Nestlé - Water Security 2021

W0. Introduction

W0.1

(W0.1) Give a general description of 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

W-FB0.1a

(W-FB0.1a) Which activities in the food, beverage, and tobacco sector does your organization engage in?

Processing/Manufacturing
Distribution

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2020	December 31 2020

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

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

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

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

CHF

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Head Offices and Sales Points	Nestlé does not consolidate at global level the water inputs/outputs in its Head Offices and Sales Points. They represent only a marginal, minimal volume of water compared to the total water withdrawal of the whole company (less than 1%). Nestlé is currently focused on its biggest water inputs/outputs, which occur in its industrial activities. Nevertheless, Nestlé has already started the process of implementing a new consolidation system that includes Head Offices and Sales Points.
R&D Centers	Nestlé's global level of water inputs/outputs in its R&D centers represents about 2% of all its water withdrawals. They represent only a marginal, minimal volume of water compared to the total water withdrawal of the whole company. Nestlé is currently focusing on its biggest water inputs/outputs, which occur in its industrial activities.
Distribution Centers	Nestlé's global level of water inputs/outputs in its Distribution Centers represents about 0.5% of all its water withdrawals. They represent only a marginal, minimal volume of water compared to the total water withdrawal of the whole company. Nestlé is currently focused on its biggest water inputs/outputs, which occur in its industrial activities.
Some recently acquired factories	Some recent acquisitions have not yet been implemented the Nestlé reporting system to track the water withdrawals at corporate level. New factories represent only a marginal, minimal volume of water compared to the total water withdrawal of the whole company and only temporarily. For new acquisitions, a time frame for compliance with the Nestlé Environmental Requirements (NER) of no more than 3 years is mandatory for the implementation of environmental tracking system at corporate level. As part of this, an action plan for achieving compliance with these requirements must be established and documented.

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	- Direct use: It is vital for Nestlé operations to have direct use of sufficient amounts of good quality freshwater. In our approximately 375 factories, water is needed for many purposes (i.e. food processing, the bottled water business, industrial cleaning (CIP) and employee facilities (hygiene and drinking water). - Direct use rating: A sufficient amount of good quality freshwater is a vital resource for Nestlé's operations and the future of its business. Without good quality freshwater, Nestlé simply cannot run its business. - Indirect use: The indirect use of sufficient freshwater of good quality is also vital for Nestlé. As a food and beverage company, it relies heavily on agricultural raw materials, which need water. In addition, consumers need clean freshwater to prepare and consume our products. - Indirect use rating: Water is vital throughout the entire Nestlé value chain, from its supply of raw materials, to processing and manufacturing and the consumption of products. Sufficient amounts of water, adequate sanitation services and access to safe drinking water are needed to ensure the sustainability of the Nestlé value chain (from suppliers, employees, customers and to consumers). - Future (in)direct freshwater water use dependency: In future, Nestlé expects its need for good quality freshwater to remain vital. Direct water use is expected to remain stable or to increase slightly with business growth (nonetheless maintaining/improving our internal water use efficiency). Nestlé's indirect dependency on good quality freshwater, in its supply chain and for its consumers remains vital as well. Both its direct and indirect water use may face stresses in future. Nestlé is already working on implementing projects to avoid any disruption in its factories, supply chain or for its customers and consumers.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	- Direct use: Recycled and produced water is mainly used directly for cleaning operations and employee facilities. In some cases, it is used for food processing and compliance with safety standards. ZerEau technology is implemented in 20 factories for the dairy and nutrition (infant formula) product categories. ZerEau technology extracts water from fresh milk. This "milk water" is used in different industrial processes. Nestlé also has coffee and Petcare factories that use different water recycling technologies. - Direct use rating: The direct use of recycled water is important because it is one solution (among others) to avoid direct water withdrawal. This relieves pressure on local water resources and helps to increase water availability for local communities. - Indirect use: The indirect use of recycled water in many countries where Nestlé operates is for irrigation in agriculture. - Indirect use rating: Recycled water is important for the irrigation of agricultural raw materials that Nestlé sources. It can reduce withdrawals and help increase water availability for local communities. - Future (in)direct recycled water use dependency: In water-stressed locations, the implementation of technologies that allow for the recycling and reuse of water is expected to increase in the future. In addition, collaboration between Nestlé operations and local agricultural communities is expected to grow in the future. This will increase and improve the use of recycled (treated) industrial water in irrigation.

