uptake of lower-carbon technology. On the market context, it is estimated a very low proportion of consumers would adopt choices with less environmental footprint and this would therefore have limited supply and demand shifts. On reputation, there is the potential for increasing consumer activism shunning companies and brands which could result in low exposure in terms of revenue losses and/or missed growth opportunities. Physical risks, which have limited impacts today, may present a growing challenge beyond 2025 and in the next few decades as warming of the planet continues. Full details of the directional impacts (non-financial and financial) are disclosed in our TCFD Report 2020.

C3.3

(C3.3) 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	Dietary shifts – particularly toward plant-based diets – are one of the measures that society can take to keep our food system within environmental limits. Trends show growing consumer demand for low-carbon products such as plant-based foods and drinks. Precisely, consumers demand increasingly transparent and sustainable products, as we have seen through market research like the Kantar 'Who Cares Who Does 2020' report, and the 'Nestlé Trend Early Identification & Prioritization 2020' report. Demand for products and services may be impacted as consumers switch to alternatives with less environmental footprint and innovative competitors emerge that challenge market share. If Nestlé does not anticipate and act on these changing consumer shifts, it has the potential to impact on Nestlé's revenues and market shares. Description of how our strategy has been influenced by climate-related risks and/or opportunities: We assessed this market dimension through our climate scenario analysis, considering the potential uptake rates of sustainable alternatives, in terms of the proportion of consumers transitioning to products and services with less environmental footprint. Variable rates of adoption were projected across the different climate scenarios considered. We projected the increase in the percentage of consumers adopting sustainable alternative products across each climate scenario. Time horizon covered is medium-term: These inputs were benchmarked against historical product uptake rates. Products categories were allocated vulnerability assumptions dictating how exposed they may be to these trends. Revenue impacts were modelled in each year up to 2025. Rate of increase to 2025 value was non-linear. The model estimated potential directional financial impacts for each climate scenario considered. The most substantial decision we have made to date in this area is to align our core strategy with these consumer shifts which means engaging the one billion consumers a day who buy our products by offering more foods and beverages that are good for them and good for the planet. We aim to continuously reduce the environmental footprint of our ingredients and recipes and investigate ways to transparently communicate about it. By engaging with consumers, we can increase demand for these products, which in turn will help us toward our Net Zero pledge.
Supply chain and/or value chain	Yes	The most substantial decision we have made to date in this area is to do our GHG footprinting exercise in 2020. We understood that most of our emissions are in our value chain and supply chain, more specifically attributed to the sourcing of our ingredients. This exercise helped us identify the hotspots of our emissions and where our exposure is, leading to the development of a detailed action plan to target our actions. Second, in 2020 we embarked on qualitative and quantitative climate modeling across our value chain to assess our portfolio's resilience under different external conditions, as part of our TCFD report. We partnered with the University of Cambridge's Centre for Risk Studies to define the methodology and build a climate modeling tool. Our current portfolio and value chain were modeled using historical data. The model incorporated Nestlé's physical and commercial footprints. Physical data including volumes, sourcing locations of raw material, and commercial data were incorporated into the modeling. Time horizon covered is long-term: The outcome of this modeling work supported our expectations that in the foreseeable future Nestlé must navigate transition risks. In the longer term, physical risks could pose a greater threat to the food and beverage industry. This insight further strengthens the relevance of our climate-related actions outlined in our Net Zero Roadmap, which is to move to resilient systems. Description of how our strategy has been influenced by climate-related risks and/or opportunities: Concretely, as part of our net-zero 2050 ambition, we will scale up initiatives in agriculture to help absorb more carbon, given this is an area of our value chain where most of our emissions occur. Nestlé will strengthen its programs with farmers to help restore land and limit GHG emissions. An example is the Skimmelkrans Net Zero Carbon Emissions Project: an ambition to create the company's first dairy supplier farm to reach net zero, located in George, South Africa. Nestlé committed that by 2023, the farm will be net zero. Nestlé will also step-up efforts to protect forests by replanting trees and enhancing biodiversity. An example of this is Nestlé's commitment to plant 3 million trees in the next three years through Project RELeaf, in Malaysia. These initiatives should help build resilient agricultural communities and supply chains.
Investment in R&D	Yes	The most substantial decision we have made to date in this area is to leverage forward-looking science to innovate and to help us understand the climate-related risks and opportunities for the business, from an R&D perspective. This also helps us to address sustainability challenges such as reducing our GHG emissions in line with our climate commitment to achieve Net Zero GHG emissions by 2050. For example, in September 2020 we launched our Dairy accelerator in Konolfingen, Switzerland, which is designed to drive innovation and speed-to-market of sustainable dairy products and plant-based alternatives. Scientists understand that certain crops and commodities that we rely on will be limited or no longer available in the future, which is a risk to our business. However, it is also an opportunity, as our scientists are working to develop plant-based offerings from sustainable ingredients like peas, oats, rice, soy, coconut and almonds, which are highly nutritious and have a lower carbon footprint. Covering the medium-term horizon from 2021-2025, our scientists will work towards developing products with a lower carbon footprint from the onset, with quantifiable climate-related results from life cycle assessments. All aspects of the value chain are considered for reductions for example, the use of renewable energy in production, improved packaging and reduced emissions in the sourcing of raw ingredients. Description of how our strategy has been influenced by climate-related risks and/or opportunities: Below are more concrete examples of how climate-related risks and opportunities influence our investments and decisions in R&D. The time horizon these investments cover is long-term, matching our key milestones to achieve a 20% reduction in absolute GHG emissions by 2025, halve emissions by 2030 and achieve Net Zero by 2050. - Plant-based product development: continued focus on developing new and innovative plant-based products e.g. VUNA, a tuna-like fish analogue, and a new plant-based bacon cheeseburger - Circular economy: Swiss pilot of reusable and refillable dispensers to reduce single use packaging - Professorship: co-funding of a new Chair for sustainable materials at the École Polytechnique Fédérale de Lausanne (EPFL) in Switzerland to focus on research into sustainable materials.
Operations	Yes	Description of how our strategy has been influenced by climate-related risks and/or opportunities: Regarding our logistics, our distribution emissions reduction strategy has been sharpened to focus on two areas: continuous increase in operational efficiencies and switching to lower emissions modes, vehicles and fuels. An example of the latter is our zero emissions truck at Zoegas factory, in Sweden. The CO2 emissions of the transport of goods from the factory are one of the major sources. These electrical trucks are powered with renewable energy which has already helped us to reduce CO2 emissions from the road transport of coffee by 40% in Sweden. Additionally, a key enabler for our logistics emissions reduction strategy is collaborating externally with green freight programs, industry, NGOs and other key stakeholders. An example of our external collaboration is that we are now part of the Global Logistics Emissions Council (GLEC) and Clean Cargo. We are also participating with the WEF in the Road Freight Zero initiative. Regarding our manufacturing, as disclosed in C2.3a, carbon pricing systems could result in increased operational costs for our company. In 2020, this led to our Board's strategic decision to accelerate our transition to 100% renewable electricity purchased with a commitment to achieve 100% renewable electricity purchased in all our sites by 2025. The latter is the most substantial decision we have made to date in this area. In 2020, 50% of our total electricity purchased came from renewable sources in our manufacturing sites (compared with 42% in 2019). With regards to thermal renewable energies, which account for 2/3 of our manufacturing energy consumption, a dedicated internal working group has been created to evaluate and explore alternative low-carbon technologies and fuel sources between now and 2023. The time horizon it covers is short-term. This will allow the company to define more precisely its thermal renewable energy Roadmap and Advocacy strategy.

C3.4

(C3.4) 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 our products in line with consumer trends and choices. Nestlé will launch more products that have a better carbon 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 ingredients with a lower carbon footprint. Direct costs Nestlé is scaling up renewable energy sourcing (50% of all our electricity purchased came from renewable sources in 2020) in line with our Net Zero 2050 roadmap. With our commitment, made in 2020, to transition to 100% renewable electricity by 2025, we will continue to increase the use of energy from renewable sources and collaborate with various partners to enable suppliers to invest in new infrastructure such as wind and solar farms. This is part of a broader total investment of CHF 3.2 billion by 2025 to put us on track of our Net Zero journey. Acquisitions and divestments We are considering climate-related risk and opportunity in our acquisition and divestment decision making. 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 consider fit with strategy, attractive categories, ability to win and resource intensity. For example, acquisitions in 2017 already reflected 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), and Chameleon Cold-Brew (credited as the first fair trade and organic cold brew company in the USA). In 2019, Nestlé announced it had agreed to sell a 60% stake of Herta cold-cuts and meat-based products. Nestlé retains and develops its existing Herta vegetarian business, in line with its increased focus on plant-based offerings. The recent acquisition of Freshly in 2020 is another example, fitting into the acquisition and divestment strategy, allowing the company to lead in the space of fresh-prepared meal delivery services in the USA. Capital expenditures and Assets Our physical assets may be impacted by climate change e.g. facilities in water-stressed areas, extreme weather events damaging facilities etc. We know this given that we follow the ISO14001 standard on Environmental Management helping us understand climate-related risks and opportunities to our assets. Where feasible, Nestlé takes relevant actions including capital investments to reduce the impact of climate-related factors on its physical assets and risk of business interruption. In terms of weather-related incidents, as part of the Nestlé Global Property Loss Prevention Program, an in-depth identification of natural hazard exposures is made for existing sites and greenfield projects proactively to anticipate 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. For example, in our Dieppe Nescafé factory in France, the site has improved the capacity of the drainage system and developed the emergency plan with local authorities to be better prepared to the risk of coastal flood events. This is relevant because the site is exposed to a 100-year coastal flood event which could lead to minor structural damage to the building and some damage to key equipment which could trigger a business interruption.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

We have understood climate-related risks and opportunities through the work of the Task Force on Climate-related Financial Disclosures (TCFD), where we closely collaborated with academics from University of Cambridge, to produce our TCFD report.

Furthermore, senior management has identified climate change as one of society's greatest challenges and one of the greatest potential risks to the future of our business. We have therefore taken action to develop a detailed Net Zero roadmap aligned with ambitious but scientifically achievable targets, understanding costs, overall influencing our strategy and financial planning.

Managing risk in our business and transforming our portfolio to meet consumer needs and demand remain in focus and we look forward to encouraging purchasing and consumption with our consumers in line with our goals.

In 2019, Nestlé announced its ambition to halve greenhouse gas emissions by 2030 and to achieve Net Zero by 2050, embracing the most ambitious aim of the Paris Agreement, to limit global temperature rise to 1.5°C. With the announcement of our detailed Net Zero roadmap in 2020, Nestlé is accelerating its climate change efforts.

C4. Targets and performance

C4.1

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

Absolute target

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

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2018

Covered emissions in base year (metric tons CO2e)

5723413

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

100

Target year
2025

Targeted reduction from base year (%)
20

Covered emissions in target year (metric tons CO2e) [auto-calculated]
4578730.4

Covered emissions in reporting year (metric tons CO2e)
5113799

% of target achieved [auto-calculated]
53.2561602666101

Target status in reporting year
New

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

Target ambition
1.5°C aligned

Please explain (including target coverage)
The emissions targets and progress in this disclosure, including this target, are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

Target reference number
Abs 2

Year target was set
2020

Target coverage
Company-wide

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

Base year
2018

Covered emissions in base year (metric tons CO2e)
5723413

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

Target year
2030

Targeted reduction from base year (%)
50

Covered emissions in target year (metric tons CO2e) [auto-calculated]
2861706.5

Covered emissions in reporting year (metric tons CO2e)
5113799

% of target achieved [auto-calculated]
21.3024641066441

Target status in reporting year
New

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

Target ambition
1.5°C aligned

Please explain (including target coverage)
The emissions targets and progress in this disclosure, including this target, are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

Target reference number
Abs 3

Year target was set
2020

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 3 (upstream & downstream)

Base year
2018

Covered emissions in base year (metric tons CO2e)
89967161

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
81

Target year
2025

Targeted reduction from base year (%)
20

Covered emissions in target year (metric tons CO2e) [auto-calculated]
71973728.8

Covered emissions in reporting year (metric tons CO2e)
93195787

% of target achieved [auto-calculated]
-17.943358243793

Target status in reporting year
New

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

Target ambition
1.5°C aligned

Please explain (including target coverage)
The emissions targets and progress in this disclosure, including this target, are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. As the targets were set in 2020 but with a 2018 base year, the % of target achieved is a representation of company growth 2018-2020 prior to the targets being made. With our targets approved at the end of 2020, we will continue to work towards achieving our reduction commitments (20% by 2025, 50% by 2030, Net Zero by 2050).

Target reference number
Abs 4

Year target was set
2020

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 3 (upstream & downstream)

Base year
2018

Covered emissions in base year (metric tons CO2e)
89967161

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
81

Target year
2030

Targeted reduction from base year (%)
50

Covered emissions in target year (metric tons CO2e) [auto-calculated]
44983580.5

Covered emissions in reporting year (metric tons CO2e)
93195787

% of target achieved [auto-calculated]
-7.17734329751719

Target status in reporting year
New

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

Target ambition
1.5°C aligned

Please explain (including target coverage)
The emissions targets and progress in this disclosure, including this target, are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. As the targets were set in 2020 but with a 2018 base year, the % of target achieved is a representation of company growth 2018-2020 prior to the targets being made. With our targets approved at

the end of 2020, we will continue to work towards achieving our reduction commitments (20% by 2025, 50% by 2030, Net Zero by 2050).

Target reference number
Abs 5

Year target was set
2020

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 3 (upstream & downstream)

Base year
2018

Covered emissions in base year (metric tons CO2e)
89967161

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
81

Target year
2050

Targeted reduction from base year (%)
100

Covered emissions in target year (metric tons CO2e) [auto-calculated]
0

Covered emissions in reporting year (metric tons CO2e)
93195787

% of target achieved [auto-calculated]
-3.5886716487586

Target status in reporting year
New

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

Target ambition
1.5°C aligned

Please explain (including target coverage)
The emissions targets and progress in this disclosure, including this target, are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. As the targets were set in 2020 but with a 2018 base year, the % of target achieved is a representation of company growth 2018-2020 prior to the targets being made. With our targets approved at the end of 2020, we will continue to work towards achieving our reduction commitments (20% by 2025, 50% by 2030, Net Zero by 2050).

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
Net-zero target(s)

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
2020

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
2020

Figure or percentage in base year
50

Target year
2025

Figure or percentage in target year
100

Figure or percentage in reporting year
50

% of target achieved [auto-calculated]
0

Target status in reporting year
New

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

Is this target part of an overarching initiative?
RE100

Please explain (including target coverage)
Nestlé joined RE100 in 2014 and committed in December 2020 to procure 100% of electricity from renewable sources by 2025 in all its sites.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number
NZ1

Target coverage
Company-wide

Absolute/intensity emission target(s) linked to this net-zero target
Abs1
Abs2
Abs3
Abs4
Abs5

Target year for achieving net zero
2050

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

Please explain (including target coverage)
In our Net Zero Roadmap, Nestlé commits to be net zero based on our 2018 baseline, no matter how much our company grows, with the following milestones: - By 2025, we will reduce our scope 1, 2 and 3 GHG emissions by 20% - By 2030, we will reduce our scope 1, 2 and 3 GHG emissions by 50% We have identified several reduction and removal opportunities. Key levers include dairy and livestock, natural climate solutions, portfolio management and packaging improvements. More details can be found in the Nestlé Net Zero Roadmap document: https://www.nestle.com/sites/default/files/2020-12/nestle-net-zero-roadmap-en.pdf

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	454	281000
To be implemented*	1952	3168000
Implementation commenced*	72	90000
Implemented*	161	384880
Not to be implemented	0	0

C4.3b

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

Initiative category & Initiative type

Low-carbon energy consumption	Other, please specify (Combination of renewable grid and switching to solid biofuel)

Estimated annual CO2e savings (metric tonnes CO2e)
304880

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

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
2400000

Investment required (unit currency – as specified in C0.4)
11000000

Payback period
4-10 years

Estimated lifetime of the initiative
Ongoing

Comment
Projects included: - switching to renewable electricity e.g. Nestlé announced it is investing in Taygete I, a 2,000-acre solar project owned and developed by 7X Energy in Pecos County, Texas. This is Nestle's largest direct investment (by capacity) in a renewable energy project to date. With this investment, the solar project will add 250 MWac of solar electricity to the U.S. grid. In addition to its direct investment, Nestlé will purchase 100% of the renewable electricity attributes generated by the project's energy production, estimated to be 750,000 megawatt hours per year for 15 years. - switching to renewable thermal fuels e.g. in June 2020, a spent coffee-ground boiler was commissioned in our coffee factory in Girona, Spain. It is expected to generate 125,000 tonnes of steam per year, which would reduce consumption of natural gas in the factory by 25%.

Initiative category & Initiative type

Energy efficiency in production processes	Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)
80000

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

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
8000000

Investment required (unit currency – as specified in C0.4)
16000000

Payback period
1-3 years

Estimated lifetime of the initiative
Ongoing

Comment
Savings were mostly generated thanks to heat-recovery projects, assets upgrade or replacement, or steam-loss reduction by improving the piping network and reduction of energy consumption during non-production period.

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. 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 managers set 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 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 in charge of 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 in charge of 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	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 abatement projects assessed for our factories are benchmarked considering the marginal cost of energy reduction (GJ saved per CHF invested) which is 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)	Nestlé has made a public commitment to reach Net Carbon Zero by 2050 across the extended supply chain (scope 1/2/3) and to reach -20% in 2025 (vs the 2018 GHG baseline) and -50% in 2030. A dedicated ESG Strategy unit has been created at Head Office to deploy our ESG actions through the markets. Various initiatives are being deployed, such as conversion to renewable electricity and low-emission vehicle fleet, use of biofuels and bio-packaging material, product reformulation, tree planting, investing in targeted R&D, etc. We are ramping up our capital investments in this area over the next five years.

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 optimization program. By optimizing the weight and volume of our packaging materials, emissions are avoided. We began optimizing packaging in 1991, and 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 CO2e.

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 (The methodology used to assess avoided emissions in the last five years is the one used to assess our Scope 3 emissions)

% 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 avoided emissions in the last five years 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 materials 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
Nespresso is introducing, for the first time in the coffee market, capsules made using 80% recycled aluminum. 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 aluminum.

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 aluminum is linked to the amount of energy saved in the production of the aluminum. Recycled aluminum requires 95% less energy to produce than virgin aluminum, so is well-suited for use in a circular business model. The new aluminum composition of our capsules also uses 9.2% less aluminum per capsule and is 8% lighter. Using recycled aluminum 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 are expected to result in an estimated 28.344 tonne 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 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
3289012

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

Scope 2 (location-based)

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
3082573

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

Scope 2 (market-based)

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
2434401

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

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)
3215404

Start date
January 1 2020

End date
December 31 2020

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
3246367

Start date
January 1 2019

End date
December 31 2019

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
3289012

Start date
January 1 2018

End date
December 31 2018

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

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
3052234

Scope 2, market-based (if applicable)
1898395

Start date
January 1 2020

End date
December 31 2020

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

Past year 1

Scope 2, location-based
3089029

Scope 2, market-based (if applicable)
2215450

Start date
January 1 2019

End date
December 31 2019

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

Past year 2

Scope 2, location-based
3082573

Scope 2, market-based (if applicable)
2434401

Start date
January 1 2018

End date
December 31 2018

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

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 and regional offices

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

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

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

Source
Some recently acquired factories

Relevance of Scope 1 emissions from this source
Emissions excluded due to recent acquisition

Relevance of location-based Scope 2 emissions from this source
Emissions excluded due to recent acquisition

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions excluded due to recent acquisition

Explain why this source is excluded
Some recent acquisitions have not yet been integrated into the data systems we use to track GHG emissions over time. 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 centers & 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
87823654