W-FB1.1a

(W-FB1.1a) Which water-intensive agricultural commodities that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodities	% of revenue dependent on these agricultural commodities	Produced and/or sourced	Please explain
Other, please specify (Fresh Milk)	21-40	Sourced	Fresh milk is an important commodity for Nestlé product categories related to dairy, nutrition and confectionery. According to Nestlé's 2020 financial statement, dairy and nutrition (infant formula) account for 27% of Company sales. This figure reaches 36% if the confectionery product category is added. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2020 internal data, dairy products account for 19.5% of Nestlé's water footprint of raw agricultural materials (cumulative green and blue water footprint).
Other, please specify (Coffee)	21-40	Sourced	Coffee is an important commodity for Nestlé's powdered and liquid beverage product category. According to Nestlé's 2020 financial statement, the powdered and liquid beverage product category accounted for 26% of Company sales. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2020 internal data, coffee accounts for 17.4% of the water footprint of Nestlé's agricultural raw materials (cumulative green and blue water footprint).
Other, please specify (Cereals)	21-40	Sourced	Cereals are important commodities for Nestlé. According to Nestlé's 2020 financial statement, the Nutrition and Health Science, Prepared Dishes and cooking aids, and PetCare product categories accounted for 14%, 14% and 17% of Company sales, respectively. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2020 internal data, cereals account for 8% of the cumulative green and blue water footprint of Nestlé's agricultural raw materials, and 20% of the blue water footprint of Nestlé's agricultural raw materials.
Other, please specify (Sugar)	21-40	Sourced	Sugar is present in many Nestlé product categories. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2020 internal data, sugar accounts for 4% of the cumulative green and blue water footprint of Nestlé's agricultural raw materials; but 19% of the blue water footprint of Nestlé's agricultural raw materials.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	This information is consistent across most indicators addressed in W1.2. Water withdrawals are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories and consolidated on a monthly basis at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level, in Vevey, Switzerland. The data is used to track and evaluate our internal water-use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV report: https://www.nestle.com/csv/performance
Water withdrawals – volumes by source	100%	This information is consistent across most indicators addressed in W1.2. Water withdrawals are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories and consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level, in Vevey, Switzerland. The data is used to track and evaluate our internal water-use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV report: https://www.nestle.com/csv/performance
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	This parameter is monitored in 100% of our factories. It is part of our standard internal environmental monitoring and reporting routine. Compliance with local and internal water quality regulations is measured "in continuous" by dedicated quality sensors and probes in each of our factories. Additional monitoring for specific local quality parameters is added, when necessary, based on regular sampling and analysis of local water quality. All this information is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level, in Vevey, Switzerland. The data is used to track and evaluate our internal water quality and overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV report: https://www.nestle.com/csv/performance
Water discharges – total volumes	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level, in Vevey, Switzerland. The data is used to track and evaluate our internal water use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV report: https://www.nestle.com/csv/performance
Water discharges – volumes by destination	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. this parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at the HQ level of the company, in Vevey, Switzerland. The data is used to track and evaluate our internal water use efficiency as well as potential impact on downstream users and ecosystems. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
Water discharges – volumes by treatment method	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level, in Vevey, Switzerland. The data is used to track and evaluate our internal water use efficiency as well as potential impact on downstream users and ecosystems. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
Water discharge quality – by standard effluent parameters	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level, in Vevey, Switzerland. The data is used to track and evaluate our internal water use efficiency as well as potential impact on downstream users and ecosystems. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
Water discharge quality – temperature	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level, in Vevey, Switzerland. The data is used to track and evaluate our internal water use efficiency as well as potential impact on downstream users and ecosystems. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
Water consumption – total volume	100%	This information is consistent across most indicators addressed in W1.2. Water consumption is monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level, in Vevey, Switzerland. The data is used to track and evaluate our internal water use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV Report: https://www.nestle.com/csv/performance
Water recycled/reused	100%	This information is consistent across most indicators addressed in W1.2. Water reused/recycled is monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level, in Vevey, Switzerland. The data is used to track and evaluate our internal water use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Nestlé is a signatory of the WBCSD WASH Pledge and is committed to the implementation and continuous improvement of leading industry best practice on access to safe WASH practices in the workplace. Nestlé monitors implementation, progress and improvement in all its factories through annual self-assessments, follow-up and reporting. Nestlé performs follow-up assessments/audits every 2-3 years in factories. The data is collected and consolidated at corporate level, in Vevey, Switzerland. It is used to track and evaluate our compliance with the WBCSD WASH Pledge. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and publicly in our Annual Report.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	115400	Lower	Over the years, Nestlé has consistently reduced its water withdrawals even though its production volumes have increased. This is explained by its continuous efforts to improve internal water-use efficiency. Water efficiency programs in its operations ensure the implementation of "water-saving" projects in factories, eventually leading to lower water needs, even when Nestlé increases production volumes. Nestlé expects that its business will continue to grow with a continued focus and commitment to improve water efficiency at factories whenever possible, both in terms of opportunities and available technologies. Nestlé will continue its work on being a leader in the industry on water use efficiency within it factories. It will also start to diversify and invest strongly in external water saving initiatives, at catchment level, by conserving local resources, and through water stewardship initiatives. In the future, Nestlé expects total water withdrawals to remain within the same proportion while continuing to increase production of finished goods. This number, which Nestlé officially discloses on its website, is slightly lower than the sum of the figures reported in W1.2h as it excludes produced water, which Nestlé does not classify as a withdrawal. This is because Nestlé considers 1) its process of extracting water from milk is in line with CDP's definition of produced water; 2) it already accounts for the indirect water use of its milk products; and 3) it does not need to withdraw further water from the environment.
Total discharges	59000	Lower	Over the years, Nestlé has consistently reduced its water discharges even though production volumes have increased. This is explained by Nestlé's continuous efforts to improve its internal water use efficiency. Water efficiency programs in Nestlé operations ensure that the implementation of "water-saving" projects in factories leads to lower water needs even when production volumes increase. Nestlé will continue to be a leader in the industry on water use efficiency within its factories. Nestlé expects that its business will continue to grow. It will continue to improve water efficiency at factories whenever possible, both in terms of opportunities and available technologies. It will also start to diversify and invest strongly in external water saving initiatives, at catchment level, by conserving local resources, and through water stewardship initiatives. In future, Nestlé expects total water discharges to remain within the same proportion while continuing to increase its production of finished goods.
Total consumption	56000	About the same	Over the years, Nestlé has consistently reduced its water consumption even though its production volumes increased. Therefore, annual water consumption has remained stable because of its continuous efforts to improve internal water use efficiency. Nestlé operations implement "water-saving" projects in factories which eventually lead to lower water needs, even when there is an increase in production volumes. Nestlé expects that its business will continue to grow and that it will continue to focus on ways to improve water efficiency at factories whenever possible, both in terms of opportunities and available technologies. Nestlé will also start to diversify and invest strongly in external water saving initiatives, at catchment level, by conserving local resources, and through water stewardship initiatives. In future, Nestlé expects total water consumption to remain within the same proportion while continuing to increase its production of finished goods.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	11-25	About the same	WRI Aqueduct	Nestlé has developed a robust an internal reporting method called the Combined Water Stress Index (CWSI) which is based on data from four independent sources to assess water stress at the location of all our factories. This method not only uses data from WRI-Aqueduct, but also includes data from WWF-WRF, Pfister-WSI and Earth Stat Water Depletion. Each Nestlé factory is scored using these four datasets. The average score of physical water risk gives the CWSI score. The 2020 CWSI assessment scores show that an average of 25% of Nestlé water withdrawals occur in water-stressed areas. These withdrawals occur in 26% of Nestlé's approximately 375 factories worldwide that are located in water-stressed locations, as defined by the CWSI assessment. The proportions of both factories and water withdrawals in water-stressed regions in 2020 are within the same range as 2019.