Emissions calculation methodology
This category was calculated with the support of our GHG accounting partner South Pole. For purchased goods, the amount of materials purchased reported through our global data systems (SAP) is multiplied by the emission factor corresponding to a representative dataset. Corrections were made to purchased volumes to be representative of fresh equivalent volumes at farm to match the scope of the emissions factors being applied. Where relevant, emission factors for manufacturing of ingredients and conversion of packaging materials were also considered. The results are aggregated to obtain the GHG emissions associated to the respective categories, sub-categories, markets and plants. The sources of emission factors are: World Food LCA Database (v.3.5), ecoinvent v.3.7, BEIS, Agribalyse, Agrifootprint, Geofootprint and Nestlé internal LCA databases. For selected raw ingredients, the input data was disaggregated so as to consider best practices or regions. In all cases, the results are calculated using the IPCC 2013GWP 100 characterization factors. Primary emissions factors from Cool Farm Tool (CFT) assessments were used for all raw milk sourcing. For packaging, the Circular Footprint Formula (CFF) developed by the European Commission was applied to our packaging volumes of virgin and recycled materials. 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. A contribution analysis was performed to identify the largest contributors to the overall results. There was an increase in our calculated GHG emissions from this category compared to what was reported previously. This is partially due to an increase in the volume of goods purchased. However much of the increase has been from an improved methodology for estimating the impact of finished (already manufactured) goods (e.g. from Co-manufacturers). In 2018 we only had access to spend data and not volumes. This meant Input/Output modelling was used, as was done for purchased services. This year we had access to volumes purchased and more representative emissions factors per KG of manufactured product for the different product types. This change in method will be corrected in our progress reporting.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
12

Please explain
In 2020, 12% of our purchased goods and services emissions was calculated using exclusively primary data in generating emissions factors. A further 10% was calculated using Emissions Factors containing some primary data provided by our suppliers on key parameters (such as yield and fertilizer rates). The remainder was calculated using regionally specific industry average emissions factor data from widely adopted Life Cycle Inventories set out above. Increasing the proportion of supplier specific data is a priority for this category in the coming years and we are actively engaging our key suppliers to accelerate our climate-related value chain data collection.

Capital goods

Evaluation status
Relevant, calculated

Metric tonnes CO2e
4717519

Emissions calculation methodology
This category was calculated with the support of our GHG accounting partner South Pole. Input/Output modelling was used, whereby the expenditure in CHF by spend type 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 2013 GWP 100 characterization factors. 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 supplier provided data was used in this category in 2020.

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

Evaluation status
Relevant, calculated

Metric tonnes CO2e
939526

Emissions calculation methodology
This category was calculated with the support of our GHG accounting partner South Pole. Emission factors were sourced by South Pole from IEA (for calculating well-to-tank (WTT) emissions of purchased electricity) and DEFRA/BEIS (to calculate WTT emissions of the consumed fuels). Electricity consumption related emissions factors incorporate emissions associated with WTT activities and transmission and distribution losses. Emissions were calculated for each plant and each energy source by multiplying the energy content of the different fuels (and electricity) with the associated emission factors. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors.

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

Please explain
No supplier provided data was used in this category in 2020.

Upstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
5019315

Emissions calculation methodology
This category was calculated with the support of our GHG accounting partner South Pole. A Python open-source query package was used to look up the grid coordinates and subsequently the distance between the vendor site location and the Nestlé plant location where purchased materials were delivered. Multiplying the mass of goods transported by the distance provides a good estimate of the total tonne-kilometre (t.km) travelled by the goods. Supply Chain experts within Nestlé provided a breakdown of the modes of transports used for inbound logistics by region. Through these splits by vehicle type appropriate emissions factors from DEFRA/BEIS were applied to the activity data based on vehicle type. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors.

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

Please explain
No supplier provided data was used in this category in 2020.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
58965

Emissions calculation methodology
This category was calculated with the support of our GHG accounting partner South Pole. Waste volumes for all manufacturing sites and a high proportion of distribution centers is collated centrally including details of waste material and destination. Emission factors sourced from DEFRA/BEIS and are specific to waste categories and treatment methods. Emissions were calculated by multiplying the volume of the waste by destination, with the relevant emission factor. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors.

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

Please explain
No supplier provided data was used in this category in 2020.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
103009

Emissions calculation methodology
All the data for air travel was provided by our global travel agent which tracks all business-related flights booked by Nestlé employees. Kilometers of business air travel were apportioned according to flight class (Economy, Premium, Business, First) and haul (short, medium, long). Emission factors for business travel were sourced from DEFRA/BEIS data. The GHG emissions reported by our travel agent do not include the additional impact from radiative forcing (RF). For ground travel, data was also provided by our hire car partners on rentals, distance travelled and GHG emissions considering the vehicle type. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
All of the data used in the calculation of this category came from our travel agent or hire car providers.

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
569599

Emissions calculation methodology
Employee commuting emissions were based upon Nestlé's global employee headcount. Assumptions about the average distance travelled and proportions of transport modes were made based upon regional commuter data across the US, Europe, and Asia. For the US and Europe, transport mode proportions were based upon government data. Asia's transportation modes were based on generic global data. The GHG emissions for employee commuting and in total were calculated using ecoinvent (v.3.5) emission factors based on IPCC 2013 100-year data.

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

Please explain
No supplier provided data was used in this category in 2020.

Upstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
289046

Emissions calculation methodology
This category was calculated with the support of our GHG accounting partner South Pole and included assets leased by Nestlé but not owned by Nestlé (acting as the lessee). Emission factors in kgCO2e/kWh were sourced by South Pole from IEA to calculate emissions from the use of purchased electricity, including well-to-tank (WTT) activities, and transmission and distribution losses. Data in square meters by building type (e.g. offices, retail stores, distribution centers, other) was extracted from Nestlé's Real Estate database. The extracted data included details regarding location, type of occupier, and total period over which Nestlé had control of the real estate during the reporting year. This information was used to calculate electricity consumption per type of building, based on EU energy statistics (office and retail), US EIA (distribution centers) and average consumption per region (other). In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors.

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

Please explain
No supplier provided data was used in this category in 2020.

Downstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
4477305

Emissions calculation methodology
Freighting emission factors in tonne.km were extracted from UK DEFRA / BEIS. Over 30 emission factors were selected, covering vehicle types across air, rail, sea, and road, making distinction between refrigerated and non-refrigerated ones. Original emission factors for Heavy Good Vehicles (HGV) were converted from 100% to 82% laden to reflect Nestlé's statistics on average loads. Data in tonne.km per mode of transport (e.g. air, rail, sea) was extracted from Nestlé's SAP. Data on the share of tonne-kilometre (t.km) per vehicle type was extracted from Nestlé's individual environmental reporting, on a per business basis. The share of refrigerated and non-refrigerated vehicles, and the average load for HGVs was extracted from Nestlé's records and statistics. Emissions were calculated by multiplying tonne.km per type of vehicle by the relevant emission factor. We are also reporting the GHG emissions from warehousing and the electrical equipment used to distribute out products (freezers / coffee dispensers) under this category. This was calculated based on the number of machines, daily energy consumption and grid specific emissions factors for electricity. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors.

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

Please explain
No supplier provided data was used in this category in 2020.

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 industrial processing.

Use of sold products

Evaluation status
Relevant, calculated

Metric tonnes CO2e
11472621

Emissions calculation methodology
This category was calculated with the support of our GHG accounting partner South Pole. Reported values include both Direct (196,279 t CO2e) and Indirect (11,276,342 t CO2e) use phase GHG emissions. Direct use phase emissions include electrical appliances sold by Nestlé such as personal coffee machines and water coolers and consider the entire useful life of these appliances sold in the reporting year. Indirect use phase emissions included all product types that require energy in their preparation and the preparation assumptions were based on the product specific instructions. South Pole applied grid emission factors from the International Energy Agency (2019) for 102 countries in which Nestlé operates to calculate an average global emission factor. In addition, a literature review was conducted to collect data on average electricity consumption of household appliances. For each product, the total electricity consumption was estimated in Kilowatt hour (Kwh), based on product use assumptions, as provided by Nestlé, and appropriate household appliance electricity consumption rates, as identified through the literature review. Subsequently, the average global emission factor was multiplied with the total electricity consumption to calculate total emissions. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors.

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

Please explain
No supplier provided data was used in this category in 2020.

End of life treatment of sold products

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1473153

Emissions calculation methodology
Here we have captured GHG emissions from end of life treatment both from the packaging of our products and the food waste at point of consumption. For packaging, the Circular Footprint Formula (CFF) developed by the European Commission was applied to our packaging volumes. Inputs to this formula include market specific recycling rates for key materials along with assumptions on incineration and open burning rates based on the development status of the markets infrastructure based on a literature review. Appropriate emissions factors by end of life destination, by material were sourced from ecoinvent v.3.7. Regionally specific emissions factor values were included where available otherwise global average values were used. For food waste, a volume of food waste was modelled for each product category based on the volume of product sold and a percentage of waste occurring both in storage and in consumption. Depending on the product type (whether it was solid or liquid), the carbon footprint of food waste was modelled by applying an emissions factor for either composting of biowaste or wastewater treatment. Assumptions were also included for distance travelled from consumer home to waste treatment sites. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors.

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

Please explain
No supplier provided data was used in this category in 2020.

Downstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
57116

Emissions calculation methodology
This category was calculated with the support of our GHG accounting partner South Pole and covers assets that are owned and leased by Nestlé (acting as lessor). Emission factors in kgCO2e/kWh were sourced by South Pole from IEA to calculate emissions from the use of purchased electricity, including well-to-tank (WTT) activities, and transmission and distribution losses. Data in square meters by building type (e.g. offices, retail, distribution centers, other) was extracted from Nestlé's Real Estate database. The extracted data included details regarding location, type of occupier, and total period over which Nestlé had control of the real estate during the reporting year. This information was used to calculate electricity consumption per type of building, based on EU energy statistics (office and retail), US EIA (distribution centers) and average consumption per region (other). In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors.

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

Please explain
No supplier provided data was used in this category in 2020.

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
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
Nestlé has moved to a financial control approach for defining our organizational boundaries. Furthermore, we apply an equity share approach to reporting GHG emissions from entities where we share financial control. Therefore, this category is no longer material to Nestlé's operation.

Other (upstream)

Evaluation status
Not evaluated

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.

Other (downstream)

Evaluation status
Not evaluated

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.

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)
72562104

Please explain
For all of our key ingredients our models calculate GHG emissions from Agriculture/Forestry separately from upstream Processing/Manufacturing. As the vast majority (by volume) of the ingredients we purchase are either direct from farm or only requiring some storage or light primary processing, the majority of our GHG emissions from our ingredients are from Agriculture/Forestry (>90%). This is reversed for packaging where the majority of emissions are from Processing/Manufacturing (>90%). Here we have allocated a proportion of the GHG emissions from virgin paper and cardboard content to forestry.

Activity
Processing/Manufacturing

Scope 3 category
Purchased goods and services

Emissions (metric tons CO2e)
15261550

Please explain
For all of our key ingredients our models calculate GHG emissions from Agriculture/Forestry separately from upstream Processing/Manufacturing. As the vast majority (by volume) of the ingredients we purchase are either direct from farm or only requiring some storage or light primary processing, the majority of our GHG emissions from our ingredients are from Agriculture/Forestry (>90%). This is reversed for packaging where the majority of emissions are from Processing/Manufacturing (>90%). Here we have allocated a proportion of the GHG emissions from virgin paper and cardboard content to forestry. GHG emissions from Processing/Manufacturing came from various sources including process specific factors from ecoinvent v.3.7 or supplier specific scope 1 and 3 emissions values from suppliers for certain ingredient categories.

Activity
Distribution

Scope 3 category
Upstream transportation and distribution

Emissions (metric tons CO2e)
5019315

Please explain
Here we include upstream distribution of purchased goods from supplier sites to delivery at a Nestlé plant. A Python open-source query package was used to look up the grid coordinates and subsequently the distance between the vendor site location and the Nestlé plant location. Multiplying the mass of goods transported by the distance provides the total tonne-kilometre (t.km) travelled by the goods. Supply Chain experts within Nestlé provided a breakdown of the modes of transports used for inbound logistics. Through these splits by vehicle type appropriate emissions factors from DEFRA/BEIS 2019 were applied to the activity data based on vehicle type.

Activity
Distribution

Scope 3 category
Downstream transportation and distribution

Emissions (metric tons CO2e)
4477305

Please explain
Here we include distribution of purchased goods from Nestlé plant to customer site. Data in tonne.km per mode of transport (e.g. air, rail, sea) was extracted from Nestlé's SAP. Data on the share of tonne-kilometre (t.km) per vehicle type was extracted from Nestlé's individual environmental reporting, on a per business basis. The share of refrigerated and non-refrigerated vehicles, and the average load for HGVs was extracted from Nestlé's records and statistics. Emissions were calculated by multiplying tonne.km per type of vehicle by the relevant emission factor.

Activity
Consumption

Scope 3 category
Use of sold products

Emissions (metric tons CO2e)
11472621

Please explain
Reported values include both Direct (196,279 t CO2e) and Indirect (11,276,342 t CO2e) use phase GHG emissions. Direct use phase emissions include electrical appliances sold by Nestlé such as personal coffee machines and water coolers and considered the entire useful life of that appliance. Indirect use phase emissions included all product types that require energy in their preparation and the preparation assumptions were based on the product specific instructions. South Pole applied grid emission factors from the International Energy Agency (2019) for 102 countries in which Nestlé operates to calculate an average global emission factor. In addition, a literature review was conducted to collect data on average electricity consumption of household appliances. For each product, the total electricity consumption was estimated in Kilowatt hour (Kwh), based on product use assumptions, as provided by Nestlé, and appropriate household appliance electricity consumption rates, as identified through the literature review. Subsequently, the average global emission factor was multiplied with the total electricity consumption to calculate total emissions.

Activity
Consumption

Scope 3 category
End of life treatment of sold products

Emissions (metric tons CO2e)
1473153

Please explain
Here we have captured GHG emissions from end of life treatment both from the packaging of our products and the food waste at point of consumption. For packaging, the Circular Footprint Formula (CFF) developed by the European Commission was applied to our packaging volumes. Inputs to this formula include market specific recycling rates for key materials along with assumptions on incineration and open burning rates based on the development status of the markets infrastructure based on a literature review. Appropriate emissions factors by end of life destination, by material were sourced from ecoinvent v.3.7. Regionally specific emissions factor values were included where available otherwise global average values were used. For food waste, a volume of food waste was modelled for each product category based on the volume of product sold and a percentage of waste occurring both in storage and in consumption. Depending on the product type (whether it was solid or liquid), the carbon footprint of food waste was modelled by applying an emissions factor for either composting of biowaste or wastewater treatment. Assumptions were also included for distance travelled to waste treatment sites.

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)
809168

Methodology
Default emissions factors

Please explain
This includes biomass sustainably sourced and combusted in our manufacturing sites for the generation of heat (mostly wood and spent coffee grounds).

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
Other (Coffee)

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

Please explain
Nestlé tracks our coffee procurement volumes by supplier, by origin and by certification status (e.g. 4C/AAA/RA). Through our network of agricultural support staff we have started integrating additional primary data from agricultural production to generate more representative emissions factors by farm archetype and origin. Where primary data was not available for 2020, we have used country specific emission factors for coffee production from World Food LCA Database (v.3.5).

Agricultural commodities
Other (Wheat)

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

Please explain
Nestlé tracks our wheat procurement volumes by supplier, by origin. We have used country specific emission factors for wheat production from World Food LCA Database (v.3.5). Where country specific values are not available we have used regional averages.

Agricultural commodities
Cattle products

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

Please explain
Dairy is our single biggest category, both by volume and contribution to our GHG footprint. We source it from both small-scale and large-scale producers all around the world. The volumes of dairy milk purchased globally are accurately tracked both at market and group level. Nestlé has rolled out Cool Farm Tool (CFT) assessments across our raw milk sourcing regions, by farm archetype to provide primary emissions factors for our GHG accounting. We are actively engaging with our dairy derivative suppliers to increase the quantity and quality of supply chain specific data being shared each year. Beef is a very minor ingredient for us in terms of volume. We calculate the footprint of our beef purchasing using representative emissions factors from World Food LCA Database (v.3.5).

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)
31356071

Denominator: unit of production
<Not Applicable>

Change from last reporting year
About the same

Please explain
There was a small increase in the total volume of cattle products purchased in line with the growth of the company. This growth was compensated by a reduction of the GHG intensity of the dairy ingredients we are purchasing from several markets. Nestlé has rolled out Cool Farm Tool (CFT) assessments across our raw milk sourcing regions, by farm archetype to provide primary emissions factors for our GHG accounting. We are actively engaging with our dairy derivative suppliers to increase the quantity and quality of supply chain specific data being shared each year. Beef is a very minor ingredient for us in terms of volume. We calculate the footprint of our beef purchasing using representative emissions factors from World Food LCA Database (v.3.5).

Other

Reporting emissions by
Total

Emissions (metric tons CO2e)
6083165

Denominator: unit of production
<Not Applicable>

Change from last reporting year
About the same

Please explain
These emissions are from coffee (5,005,691) and wheat (1,077,474) and are about the same as 2019. Coffee volumes increased slightly linked to the growth of the business but the GHG emissions intensity has decreased. Nestlé tracks our coffee procurement volumes by supplier, by origin and by certification status. Through our network of agricultural support staff we have started integrating additional primary data from agricultural production to generate more representative emissions factors by farm archetype and origin. Where primary data was not available for 2020, we have used country specific emission factors for coffee production from World Food LCA Database (v.3.5). Nestlé tracks our wheat procurement volumes by supplier, by origin. We have used country specific emission factors for wheat production from World Food LCA Database (v.3.5). Where country specific values are not available we have used regional averages.

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)
5113799

Metric denominator
metric ton of product

Metric denominator: Unit total
51167683

Scope 2 figure used
Market-based

% change from previous year
3.6

Direction of change
Decreased

Reason for change
With a 6.4% decrease in our GHG emissions (Scope 1 & 2), our GHG emissions (Scope 1 &2) per metric ton of product decreased by 3.6%. This decrease is attributed to a series of initiatives such as switching to renewable electricity and improvements in energy efficiency in our manufacturing sites.

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
CO2	3153074	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	881	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	1785	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	59608	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify (Low GWP Refrigerants)	56	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	690692
India	206993
Mexico	183849
Spain	160283
China	100627
South Africa	149020
Philippines	141125
France	121447
Brazil	122809
United Kingdom of Great Britain and Northern Ireland	102766
Pakistan	109872
Russian Federation	82970
Japan	73791
Chile	62310
Italy	60181
Nigeria	57019
Other, please specify (Rest of the world)	789650

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	1172074
Zone AOA	1181504
Zone EMENA	691235
Nestlé Waters	101296
Other Nestlé Food	69295

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	106505	41.9878	2.793
2	59393	31.42	73.58
3	71294	36.875364	-89.871318
4	65853	40.042454	-85.740477
5	36365	45.6435	38.9487
6	68246	30.821253	75.150604
7	45653	30.372121	71.883432
8	52398	8.475003	124.730444
10	48788	34.896607	134.734424
11	60301	-29.007803	29.870603
12	43794	-7.708246	112.861328
13	56792	37.687157	-77.013762
14	49476	6.502306	3.091294
16	37343	3.054602	101.513865
17	39220	43.3159	-3.8799
18	44420	19.289575	-99.617103
19	33106	41.52	-90.58
Rest of facilties	2169218		
9	50575	12.14	76.65
15	42849	21.35	-101.92
20	33815	14.26	121.12

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	804099
Powdered and Liquid Beverages	790569
PetCare	594019
Nutrition and Health Science	373039
Prepared dishes and cooking aids	325212
Confectionery	227170
Water	101296

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)

3215404

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 integrated into the data systems we use to track GHG emissions over time. 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	945672	452577	2143533	1020205
India	133309	112434	177296	27763
Mexico	134697	51651	317569	191354
Spain	38849	8883	152046	117819
China	353182	338687	793119	24059
South Africa	100268	100268	111932	0
Philippines	152557	44828	218668	153351
France	29424	5340	479943	437096
Brazil	38244	49	388264	382719
United Kingdom of Great Britain and Northern Ireland	65719	27579	274056	199529
Pakistan	5551	5551	14128	0
Russian Federation	76336	54430	233619	61379
Japan	47826	47826	95232	0
Chile	40375	899	109521	98274
Italy	27165	0	88197	88197
Other, please specify (Rest of the world)	861644	645977	2016017	652648
Nigeria	1416	1416	3411	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	966307	355061
Zone AOA	1126633	1044831
Zone EMENA	482082	172569
Nestlé Waters	421317	313398
Other Nestlé Food	55895	12536