W-FB1.2e

(W-FB1.2e) For each commodity reported in question W-FB1.1a, do you know the proportion that is produced/sourced from areas with water stress?

Agricultural commodities	The proportion of this commodity produced in areas with water stress is known	The proportion of this commodity sourced from areas with water stress is known	Please explain
Other commodities from W-FB1.1a, please specify (Fresh Milk)	Not applicable	Yes	Nestlé does not produce any agricultural raw materials. It sources agricultural raw materials through direct sourcing programs and/or third-party suppliers. The milk supply chain is assessed/mapped in terms of vulnerability to water-stress by identifying the geographical origin of the milk supply. Tracing back to the origin where agricultural raw materials are produced allows Nestlé to map and define water-related risks and opportunities. Water-related risks in Nestlé supply chains are assessed through annual assessments of water risks at the sourcing locations of key agricultural commodities, using the CWSI method which combines results from four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat, applied here to entire "sourcing areas". Nestlé also uses the WRI Aqueduct 2040 global water risk to understand future trends. The mapping allows it to implement relevant actions to address water-related issues and prevent serious future issues.
Other commodities from W-FB1.1a, please specify (Coffee)	Not applicable	Yes	Nestlé does not produce any agricultural raw materials. It sources agricultural raw materials through direct sourcing programs and/or third-party suppliers. The coffee supply chain is assessed/mapped in terms of vulnerability to water-stress by identifying its geographical origin. Tracing the origin of agricultural raw materials as close as possible to the location where it was produced allows Nestlé to map and define water-related risks and opportunities. Water-related risks in Nestlé supply chains are assessed through annual assessments of water risks at the sourcing locations of key agricultural commodities, using the CWSI method which combines results from four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat, applied here to entire "sourcing areas". Nestlé also uses WRI Aqueduct 2040 global water risk to understand future trends. The mapping allows Nestlé to implement relevant actions to address water-related issues and prevent serious future issues.
Other commodities from W-FB1.1a, please specify (Cereals)	Not applicable	Yes	Nestlé does not produce any agricultural raw materials. It sources agricultural raw materials through direct sourcing programs and/or third-party suppliers. The Nestlé cereals supply chain is assessed/mapped in terms of vulnerability to water-stress by identifying its geographical origin. Tracing the origin of agricultural raw materials as close as possible to the location where it was produced allows Nestlé to map and define water-related risks and opportunities. Water-related risks in Nestlé supply chains are assessed through annual assessments of water risks at the sourcing location of key agricultural commodities, using the CWSI method which combines results from four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat, applied here to entire "sourcing areas". Nestlé also uses the WRI Aqueduct 2040 global water risk to understand future trends. The mapping allows Nestlé to implement relevant actions to address water-related issues and prevent serious future issues.
Other commodities from W-FB1.1a, please specify (Sugar)	Not applicable	Yes	Nestlé does not produce any agricultural raw materials. It sources agricultural raw materials through direct sourcing programs and/or third-party suppliers. The Nestlé sugar supply chain is assessed/mapped in terms of vulnerability to water-stress by identifying its geographical origin. Tracing the origin of agricultural raw materials as close as possible to the location where it was produced allows Nestlé to map and define water-related risks and opportunities. Water-related risks in Nestlé supply chains are assessed through annual assessments of water risks at the sourcing location of key agricultural commodities, using the CWSI method which combines results from four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat, applied here to entire "sourcing areas". Nestlé also uses the WRI Aqueduct 2040 global water risk is also used to understand future trends. The mapping allows it to implement relevant actions to address water-related issues and prevent serious future issues.

W-FB1.2g

(W-FB1.2g) What proportion of the sourced agricultural commodities reported in W-FB1.1a originate from areas with water stress?