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	6643	0
2	1866	1866
3	31468	0
4	75893	59864
5	24986	24986
6	31183	31183
7	300	300
8	44828	44828
9	25587	5624
10	7309	7309
11	29445	29445
12	50368	50368
13	11705	11705
14	0	0
15	19062	4724
16	26015	26015
17	13787	0
18	21729	1426
19	41766	28252
20	40244	0
Other s	2548050	1570501

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)
Confectionery	334151	257348
Milk products and Ice cream	587131	469009
Nutrition and Health Science	306483	118232
PetCare	466733	111908
Powdered and Liquid Beverages	553662	383005
Prepared dishes and cooking aids	382757	245497
Water	421317	313396

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	304880	Decreased	5.6	Gross Scope 1+2 emissions decreased by 5.6%, mostly due to renewable electricity purchased. We have increased our renewable electricity purchased to 50% (versus 42% in 2019). Through these activities we reduced our emissions by 304,880 tons CO2e and our total S1+2 emissions in the previous year was 5,461 818 tons CO2e, therefore we arrived at -5.6% through (-304,880/5,461,818) * 100 = -5.6% (i.e. a 5.6% decrease in emissions).
Other emissions reduction activities	80000	Decreased	1.5	Gross Scope 1+2 emissions decreased by 1.5%, mostly due to energy efficiency measures. Through these activities we reduced our emissions by 80,000 tons CO2e; and our total S1+2 emissions in the previous year was 5,498,287 tons CO2e, therefore we arrived at -1.5% through (-80,000/5,461,818) * 100 = -1.5% (i.e. a 1.5% decrease in emissions).
Divestment		<Not Applicable>		
Acquisitions	193015	Increased	3.5	Acquisitions resulted in a 3.5% increase in 2020 emissions compared to 2019.
Mergers		<Not Applicable>		
Change in output	156154	Decreased	2.9	If no measures had been introduced, change of volume and mix would have had an impact of -2.9% 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		<Not Applicable>		

C7.9b

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

Market-based

C8. Energy

C8.1

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

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

C8.2

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

	Indicate whether your organization 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)	2025580	14476910	16502490
Consumption of purchased or acquired electricity	<Not Applicable>	3454393	3446971	6901364
Consumption of purchased or acquired heat	<Not Applicable>	0	31419	31419
Consumption of purchased or acquired steam	<Not Applicable>	0	683768	683768
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	16355	<Not Applicable>	16355
Total energy consumption	<Not Applicable>	5496328	18639068	24135396

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
372604

MWh fuel consumed for self-generation of electricity
37260

MWh fuel consumed for self-generation of heat
74521

MWh fuel consumed for self-generation of steam
260823

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 CO2e 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
700436

MWh fuel consumed for self-generation of electricity
70044

MWh fuel consumed for self-generation of heat
140087

MWh fuel consumed for self-generation of steam
490305

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 (Gas/Diesel Oil)

Comment

Fuels (excluding feedstocks)
Lignite Coal

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
143170

MWh fuel consumed for self-generation of electricity
14317

MWh fuel consumed for self-generation of heat
28634

MWh fuel consumed for self-generation of steam
100219

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
IPCC 2006 (Brown Coal Briquettes)

Comment

Fuels (excluding feedstocks)
Liquefied Petroleum Gas (LPG)

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
80110

MWh fuel consumed for self-generation of electricity
8011

MWh fuel consumed for self-generation of heat
16022

MWh fuel consumed for self-generation of steam
56077

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

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

Emission factor
0.63152

Unit
metric tons CO2e per GJ

Emissions factor source
IPCC 2006 (LPG Gaseous - LHV / NCV)

Comment

Fuels (excluding feedstocks)
Other Petroleum Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization
552870

MWh fuel consumed for self-generation of electricity
55287

MWh fuel consumed for self-generation of heat
110574

MWh fuel consumed for self-generation of steam
387009

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
11524453

MWh fuel consumed for self-generation of electricity
1152445

MWh fuel consumed for self-generation of heat
2304891

MWh fuel consumed for self-generation of steam
8067117

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
IPCC 2006 (Natural Gas - LHV / NCV)

Comment

Fuels (excluding feedstocks)
Residual Fuel Oil

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
1103267

MWh fuel consumed for self-generation of electricity
110327

MWh fuel consumed for self-generation of heat
220653

MWh fuel consumed for self-generation of steam
772287

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
Set using 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
8887

MWh fuel consumed for self-generation of electricity
889

MWh fuel consumed for self-generation of heat
1777

MWh fuel consumed for self-generation of steam
62221

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 - LHV / NCV)

Comment

Fuels (excluding feedstocks)
Liquid Biofuel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
6272

MWh fuel consumed for self-generation of electricity
627

MWh fuel consumed for self-generation of heat
1254

MWh fuel consumed for self-generation of steam
4390

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 (Biodiesels)

Comment

Fuels (excluding feedstocks)
Wood

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
1088255

MWh fuel consumed for self-generation of electricity

108826

MWh fuel consumed for self-generation of heat
217651

MWh fuel consumed for self-generation of steam
761779

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

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

Emission factor
0.01195

Unit
metric tons CO2e per GJ

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

Comment

Fuels (excluding feedstocks)
Other, please specify (spent coffee grounds)

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
922166

MWh fuel consumed for self-generation of electricity
92217

MWh fuel consumed for self-generation of heat
184433

MWh fuel consumed for self-generation of steam
645516

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

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	1666604	1404079	218913	218913
Heat	3300498	3300498	405116	405116
Steam	11551743	11551743	1417906	1417906
Cooling	0	0	0	0

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
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Argentina

MWh consumed accounted for at a zero emission factor
21695

Comment

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

Low-carbon technology type
Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Brazil

MWh consumed accounted for at a zero emission factor
382719

Comment

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

Low-carbon technology type
Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Bulgaria

MWh consumed accounted for at a zero emission factor
6681

Comment

Sourcing method
Power purchase agreement (PPA) with on-site/off-site generator owned by a third party with no grid transfers (direct line)

Low-carbon technology type
Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling
China

MWh consumed accounted for at a zero emission factor
24059

Comment

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

Low-carbon technology type
Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Colombia

MWh consumed accounted for at a zero emission factor
43648

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/area of consumption of low-carbon electricity, heat, steam or cooling
Denmark

MWh consumed accounted for at a zero emission factor
715

Comment

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

Low-carbon technology type
Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Guatemala

MWh consumed accounted for at a zero emission factor

6677

Comment

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

Low-carbon technology type
Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Panama

MWh consumed accounted for at a zero emission factor
11019

Comment

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

Low-carbon technology type
Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Peru

MWh consumed accounted for at a zero emission factor
24363

Comment

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

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Russian Federation

MWh consumed accounted for at a zero emission factor
61379

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/area of consumption of low-carbon electricity, heat, steam or cooling
Serbia

MWh consumed accounted for at a zero emission factor
3050

Comment

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Germany

MWh consumed accounted for at a zero emission factor
155234

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/area of consumption of low-carbon electricity, heat, steam or cooling
Netherlands

MWh consumed accounted for at a zero emission factor
19471

Comment

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

Low-carbon technology type
Geothermal

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Philippines

MWh consumed accounted for at a zero emission factor
153351

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/area of consumption of low-carbon electricity, heat, steam or cooling
Portugal

MWh consumed accounted for at a zero emission factor
20240

Comment

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Slovakia

MWh consumed accounted for at a zero emission factor
5106

Comment

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

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Sweden

MWh consumed accounted for at a zero emission factor
3486

Comment

Sourcing method
Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type
Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling
United States of America

MWh consumed accounted for at a zero emission factor
948202

Comment

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Czechia

MWh consumed accounted for at a zero emission factor
41743

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/area of consumption of low-carbon electricity, heat, steam or cooling
Finland

MWh consumed accounted for at a zero emission factor
5605

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/area of consumption of low-carbon electricity, heat, steam or cooling
France

MWh consumed accounted for at a zero emission factor
437096

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/area of consumption of low-carbon electricity, heat, steam or cooling
Greece

MWh consumed accounted for at a zero emission factor
10458

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/area of consumption of low-carbon electricity, heat, steam or cooling
Hungary

MWh consumed accounted for at a zero emission factor
45103

Comment

Sourcing method
Standard product offering by an energy supplier supported by energy attribute certificates

Low-carbon technology type
Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Italy

MWh consumed accounted for at a zero emission factor
88197

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/area of consumption of low-carbon electricity, heat, steam or cooling
Poland

MWh consumed accounted for at a zero emission factor
92900

Comment

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

Low-carbon technology type
Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Spain

MWh consumed accounted for at a zero emission factor
117819

Comment

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

Low-carbon technology type
Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Switzerland

MWh consumed accounted for at a zero emission factor
135455

Comment

Sourcing method
Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor
199529

Comment

Sourcing method
Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type
Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Chile

MWh consumed accounted for at a zero emission factor
98274

Comment

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

Low-carbon technology type
Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling
India

MWh consumed accounted for at a zero emission factor
27763

Comment

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

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Mexico

MWh consumed accounted for at a zero emission factor
191354

Comment

Sourcing method
Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
United States of America

MWh consumed accounted for at a zero emission factor
72003

Comment

C9. Additional metrics

C9.1

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

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 2021 Scope 12_issued 1.0.pdf
Nestle CDP Assurance Statement 2021 Scope 12_issued 1.0.pdf

Page/ section reference
All

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 2021 Scope 12_issued 1.0.pdf
Nestle CDP Assurance Statement 2021 Scope 12_issued 1.0.pdf

Page/ section reference
All

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
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Nestle CDP Assurance Statement 2021 Scope 3_issued 1.0.pdf

Page/section reference
All

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

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, but we are actively considering verifying within the next two years

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
7

% of Scope 2 emissions covered by the ETS
0

Period start date
January 1 2020

Period end date
December 31 2020

Allowances allocated
101726

Allowances purchased
159950

Verified Scope 1 emissions in metric tons CO2e
204522

Verified Scope 2 emissions in metric tons CO2e
0

Details of ownership
Facilities we own and operate

Comment
This includes nine factories in scope.

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 and switching to cleaner fuels (from gas to lower carbon fuels, for example). For example, in June 2020 a spent coffee-ground boiler was commissioned in our coffee factory in Girona, Spain. It is expected to generate 125,000 tons of steam per year, which would reduce the consumption of natural gas in the factory by 25%. Nestlé's EU-ETS strategy is to remain compliant considering the following action plan: 1. Facilities which might face a credit deficit submit an action plan to fulfil their EU-ETS allowances. 2. Evolution of CO2 emissions and progress on the corresponding action plans set by facilities are analyzed on an annual basis at Market level.

In cases when those measures may not provide the reductions necessary to comply with regulations, we are required to purchase EU-ETS carbon allowances.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, but we 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
Information collection (understanding supplier behavior)

Details of engagement
Other, please specify (Collection of climate project proposals from our suppliers, through Request For Information (RFI).)

% of suppliers by number
15

% total procurement spend (direct and indirect)
15

% of supplier-related Scope 3 emissions as reported in C6.5
38

Rationale for the coverage of your engagement
Our rationale for coverage is to focus on the Categories with the largest GHG footprint namely: Dairy, Coffee, Cocoa, and Vegetable Oils. The latter four categories cover 15% of our total procurement spend. We engaged in a Request for Information (RFI) with our largest vendors from the four Categories previously listed in November 2020. This RFI generated the first wave of climate projects in our ingredients, some of which have a start date in 2021.

Impact of engagement, including measures of success
This four-week long RFI proved to be successful and met our expectations in terms of initiating a first wave of climate projects for our ingredients portfolio, which is where most of our emissions occur. There was no explicit target for this activity however we used the latter to support our GHG emissions reduction plan. Measures of success: - The RFI provided us with insights on where our suppliers are in their climate journey. We carried out a supplier segmentation to focus on certain suppliers, the more advanced in their climate and GHG emission reduction journeys. These are suppliers who have dedicated and larger operational teams focusing on the topic of climate change. - The 372 proposals received generated a significant project library to focus our interventions on based on what we had identified in our Net Zero Roadmap. - On the supplier end, this engagement activity brought about attention, awareness and focus on the topic of GHG emissions reduction. - This RFI acted as a trigger for us to provide guidance and training, particularly to the suppliers who are not as advanced in this journey. Additionally, it paved the way for future RFIs.

Comment

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

% 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 commit to 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. Nestlé supports the establishment of milestones to improve practices and contribute to intervention projects. Failure to continuously improve on 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. Through the Farmer Connect program we work directly with more than 700,000 farmers 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
Since we made our no-deforestation commitment in 2010, 90% of our key ingredients—palm oil, sugar, soy, meat as well as pulp and paper—have been assessed as deforestation-free as of December 2020 versus 77% in 2019. We continue to accelerate our work with the objective to completely eliminate deforestation in palm oil, sugar, soy, meat as well as pulp and paper supply chains by 2022. Acceleration has been mainly due to: Larger coverage and efficiency of satellite monitoring (covering 15% of total volumes), Increased engagement with palm oil suppliers and on-the-ground verification based on satellite monitoring data, Increased volumes of sugar traced back to origin and classified as no or low risk. Our partners in this work include: Earthworm, Proforest, SGS, Airbus. Breakdown per commodity: Palm oil - assessed 70% deforestation free (452,000 MT) Pulp & paper - assessed 94% deforestation free (1,155,000 MT) Soya - assessed 90% deforestation free (491,000 MT) Meat - assessed 98% deforestation free (154,000 MT) Sugar - assessed 91% deforestation free (2,000,000 MT) For Nespresso, a clear description of our measure of success is that we measure the impact of our engagement via yearly supplier review process and monitoring of defined objectives & indicators. The adoption of practices is independently reviewed by members of Sustainable Agricultural Network (SAN) via a Monitoring and Evaluation Framework and audits are carried out as part of VSS certification processes (Rainforest Alliance, Fairtrade). In 2021, we will be evolving our M&E Framework and processes with the 3rd party Enveritas as Nespresso data assurance partner. Nespresso also aims at further digitalizing data capture to feed business intelligence solutions and facilitate data-driven decision making. For carbon operations (3 out of 8 countries where Agroforestry is deployed), audits are carried to certify projects against VCS (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 Co2e volumes over the projects' duration. In 2021, we will be piloting the new standard SustainCert recently developed by Gold Standard to evolve our projects certified Ecocert Reforestation Solidaire to an even more robust solution.

Comment
See: No deforestation commitment update: https://www.nestle.com/sites/default/files/2020-03/creating-shared-value-nestle-no-deforestation-commitment.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/

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement
Other, please specify (We sent out a mass communication to all Ingredient Category suppliers announcing our Net Zero Plan and requesting how they could support us on this journey.)

% of suppliers by number
15

% total procurement spend (direct and indirect)
15

% of supplier-related Scope 3 emissions as reported in C6.5
50

Rationale for the coverage of your engagement
Our rationale for coverage is to focus on our largest suppliers (proportion of spend) to send out this mass communication, in April 2020. These largest suppliers produce dairy derivatives, vegetable oils, coffee, cocoa, sugar, cereals and grains, animal proteins, vegetables, fruits and spices. This mass communication was done by email, to inform them that Nestlé had pledged to achieve net zero GHG emissions by 2050, in alignment with the 1.5 degrees pathway. We gave them a notice ahead of time that more engagement activities on this topic would come in the future. Furthermore, we asked our suppliers to support us on this journey and show engagement on this collective journey.

Impact of engagement, including measures of success
The aim of this engagement was to get the message out to our suppliers. Therefore, we measure impact and success based on the number of responses we received from our suppliers. We sent out the mass communication to 542 suppliers. In total, we received 289 responses, of which most responded to let us know that they want to support us. Some mentioned that they will be working on climate-related target setting and/or have intentions to join the climate pledge. Ultimately, this activity increased the awareness and readiness of our suppliers to later initiate our strategy in launching climate-related Request for Information.

Comment

C12.1b

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

Type of engagement
Collaboration & innovation

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

Portfolio coverage (total or outstanding)
<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement
Our rationale for coverage is to 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 Profile and take part in its Supplier Sustainability Index and Project Gigaton initiatives. 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 multiple 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 2020, we continued to engage with all customers that requested us specific information on GHG through the CDP supplier program, representing a total of 14 customers, including some major retailers in important markets.

Type of engagement
Education/information sharing

Details of engagement
Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

% 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
An increasing number of our customers expect their suppliers to share information about their actions to address climate change and sustainability in their products and operations. In 2020, several large customers in Europe, the United States and Australia requested that Nestlé participate in the EcoVadis supplier sustainability rating platform, to demonstrate our eligibility to take part in tender processes. This is particularly relevant for our Nestlé Professional business, which provides food and drink to a range of businesses including restaurants, hotels and workplaces. We chose to share information with requesting customers through the EcoVadis survey, in order to meet their expectations and increase our engagement on climate change and sustainability.

Impact of engagement, including measures of success
We estimate that our ability to share a positive EcoVadis rating enabled sales contracts of at least CHF 200 million in 2020.

C12.1d

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

Consumers

1) Methods of Engagement: We help consumers make informed choices through credible, substantiated communication. We use relevant contact points including digital resources, packaging and point-of-sale displays to inform consumers of action they can take when choosing and using our products and through the correct disposal of packaging. We have strong processes in place on the use of legitimate claims and wording to ensure credible consumer communications. We support and shape the development of environmental communication best practices – including standardization around claims - working in collaboration with industry, government and public forums. In 2021, Nestlé launched its carbon neutral brand Wunda, including on-pack and digital communications around climate change.

2) Consumer engagement can be informed by the results of the lifecycle analysis of the relevant product. This can show that the impact of consumer use on emissions over the life cycle of the product is significant. Any carbon neutral on-pack claim must take this usage into consideration.

Other stakeholders

1) Methods of Engagement: Communication on the topic of environmental sustainability forms a central part of our corporate engagement strategy, covering media relations, civil society and government engagement, digital communications and internal communications. Our website (section on Our Impact) features information on our actions regarding climate change and other sustainability topics.

2) A strategic priority for us is to engage stakeholders, understand and listen to their perspectives and develop key partnerships. Our proactive engagement on environmental topics includes external stakeholder convenings, regular bilateral discussions and other forms of operational partnerships. We include organizations critical of our company's performance in these processes.

3) Success is measured by the quality of discussions we have with stakeholders at a global level and the outcomes of perception surveys carried out in partnership with Globescan. Our markets, zones and some individual businesses also carry out regular stakeholder engagement activities. Globescan results for 2020 indicated that 79% of stakeholders questioned felt Nestlé is doing 'well' or 'moderately well' in preserving resources for future generations. In the same survey, stakeholders identified climate change as the number one potential risk to be faced by the company.

Measure of success: one objective in 2020 was to successfully reach out to stakeholders regarding the launch of our Net Zero Roadmap in December. We organized two Zoom sessions with senior leadership where Nestlé presented the roadmap and invited reflections and questions from a range of stakeholders. In total, 80 stakeholders joined these calls. There were no negative comments or questions on the roadmap – but a significant level of interest in Nestlé's plans.

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.

Climate change related benefit

Emissions reductions (mitigation)

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

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

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Management practice reference number
MP3

Management practice
Permanent soil cover (including cover crops)

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. The implementation partners have been selected and contracted, process KPIs have been defined with Earthworm, the main implementer, and the training phase started. We expect to embark 250 farmers in 2021.

Your role in the implementation
Financial
Knowledge sharing
Operational
Procurement

Explanation of how you encourage implementation
Several local partners have been contracted to provide focused trainings and coaching to farmers who are part of the initiative. In addition, farmers who are part of the "preference" sustainability scheme (a related program to implement sustainable practices) receive a price premium to reward the implementation of a set of selected practices.