Agricultural commodities	% of total agricultural commodity sourced from areas with water stress	Please explain
Other sourced commodities from W-FB1.2e, please specify (Fresh Milk)	26-50	This figure is based on a preliminary internal assessment of mapping of sourcing origin and related water-stress. According to current future climatic scenarios (IPCC), if no water stewardship initiatives are implemented in the coming years, it is expected that the proportion of agricultural raw material sourced from water-stressed regions will increase in future, including in many parts of the world where Nestlé sources milk such as India, Pakistan and South Africa. Nestlé tracks the proportion of milk sourced from water-stressed locations. To avoid critical water-related issues and ensure access to water in all in these regions, Nestlé follows the principles Water Stewardship. This also helps to prevent supply chain slow-down or disruption.
Other sourced commodities from W-FB1.2e, please specify (Coffee)	26-50	This figure is based on a preliminary internal assessment of mapping of sourcing origin and related water-stress. According to current future climatic scenarios (IPCC), if no water stewardship initiatives are implemented in the coming years, it is expected that the proportion of agricultural raw materials sourced for water-stressed regions will increase in future, in many parts of the world where Nestlé sources coffee, such as Vietnam. Brazil and Mexico. Nestlé tracks the proportion of coffee sourced from water-stressed locations. To avoid critical water-related issues and ensure access to water in all in these regions, Nestlé follows the principles Water Stewardship. This also helps to prevent supply chain slow-down or disruption in some areas for example in Vietnam and Brazil.
Other sourced commodities from W-FB1.2e, please specify (Cereals)	26-50	This figure is based on a preliminary internal assessment of mapping of sourcing origin and related water-stress. According to current future climatic scenarios (IPCC), if no water stewardship initiatives are implemented in the coming years, it is expected that the proportion of agricultural raw materials sourced from water-stressed regions will increase in future, in many parts of the world where Nestlé sources cereals, such as the USA, India and Mexico. Nestlé tracks the proportion of cereals sourced from water-stressed locations. To avoid critical water-related issues and ensure access to water in all in these regions, Nestlé follows the principles Water Stewardship. This also helps to prevent supply chain slow-down or disruption in some areas for example in some critical regions of the USA and India.
Other sourced commodities from W-FB1.2e, please specify (Sugar)	26-50	This figure is based on a preliminary internal assessment of mapping of sourcing origin and related water-stress. According to current future climatic scenarios (IPCC), if no water stewardship initiatives are implemented in the coming years, it is expected that the proportion of agricultural raw material sourced from water-stressed regions will increase in future, in many parts of the world where we source sugar, such as Thailand, Brazil and Mexico. We track the proportion of sugar sourced from water-stressed locations. To avoid critical water-related issues and ensure access to water in all in these regions, Nestlé follows the principles Water Stewardship. This also helps to prevent supply chain slow-down or disruption in some critical areas such as Thailand.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	9100	About the same	As a food and beverage company, Nestlé needs good quality water in its daily operations, and freshwater is its third source of water (by volume). Even though the business is growing, Nestlé is committed to continuously improving the water use efficiency of its operations. All environmental KPIs are tracked and publicly reported on the company's website: https://www.nestle.com/sites/default/files/2021-03/creating-shared-value-cnepi-definitions.xlsx
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	Brackish/Seawater is not a source of water Nestlé uses. Unlike other industries, as a food and beverage company, this type of water source is not relevant, from a qualitative point of view, nor financially viable as it requires specific technology. All environmental KPIs are tracked and publicly reported on the company's website: https://www.nestle.com/sites/default/files/2021-03/creating-shared-value-cnepi-definitions.xlsx
Groundwater – renewable	Relevant	68000	Lower	As a food and beverage company, Nestlé needs good quality water in its daily operations and groundwater is the first source of water (by volume), especially for the bottled water business (spring and mineral water). Even though the business is growing, Nestlé is committed to improving the water use efficiency of its operations. This has led to a reduction in the volume of groundwater Nestlé withdraws annually. All environmental KPIs are tracked and publicly reported on the company's website: https://www.nestle.com/sites/default/files/2021-03/creating-shared-value-cnepi-definitions.xlsx
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	Nestlé strives to ensure that the groundwater it uses is managed sustainably, in line with its commitment on Water Stewardship and mandatory internal Nestlé Environmental Requirements (NER). All environmental KPIs are tracked and publicly reported on the company's website: https://www.nestle.com/sites/default/files/2021-03/creating-shared-value-cnepi-definitions.xlsx
Produced/Entrained water	Relevant	1300	Higher	As a food and beverage company, Nestlé needs good quality water in its daily operations and produced water is an alternative source of water that helps preserve local natural water resources. Using our ZerEau technology, in 2020, Nestlé was able to "recover" more than a million cubic meters (1.3) of water from fresh milk. This volume is slightly higher than last year. As Nestlé continues to implement ZerEur technology in as many factories as possible, the volume of water should increase. This technology was first implemented in 2011.
Third party sources	Relevant	38300	Lower	As a food and beverage company, Nestlé needs good quality water, in sufficient quantity, in its daily operations, and third party sources are our second source of water (by volume). Even as the business is growing, Nestlé is committed to improve the water use efficiency of its operations. This has led to a decrease in the volume of third-party water it uses annually. All environmental KPIs are tracked and publicly reported on the company's website: https://www.nestle.com/sites/default/files/2021-03/creating-shared-value-cnepi-definitions.xlsx