Climate change related benefit
Emissions reductions (mitigation)
Increasing resilience to climate change (adaptation)
Increase carbon sink (mitigation)
Reduced demand for fertilizers (adaptation)

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 for Nespresso 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. 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 five-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 120,000 producers in 15 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. By the end of 2020, 93% of the coffee delivered to the Nespresso factories was sourced via AAA. 48% of the coffee delivered to the factories come from certified farms (Rainforest alliance, Fairtrade international, Fairtrade USA). 5.2 million trees have been planted in nine countries (Colombia, Guatemala, Ethiopia, Kenya, Indonesia, Costa Rica, Nicaragua, Uganda and Brazil) as part of our agroforestry deployment.

Management practice reference number

MP5

Management practice
Livestock management

Description of management practice
In all direct sourcing markets, we calculated the carbon footprint based on farms primary data. Based on this baseline, each district elaborated a roadmap and defined the most relevant intervention at farm level in order to reduce GHG emissions as well as to increase carbon sequestration through farm practices. More than 100 projects have been defined and agreed, and carbon impact validated: i.e. above six million tons of CO2e identified over five years in 26 countries. A wide range of interventions has been identified depending on the local context and priorities: feed management, higher productivity, biogas digesters, agro-forestry, improved fertilizations, renewable energy, animal health, better manure management, breeding for more productive cows, reduced tillage, professionalization and trainings. In each country, reference farms have been selected and will be used to demonstrate impact together local partners including universities and NGOs. In addition to this operational implementation we initiated an important R&D project in Switzerland to go beyond and identify further reduction potential through feed and manure management.

Your role in the implementation
Financial
Knowledge sharing
Operational
Procurement
Other, please specify (Monitoring and evaluation: local partnership with universities to measure impact on selected pilot farms)

Explanation of how you encourage implementation
Through training and reference farms, as well as financial incentives on milk price, depending on local contexts.

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

Comment

Management practice reference number
MP6

Management practice
Knowledge sharing

Description of management practice
In South East Asia, for Nescafé, we are helping create a regenerative farming system through shade trees and an intercropping model on a pilot farm, together with partner GIZ through a public-private partnership. The objective is to validate the desired impact and demonstrate to farmers the relevance of the model. The farming system implemented takes into account a combination of different crops with the objective of generating environmental and economic benefits: enriching the soil by adding naturally nitrogen through growing beans between coffee rows, nurturing soils through plant diversity, generating additional income. The economic impact of smallholder systems is also documented for the first time (example Indonesia). Three countries will be covered with 10 500 farmers in total (Indonesia, Thailand, Philippines) as part of Nescafé Plan, and an agripreneurship training manual for coaching and training has been established.

Your role in the implementation
Financial
Knowledge sharing
Operational
Procurement

Explanation of how you encourage implementation
Training and the use of a demonstration farm

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

Comment

Management practice reference number
MP7

Management practice
Permanent soil cover (including cover crops)

Description of management practice
Nestlé Purina is supporting the implementation of the Truterra Insights Engine on 50,000 acres to improve environmental stewardship and farm profitability on 81 family farms. The Truterra tool utilizes 110 field data inputs to generate outcome-based measurements of multiple farming practices culminating in an overall score for the farm. Central to the outcome is the measurement of net GHG emissions from the farm. Utilizing this information, the farmer working closely with their agronomic advisor can recommend changes that benefit the environment while balancing the profitability of the farm.

Your role in the implementation
Financial
Knowledge sharing
Procurement

Explanation of how you encourage implementation
The agronomic advisor is the trusted crop advisor that farmers are willing to listen to as they make decisions on materials and practices used on their farms (e.g. seeds, fertilizer, stabilizers, tilling, planting, harvesting, etc). By providing the Truterra Insight Engine to the advisors as well as funding the use of the tool, the crop advisors are able to work directly with the farmers to input their field data and provide deep insights into their operations. This also is a pathway to allow farmers to measure with great accuracy the environmental outcomes on their farms and verify these outcomes for purchase on the market in the future.

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

Comment

Management practice reference number
MP8

Management practice
Livestock management

Description of management practice
Nestlé is a cofounder and actively involved in the US Net Zero Dairy Initiative. This includes the development of net zero farms across the USA as model reference farms, as well as academic support from the top 10 land grant universities. This initiative is open to all companies in dairy, cooperatives and dairy farmers. It is supported by the US dairy industry and therefore led thought by the DMI, US Dairy Innovation Center.

Your role in the implementation
Financial
Knowledge sharing
Procurement
Other, please specify (Developing a net zero farm in our direct sourcing operations, onboarding US suppliers to this industry initiative)

Explanation of how you encourage implementation
To encourage wider adaptation, we are engaging all our major US dairy cooperative suppliers in building a climate roadmap and are additionally actively financially contributing to enable the transformation in their supply chains.

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

Comment

Management practice reference number
MP9

Management practice
Knowledge sharing

Description of management practice
As part of our long-term involvement in sustainable coffee production in Vietnam, Nestlé has been engaged since 2011 in increasing the resilience to climate change of smallholder coffee farming. As irrigation is a key activity to achieve yields of more than 3 Mt / ha, it is important to ensure water usage can be accomplished with sustainable volumes. Key milestones achieved so far included the following: • Conducted hydrological studies / knowledge sharing on water dynamics in the Central highlands in view of climate change • Developed recommendations / practices for efficient irrigation practices with 40% less water vs. previous practices • 50 000 farmers trained as part of a PPP with the Swiss Development Cooperation (SDC) • 20 000 farmers trained as part of our direct supply chain (our Farmer Connect program) • Farmer training programs resulted in an annual reduction of 50 million m3 of water • Developed as part of SDC PPP a weather app for smallholder farmers, helping them to predict rainfall / helping farmers decision on timing on irrigation

Your role in the implementation
Financial
Knowledge sharing
Operational

Explanation of how you encourage implementation
Through training and advocacy at institutional level

Climate change related benefit
Emissions reductions (mitigation)
Increasing resilience to climate change (adaptation)
Other, please specify (Avoid soil degradation)

Comment

Management practice reference number
MP2

Management practice
Permanent soil cover (including cover crops)

Description of management practice
Supporting the testing and development of the Landscape Enterprise Network model (LENs) as a cross sector, shared interest investment model to incentivize the transition to regenerative agriculture and landscape restoration. LENs focuses on landscape-level projects, helping organizations to understand their interactions with the landscape and co-fund farmer and land manager partnerships to adopt nature-based solutions, to help deliver the range of outcomes required by these organizations. There are seven LENs programs in the UK, of which Nestlé is collaborating on five, and supporting the development of new programs in Italy and Hungary. Program partners include water utility companies, linear infrastructure, retail, NGOs and regulatory bodies. The model has also been used to develop and test public/private blended finance proposals for peatland management and regenerative agriculture. The programs in SW Scotland and Cumbria, in combination with our 'Milk Plan' have resulted in all our dedicated dairy

farmers delivering nature-based solutions for over two years, including hedgerow planting, watercourse protection, woodland management. In East Anglia, the 'first round' program includes six arable suppliers/cooperatives, three water utility companies, a local authority and Nestlé, to fund nature-based solutions to increase supply resilience, reduce and sequester carbon, reduce flood risk and enhance water quality. Resulting underpinning research and policy papers have been produced on aspects including the carbon impacts of hedgerow planting, blended finance options for landscape restoration and farmer engagement models.

Your role in the implementation

Financial
Knowledge sharing
Operational
Procurement

Explanation of how you encourage implementation

Shared funding of interventions and associated outcomes Conducting action research with key academic institutions to inform future action Development of academic and policy papers Farmer support and advice through advisory partners

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

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	In December 2020, Nestlé took part in a call to action from the Tropical Forest Alliance for a legislative solution in Europe to supply chain transparency and traceability for commodities that may be linked to deforestation.	EU Green Deal / other legislative instruments
Other, please specify (Progressive NDC setting)	Support	Nestlé supports the establishment of strong Nationally Determined Contributions (NDC) frameworks in the build up to COP26, that will help the world get closer to the required 1.5C pathway and keep global temperature increases under control. In 2020, Nestlé supported The Corporate Leaders Group Europe call for the EU to set an ambitious target of 55% emissions reduction by 2030.	Nationally Determined Contributions (USA, Japan, Philippines, EU) and associated delivery policies
Other, please specify (Green recovery from COVID)	Support	The economic and social recovery from the COVID-19 pandemic offers an opportunity to fast track actions on climate and other matters that benefit the environment and communities around the world. Nestlé supported a number of calls to action on this in 2020: - The Solar Impulse Foundation's call for an economic recovery based on environmental protection. - The UN Global Compact's Uniting Business and Governments to Recover Better initiative. - The World Economic Forum's Joint Statement of the CEO Action Group calling for a new growth model in Europe on the path to net-zero emissions, based on circularity, renewable energy and low-carbon industries.	National recovery and environmental / social policies

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

AIM – European Brands Association

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Fully supports EU goal for net zero emissions by mid-century, aligned with 2-degree pathway.

How have you influenced, or are you attempting to influence their position?
The CEO of Nestlé Europe, Middle East and North Africa is a member of the AIM Board.

Trade association
WBCSD

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
In October 2020, WBCSD updated its member criteria to require that all members set an ambition to reach net zero greenhouse gas emissions by 2050 and commit to reporting in line with TCFD recommendations. These ambitions align with Nestlé's own goals.

How have you influenced, or are you attempting to influence their position?
Nestlé is a member of the WBCSD and the Executive Vice President Global Head of Operations, Nestlé is a member of the WBCSD executive committee. The EVP Global Head of Operations also co-chairs the WBCSD's Food and Nature board and has been elected chair of this board from January 2022. This body was the driving force behind the change in membership criteria in 2020 and associated ramping up of climate action by the coalition. Nestlé plays an active role in the climate policy group of WBCSD, including in the build up to COP 26 and contributes to various initiatives such as FReSH, Scaling Positive Agriculture, Natural Climate Solutions and SOS 1.5.

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 Round Table (ERT) supports the implementation of the Paris Agreement and the goal of reaching carbon neutrality.

How have you influenced, or are you attempting to influence their position?
Nestlé co-chairs 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
The Business Ambition for 1.5 calls on companies to set science-based targets consistent with the 1.5-degree pathway, the most ambitious external framework. This aligns with Nestlé's own 1.5-degree pathway.