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	30000	Lower	Even though the Nestlé business is growing, continuous efforts in water efficiency within operations, and the promotion of water recycling and improvements in effluent treatment have led to a decrease in the volume of water it discharges annually in surface freshwater bodies. Many factories operate their own effluent treatment plant to ensure that water discharged to the environment not only complies with local regulations but also with internal standards on water quality returned to the environment. This is important, as all volumes treated on Nestlé sites are returned to surface freshwater bodies. Depending on future business needs and growth, Nestlé expects these volumes to remain stable, as it continues to promote recycling and efficiency technologies within our factories. All environmental KPIs are tracked and publicly reported on the company's website: https://www.nestle.com/sites/default/files/2021-03/creating-shared-value-cnepi-definitions.xlsx
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	Nestlé does not discharge effluents into brackish surface water or seawater. This is not relevant to Nestlé as all volumes treated on its sites are returned to surface freshwater bodies. All environmental KPIs are tracked and publicly reported on the company's website: https://www.nestle.com/sites/default/files/2021-03/creating-shared-value-cnepi-definitions.xlsx
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	Nestlé does not discharge water into groundwater bodies. This is not relevant to Nestlé as all volumes treated on its sites are returned to surface freshwater bodies. All environmental KPIs are tracked and publicly reported on the company's website: https://www.nestle.com/sites/default/files/2021-03/creating-shared-value-cnepi-definitions.xlsx
Third-party destinations	Relevant	29000	Lower	Although the Nestlé business continues to grow, efforts in water efficiency within its operations and the promotion of water recycling have led to a decrease in the volume of water discharged annually to third parties for effluent treatment. For the factories not operating internal effluent treatment plants, Nestlé relies on third-party operated plants to treat its effluents. Even though it does not operate these, it ensures that they comply with local regulations. This is relevant for Nestlé since >50% of its effluents are treated by third parties. Nestlé expects these volumes to remain stable, as it continues to promote recycling and efficiency technologies within its factories. All environmental KPIs are tracked and publicly reported on the company's website: https://www.nestle.com/sites/default/files/2021-03/creating-shared-value-cnepi-definitions.xlsx

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	13500	About the same	21-30	Twenty-three percent of the water Nestlé discharges to the environment annually is treated at tertiary level within its own (internally operated) effluent treatment plants (ETP). The internal Nestlé Environmental Requirement (NER) defines strict water quality standards before discharge and aligns with both local regulations and international standards on water quality.
Secondary treatment	Relevant	32000	About the same	41-50	Fifty-four percent of the water Nestlé discharges to the environment annually is treated at secondary level within its own (internally operated) effluent treatment plants (ETP). The internal Nestlé Environmental Requirement (NER) defines strict water quality standards before discharge and aligns with both local regulations and international standards on water quality.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	All the water requiring treatment according to local regulations and the internal Nestlé Environmental Requirement (NER) before being discharged into the environment is treated to at least the primary level within its own (internally operated) effluent treatment plants (ETP). The internal Nestlé Environmental Requirement (NER) defines strict water quality standards before discharge and aligns to both local regulations and international standards on water quality.
Discharge to the natural environment without treatment	Relevant	0.36	About the same	1-10	Only 0.001% of the water that Nestlé discharges to the environment annually requires no treatment according to the internal Nestlé Environmental Requirement (NER). The internal Nestlé Environmental Requirement (NER) defines strict water quality standards before discharge and is aligned to both local regulations and international standards on water quality.
Discharge to a third party without treatment	Relevant	13500	About the same	31-40	Twenty-three percent of annual factory effluents are treated by third-parties. These third-party partners are audited against our internal Nestlé Environmental Requirement (NER), which defines strict water quality standards before discharge and is aligned to both local regulations and international standards on water quality.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	All the water volumes Nestlé discharges annually from its factories are covered in the categories above.

W-FB1.3

(W-FB1.3) Do you collect/calculate water intensity for each commodity reported in question W-FB1.1a?

Agricultural commodities	Water intensity information for this produced commodity is collected/calculated	Water intensity information for this sourced commodity is collected/calculated	Please explain
Other commodities from W-FB1.1a, please specify (Fresh Milk)	Not applicable	Yes	This information is consistent across all our commodities. Nestlé does not produce any agricultural raw materials. It sources agricultural raw materials through direct sourcing programs and/or third-party suppliers. Nestlé assesses the water footprint of fresh milk it purchases annually, using the method and data from The Water Footprint Network (Hoekstra and Mekonnen, 2012, the Water Footprint of Humanity, https://waterfootprint.org/en/). In addition, where available, Nestlé uses specific, local figures, calculated by our agricultural services.
Other commodities from W-FB1.1a, please specify (Coffee)	Not applicable	Yes	This information is consistent across all Nestlé commodities. Nestlé does not produce any agricultural raw materials. It sources agricultural raw materials through direct sourcing programs and/or third-party suppliers. Nestlé assesses the water footprint of coffee it purchases annually, using the method and data from The Water Footprint Network (Hoekstra and Mekonnen, 2012, the Water Footprint of Humanity, https://waterfootprint.org/en/). In addition, where available, Nestlé uses specific, local figures, calculated by our agricultural services.
Other commodities from W-FB1.1a, please specify (Cereals)	Not applicable	Yes	This information is consistent across all our commodities. Nestlé does not produce any agricultural raw materials. It sources agricultural raw materials through direct sourcing programs and/or third-party suppliers. Nestlé assesses the water footprint of cereals it purchase annually, using the method and data from the Water Footprint Network (Hoekstra and Mekonnen, 2012, The Water Footprint of Humanity, https://waterfootprint.org/en/). In addition, where available, Nestlé uses specific, local figures, calculated by our agricultural services.
Other commodities from W-FB1.1a, please specify (Sugar)	Not applicable	Yes	This information is consistent across all our commodities. Nestlé does not produce any agricultural raw materials. It sources agricultural raw materials through direct sourcing programs and/or third-party suppliers. Nestlé assesses the water footprint of sugar it purchase annually, using the method and data from The Water Footprint Network (Hoekstra and Mekonnen, 2012, the Water Footprint of Humanity, https://waterfootprint.org/en/). In addition, where available, it uses specific, local figures, calculated by our agricultural services.