How have you influenced, or are you attempting to influence their position?
Nestlé is an active member of the Climate Action Platform and contributes to policy papers and other initiatives to help drive ambitious climate action. We do not see a need to significantly influence the current position given its progressive stance

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Trade association
Consumer Goods Forum

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Consumer Goods Forum (CGF) is a global industry network that brings together the CEOs and senior management of over 650 retailers, manufacturers, service providers and other stakeholders across 70 countries. It is led by a Board of Directors of 54 CEOs. It is focused on advancing the industry through strategic priorities including sustainability. In November 2019, the CGF formally launched the Forest Positive Coalition with the objective of leveraging collective action and accelerating systemic efforts to remove deforestation, forest degradation and conversion from key commodity supply chains. Nestlé is a founding member of the CGF.

How have you influenced, or are you attempting to influence their position?
We are an active member of the CGF's Forest Positive Coalition of Action, which currently brings together 20 CGF members and which creation was approved by the CGF Board in November 2019. We actively participate in the following Working Groups (Palm Oil, Soy, Paper, Meat, Transparency & Accountability, Communications & Engagement) and we co-lead the Soy and Communications & Engagement ones. We participated in the development of the commodity roadmaps, which are publicly available. We used our voice to advocate for certain things, including a strong government engagement agenda, the development of credibly and aligned KPIs as well as for the inclusion of land rights into the Coalition's work. We are also an active member of the CGF's Coalition of Action on Food Waste, which brings together 17 of the world's largest retailers and manufacturers with the goal of halving per capita global food loss at the retailer and consumer levels. This Coalition focuses on three key items: aligning on data collection and reporting methods to help each member develop a clear understanding of the scope of the issue at hand and lead the public conversation on reducing food loss and waste, continuing to work with Champions 12.3 to scale up the WRI 10x20x20 initiative which seeks to involve the entire supply chain and support upstream food loss and waste reduction, and ultimately working with producers at the primary levels of the supply chain to reduce losses just after harvest, where 30 percent of all food loss occurs.

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, mobilizing 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.

Trade association
FoodDrinkEurope

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Fully supports EU goal for net zero emissions by mid-century, aligned with 2-degree pathway.

How have you influenced, or are you attempting to influence their position?
The CEO of Nestlé Europe, Middle East and North Africa is the current President of FDE and continues to influence the organization to adopt ambitious climate policy positions. In 2020, he contributed to discussions around the EU's Farm to Fork strategy and is actively co-creating the Code of Conduct – industry commitments towards sustainable food systems.

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: Nestlé Cares is our Global Employee Volunteering Program. It provides employees the opportunity to make an impact by engaging and assisting local communities, focusing on our three impact areas: individuals and families, communities and the planet. We at Nestlé are on a journey to help preserve the environment and work together towards a greener future for all. Nestlé Malaysia's volunteering efforts continue to lead the way in our ongoing fight against plastic waste. In September 2020, we mobilized 270 volunteers in a beach clean-up effort across five beach locations and six volunteers performed Nestlé's first ever underwater clean-up effort in Sepanggar Island, Sabah. Another great example is Nestlé Canada where employees participated in a weeklong volunteer effort, donating their time and talents to activities primarily focused on cleaning up local neighborhoods, parks, shorelines and communities near where they live and work. Nestlé has committed to making our packaging 100% recyclable or reusable by 2025 and this clean-up is one more effort towards preventing packaging from ending up in nature.

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 2020, 124 053 farmers were engaged through the Nestlé Cocoa Plan. Additionally, 202,890 tonnes of the cocoa we sourced throughout the year was supplied through the plan. We are committed to sourcing 100% of it through our Nestlé Cocoa Plan by 2025. We are also committed to eliminating deforestation from our coffee and cocoa supply chains by the end of 2025. The Nestlé Cocoa Plan together with Rainforest Alliance certification enables us to tackle risks of deforestation but also child labor and a lack of living incomes for cocoa farming household, holistically. Ultimately, we work with farmers, communities and local and international organizations to develop and implement solutions targeting the following three pillars:

- Better Farming: providing training and resources to help farmers improve yields and quality, increasing income and improving livelihoods.

- Better Lives: tackling child labor, empowering women and improving education to help communities thrive.

- Better Cocoa: Enhancing supply chain traceability and tackling deforestation.

Engagement activities with academia: Nestlé has aligned its reporting disclosures with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) including the TCFD-aligned disclosures such as the scenario modelling undertaken in 2020. This modelling and assessment was led by an internal working group (representing various businesses and functions) which partnered and engaged with the University of Cambridge's Center for Risk Studies to define the methodology and build a climate modelling tool. The University of Cambridge's Centre for Risk Studies provides frameworks for recognizing, assessing and managing the risks of systemic threats. They assess how associated impacts ripple across an increasingly connected world with potential consequent effects on the international economy, financial markets and global corporations. Nestlé therefore decided to engage with academia to develop robust climate modelling as part of its TCFD report.

Engagement activities with non-governmental organization: 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. By applying the principles of the circular economy, we can help transition towards to a fully regenerative system.

Nestlé is also a member of the Earthworm Foundation which helps Nestlé to identify the origin of its raw materials, to engage their suppliers and to develop and implement strategies to reach the Nestlé Responsible Sourcing standards in their pulp & paper, palm oil and coconut supply chains. This is particularly relevant towards achieving our net zero by 2050 ambition where we committed to sourcing 50% of key ingredients through regenerative agricultural methods by 2030.

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 supervise and manage our role in society and the CSV strategy. They are supported by the internal management bodies and relevant committees to deliver on our ambitions and commitments (see more here: https://www.nestle.com/csv/what-is-csv/governance). These are:

Board of Directors

The Board is the ultimate governance body of the Company and is responsible for the ultimate supervision of the Group. The Board attends to all matters which are not reserved to the General Meeting or another governance body of the Company by law, the Articles of Association or internal regulations. Directors are annually-elected at the Nestle Annual General Meeting.

In 2020 our Board of Directors reviewed our Board Regulations and Committee Charters to reflect all aspects of its ESG responsibilities and make our risk management framework more explicit.

The Board of Directors currently comprises: Paul Bulcke, Mark Schneider, Henri de Castries, Renato Fassbind, Pablo Isla, Ann M. Veneman, Eva Cheng, Patrick Aebischer, Kasper Rorsted, Kimberly A. Ross, Dick Boer, Dinesh Paliwal, Hanne Jimenez de Mora, and Lindiwe Majele Sibanda.

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.

To reflect the importance of sustainability in its corporate governance, Nestlé has split, for the first time, the existing Nomination and Sustainability Committee into a separate Nomination Committee and a focused Sustainability Committee. This will allow Board members to dedicate more time, focus and action on each separate topic.

Nomination Committee

Our Nomination Committee oversees the long-term succession planning of the Board, its independence and self-evaluation. It ensures an appropriately wide net is cast on key successions.

The Nomination Committee currently comprises: Henri de Castries (Chair), Paul Bulcke (member), Eva Cheng (member), and Dinesh Paliwal (member).

Sustainability Committee

Our Sustainability Committee reflects the importance of sustainability in Nestlé's corporate governance.

The Sustainability Committee currently comprises: Ann M. Veneman (Chair), Dick Boer (member), Hanne Jimenez de Mora (member) and Lindiwe Majele Sibanda (member).

Creating Shared Value Council Council (external advisory group)

Chaired by Janet Voûte, the Nestlé CSV Council currently comprises eight external members, whose expertise spans corporate social responsibility, strategy, sustainability, nutrition, water and rural development. The members serve as advisors to help facilitate the ongoing development of the Company's Creating Shared Value business strategy. Council members also form the judging panel for the Nestlé CSV Prize (https://www.nestle.com/csv/what-is-csv/nestleprize).

The CSV Council currently comprises: Georg Kell, Mark R. Kramer, Bryan Meehan, Gim Huay Neo, Prabhu Pingali, Frederick K. Swaniker, Ann M. Veneman, Janet Voûte.

ESG & Sustainability Council

We continue to engage on environmental, social and governance (ESG) topics which are material to our business and impactful on society. We use our scale, resources and influence to be a force for good, creating shared value through ESG. The ESG & Sustainability Council is composed of five focus workstreams: 2050 Net Zero, Water, Sustainable Sourcing, Sustainable Packaging, and Communications & Advocacy.

The ESG & Sustainability Council is comprised of the following Board Members: B. Meunier, L. Freixe, M. Settembri, C. Johnson, M. Batato, S. Palzer, L. Geale and F. Roger

To further ensure a consistent approach between climate policy and our 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 ESG Sustainability Council.

Ultimately, 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 topics 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.

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
2020-annual-review-en.pdf

Page/Section reference
Section: Our Commitments: page 5 Section: Creating Shared Value: For the Planet (pages 36-45) Section: Principal risks and uncertainties (pages 60-63) Section: Corporate Governance and Compliance (pages 64-70)

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
creating-shared-value-report-2020-en.pdf

Page/Section reference
Our journey and progress: (pages 3-8) Section: For the Planet (pages 43-56)

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment
Emissions targets and progress included in this report are based on the new 2018 baseline calculated under financial control, for the development of the Net Zero emissions roadmap published in 2020. New targets have been approved by SBTi at the end of 2020, following a 1.5C pathway. Previous CDP disclosures and other previous company disclosures have been made under operational control, as those reports were connected to previous targets (set in 2016) under such operational control.

Publication
In voluntary communications

Status
Complete

Attach the document
nestle-net-zero-roadmap-en.pdf

Page/Section reference
Full document

Content elements
Strategy
Risks & opportunities
Emissions figures
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 numerous 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 a few euros and take only a few minutes to plant, but they 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 organizations. Nespresso assists them technically, but they choose and plant the trees, they maintain and monitor them. By the end of 2020, Nespresso had funded the planting of 5.2 million trees and will continue to invest in promoting the agroforestry transition for smallholder farmers. In 2021, Nespresso has committed to fund the planting of 825,000 trees. 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 aims to do 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)
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 significant impacts on removing 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.

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	Executive Vice President Global Head of Operations	Other C-Suite Officer

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