W-FB1.3b

(W-FB1.3b) Provide water intensity information for each of the agricultural commodities identified in W-FB1.3 that you source.

Agricultural commodities
Other sourced commodities from W-FB1.3, please specify (Fresh Milk)

Water intensity value (m3)
6100000000

Numerator: Water aspect
Other, please specify (Total Green and Blue Water (Mekonnen and Hoekstra, 2012))

Denominator
Tons

Comparison with previous reporting year
About the same

Please explain
The water intensity value is calculated using internal annual purchased volumes and water footprint data from Mekonnen & Hoekstra. Nestlé does not expect this value to increase more than business growth (only a few % change from one year to another), therefore the water footprint of Fresh Milk remains more or less the same. This data is

used to prioritize commodities with the biggest impact in order to define and implement actions accordingly. This is how Nestlé selected fresh milk as one of the biggest "virtual" water footprint volumes within the range of our agricultural supply chain commodities. Focusing on regions and commodities with the greatest impact and opportunities, such as India, Pakistan and South Africa, we promote and implement targeted actions aimed at better water management practices. In addition, Nestlé has teams of agronomists in its R&D centers working on selecting varieties/species of lower water intensity and/or better adapted to water-scarce locations. Nestlé promotes the adoption of such varieties/species by local farmers through our network of agronomists worldwide.

Agricultural commodities
Other sourced commodities from W-FB1.3, please specify (Coffee)

Water intensity value (m3)
15500000000

Numerator: Water aspect
Other, please specify (Total Green and Blue Water (Mekonnen and Hoekstra, 2012))

Denominator
Tons

Comparison with previous reporting year
Higher

Please explain
The water intensity value is calculated using internal annual purchased volumes and water footprint data from Mekonnen & Hoekstra. Nestlé does not expect this value to increase more than business growth (only a few % change from one year to another), or slightly higher due to Market and Sales inter-annual fluctuations (as was the case in 2020, due to new acquisitions in the coffee sector). This data is used to prioritize commodities with the biggest impact in order to define and implement actions accordingly. This is how Nestlé has selected Coffee as one of the biggest "virtual" water footprint volumes within the range of its agricultural supply chain commodities. Focusing on regions and commodities with the greatest impact and opportunities, such as Vietnam. Brazil and Mexico, Nestlé promotes and implements targeted actions aimed at better water management practices. In addition, Nestlé has teams of agronomists in R&D centers working on selecting varieties/species of lower water intensity and/or better adapted to water-scarce locations. Nestlé promotes the adoption of such varieties/species by local farmers through its network of agronomists worldwide.

Agricultural commodities
Other sourced commodities from W-FB1.3, please specify (Cereals)

Water intensity value (m3)
7000000000

Numerator: Water aspect
Other, please specify (Total Green and Blue Water (Mekonnen and Hoekstra, 2012))

Denominator
Tons

Comparison with previous reporting year
About the same

Please explain
The water intensity value is calculated using internal annual purchased volumes and water footprint data from Mekonnen & Hoekstra. Nestlé does not expect this value to increase more than business growth (only a few % change from one year to another), therefore the water footprint of Cereals remains approximately the same. This data is used to prioritize commodities with the biggest impact in order to define and implement actions accordingly. This is how Nestlé selected cereals as one of the biggest "virtual" water footprint volumes within the range of its agricultural supply chain commodities. Focusing on regions and commodities with the greatest impact and opportunities, such as the USA, India and Mexico, Nestlé promotes and implements targeted actions aimed at better water management practices. In addition, Nestlé has teams of agronomists in our R&D centers working on selecting varieties/species of lower water intensity and/or better adapted to water-scarce locations. Nestlé promotes the adoption of such varieties/species by local farmers through our network of agronomists worldwide.

Agricultural commodities
Other sourced commodities from W-FB1.3, please specify (Sugar)

Water intensity value (m3)
3500000000

Numerator: Water aspect
Other, please specify (Total Green and Blue Water (Mekonnen and Hoekstra, 2012))

Denominator
Tons

Comparison with previous reporting year
Lower

Please explain
The water intensity value is calculated using internal annual purchased volumes and water footprint data from Mekonnen & Hoekstra. Nestlé does not expect this value to increase more than business growth (only a few % change from one year to another), or slightly decrease due to Market and Sales inter-annual fluctuations (as was the case in 2020). This data is used to prioritize commodities with the biggest impact in order to define and implement actions accordingly. This is how Nestlé selected sugar as one of the biggest "virtual" water footprint volumes within the range of its agricultural supply chain commodities. Focusing on regions and commodities with the greatest impact and opportunities, such as Thailand, Brazil and Mexico, Nestlé promotes and implement targeted actions aimed at better water management practices. In addition, Nestlé has teams of agronomists in its R&D centers working on selecting varieties/species of lower water intensity and/or better adapted to water-scarce locations. Nestlé promotes the adoption of such varieties/species by local farmers through our network of agronomists worldwide.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?
Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number
76-100

% of total procurement spend
76-100

Rationale for this coverage
Nestle works with 165,000 direct suppliers (https://supplier.nestle.com/) and 625,000 individual farmers worldwide (https://www.nestle.com/csv/impact/rural-livelihoods). Our Nestlé Responsible Sourcing Standard describes the requirements and ways of working that Nestlé applies together with all our 165,000 direct suppliers and 625,000 farmers, in order to ensure the sustainable long-term supply of materials and services to Nestlé. The Nestlé Responsible Sourcing Standard is a non-negotiable, integral part of all purchase orders and supply contracts - both for direct suppliers and farmers. The Nestlé Responsible Sourcing Standard is how Nestlé equips suppliers to report on their water use and water management practices. It sets out basic, non-negotiable standards as well as important and urgent sustainability practices - including Water Resource Management Practices - that Nestlé asks its suppliers, employees, agents and subcontractors to respect and adhere to at all times when conducting business. Nestlé is committed to fostering responsible practices in our supply chain, while ensuring that its sourcing and supplier relationships deliver a competitive advantage and meet our social, environmental and ethical requirements.

Impact of the engagement and measures of success
Nestlé committed to sourcing more than 80% of total spend and volume from audited and compliant tier-1 suppliers by 2020. Results end-2020 were 84%. Through its Sustainable Sourcing Tier-1 program, Nestlé verifies compliance with its Nestlé Responsible Sourcing Standard of direct suppliers through independent, third-party audits, following the SMETA Best Practice Guidance. Nestlé also committed to 80% of spend and volume of priority categories being traceable and 70% responsibly sourced, by 2020. Results end-2020 were 73%. Nestlé has identified 15 key commodities that present higher risk of environmental and/or social issues. Nestlé works closely with its direct suppliers and partners to conduct mappings of upstream supply chains and carry out farm assessments, together with partner organizations. In many cases, issues identified require long-term, tailored interventions to tackle their root causes for greater impact.

Comment
If non-compliance, issues or gaps with the Nestlé Responsible Sourcing Standard are found, a time-bound action plan is developed and implemented by the supplier. The implementation of this plan will be later verified by the auditor. In the event that a supplier refuses to undergo an audit or to collaborate on closing identified gaps, Nestlé may consider terminating the business relationship.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement
Incentivizing for improved water management and stewardship

Details of engagement
Water management and stewardship action is integrated into your supplier evaluation
Water management and stewardship is featured in supplier awards scheme
Offer financial incentives to suppliers reducing your operational water impacts through the products they supply to you
Offer financial incentives to suppliers improving water management and stewardship across their own operations and supply chain

In selected Markets, premiums on the supplied raw material is given to farmers who implemented sustainable practices.

% of suppliers by number
26-50

% of total procurement spend
26-50

Rationale for the coverage of your engagement
Nestlé's greatest challenge to reducing water consumption lies in addressing the impacts of its complex agricultural supply chains. Water management and conservation is very area-specific and often varies in time as well. Nestlé research indicates that it can already achieve significant improvements in water use by introducing better agricultural techniques at a farm level. Nestlé's approach to ensure sustainable water use in its agricultural supply chain is based on the principle of 'Do what matters, where it matters'. Nestlé is currently involved in several major projects in agricultural supply chains located in water-stressed areas.

Impact of the engagement and measures of success
In Pakistan, Morocco and Iran, where drought and water-stressed areas are of concern, Nestlé is working with dairy farmers to implement the use of water meters and develop water saving techniques for animal feed production. In Brazil, Nestlé is supporting farmers to install water meters and improve manure management techniques. Together with Embrapa, the Brazilian Agricultural Research Corporation, Nestlé is working on projects to train farmers in good farming and manure management practices. A major project in Vietnam, in partnership with the Swiss Development and Cooperation trained close to 50,000 farmers on best irrigation practices. This project resulted in 50 million m3 of water saved annually and generated more than USD8 million in the local economy of smallholder coffee growers. Based on these successful results, Nestlé now has a similar project in Brazil.

Comment
In addition to best water management practices in agriculture, Nestlé respects the human right to water and supports access to water in communities surrounding its operations and in its upstream supply chains. In 2020, Nestlé continued to roll out its Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation, to ensure its operations and upstream supply chain do not have a negative impact on the human right to water.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes

W2.1a

(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Country/Area & River basin

China	Dong Jiang

Type of impact driver & Primary impact driver

Physical	Flooding

Primary impact

Impact on company assets

Description of impact

In May 2020, a heavy rainstorm caused flooding at Coffee Plant of Nestlé Dongguan Ltd. (NDL) and damaged assets in one of Nestlé's factories in China. Water damage occurred to property including machinery, mechanical devices, electronic parts, inner facilities, stocking goods and miscellaneous contents contained in the factory.

Primary response

Other, please specify (Infrastructure maintenance)

Total financial impact

813000

Description of response

The response consisted of a timely fixing and re-building of the damaged assets.

Country/Area & River basin

India	Ganges - Brahmaputra

Type of impact driver & Primary impact driver

Physical	Flooding

Primary impact

Impact on company assets

Description of impact

Product stock was lost due to the ingress of rain water from a damaged warehouse roof, as a result of the cyclonic storm, AMPHAN. The insurer was requested to consider Rs. 1,725,196 towards the indemnification of loss. The claim is still open and some reserves have been put aside.

Primary response

Other, please specify (Infrastructure maintenance)

Total financial impact

16801

Description of response

The response consisted of a timely fixing and re-building of the damaged assets.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W-FB3.1

(W-FB3.1) How does your organization identify and classify potential water pollutants associated with its food, beverage, and tobacco sector activities that could have a detrimental impact on water ecosystems or human health?

The internal (mandatory) Nestlé Environmental Requirements (NER) defines mandatory safety measures and threshold limits to prevent any detrimental impact to ecosystems or human health due to our activities. For instance, increased turbidity, eutrophication, pH/redox variations, contamination by hydrocarbon or any hazardous material and over-exploitation (limiting water volume with consequences on dissolved elements concentration) can all have detrimental consequences on natural water ecosystems, fauna and flora as well as human beings.

That is why the NER standard aims at preventing such issues, covering construction norms within our factories (prevent contaminant spills), operations of water wells within our factories and threshold value limits of various physico-chemical parameters in our effluent water.

Example of sources of contamination requiring specific buildings/operations include:

- oils, grease and lubricants from scrap,

- impounded rainwater within chemical storage spill containment (bunding), and similar,

- bio solids from waste activated sludge

- compressor and compressed air blowdown

- oil containment measures include permeable surfaces, oil water separators, absorbents, infiltration ditches, soakways etc.

The sustainability of an internally operated water well, withdrawing water from a local resource, must be demonstrated through a local hydrogeological study. This prevents over-exploitation of water resources and potential detrimental damages to local water-dependent ecosystems. This must be renewed every five years.

Any water discharged into rivers and waterways must be treated effectively to ensure the water returned to the environment is of a high quality. Nestlé applies the most efficient technologies and internal standards to treat the water it uses, prior to reuse or release into the environment. The following physico-chemical parameters are continuously monitored in its effluents (reported monthly), with defined thresholds for: pH, Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Total Suspended Solids, Total Nitrogen, Total Phosphorus, Oil and Grease, Color.

The types of risks, as well as the most adapted response(s), vary across the Nestlé operations (worldwide). However, the NER standard covers a wide range of parameters to ensure a comprehensive assessment of the situation. To ensure that, Nestlé has rolled out a digital NER compliance assessment and monitoring tool to ensure all its plants comply with the standard. Nestlé has also improved training on water effluents through its Environmental Sustainability workshops.

W-FB3.1a

(W-FB3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your food, beverage, and tobacco sector activities.

Potential water pollutant
Other, please specify (Chemical Oxygen Demand (COD))

Activity/value chain stage
Manufacturing – direct operations

Description of water pollutant and potential impacts
Effluent water generated from Nestlé operating sites and factories is managed in on-site treatment plants or diverted to a local third-party facility. In 2020, Nestlé continued to invest in maintenance and improved treatment facilities. Through such actions, the average water quality it discharged in 2020 was 59.8 mg COD (Chemical Oxygen Demand) per liter. Nestlé has also reduced the amount of water discharged per ton of product by 47% since 2010 (10 years). COD is an indicator of load of organic matter present in effluent water. High load(s) of organic matter in effluent water can have a negative impact on the environment. High COD is natural water can lead to anaerobic conditions, which is harmful to higher aquatic life forms. As a consequence, this can be detrimental to co-dependent ecosystems, food-chains and/or human activities. Many governments impose strict regulations regarding the maximum chemical oxygen demand allowed in waste water before waste water or industrial water can be returned to the environment.

Management procedures
Waste water management
Follow regulation standards
Adapt food containers and packaging

Please explain
By quantifying the amount of oxidizable pollutants found in (waste)water, COD is useful when it comes to water quality as it provides a global metric to determine the effect an effluent will have on the receiving water body. By monitoring (and reporting) closely on this indicator, we ensure the water we discharge to the environment will not be harmful to water ecosystem and/or downstream users. Many governments impose strict regulations regarding the maximum chemical oxygen demand allowed in waste water before they can be returned to the environment. For example, in Switzerland, a maximum chemical oxygen demand between 200 and 1000 ppm must be reached before waste water or industrial water can be returned to the environment. Our internal limit, mandatory in all our Operations, is 125 ppm. We measure success of compliance with this threshold value by consolidating 12 month rolling average values for each of our factories discharging water in water bodies. This is the minimum internal requirement. When local regulations are stricter than our internal regulations, we must comply with local (stricter) regulations To ensure our COD level remain within limits, we implement various techniques ranging from flocculation, ozone oxidation or specific chemical reactants. We monitor the COD level "in-line" and know instantaneously what the levels are and perform necessary adjustments if needed. In addition to ensuring high quality standard of the water we discharge from our factories, Nestlé committed to have 100% of its packaging recyclable or reusable by 2025. The vision is that none of its packaging, including plastics, ends up in landfill, in oceans, lakes and rivers. Nestlé is determined to reduce its use of single-use plastics, by introducing reusable packaging, new delivery systems and innovative business models everywhere it operates and sells products. Building on its commitment, it will reduce the use of virgin plastics by one third by 2025. To drive innovation and understanding of a circular economy for plastics, Nestlé became a partner of the New Plastics Economy. This initiative, led by the Ellen MacArthur Foundation, was designed to bring together key stakeholders to rethink and redesign the future of plastic.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?
Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Enterprise Risk Management
International methodologies
Databases

Tools and methods used
Water Footprint Network Assessment tool
WRI Aqueduct
WWF Water Risk Filter
Environmental Impact Assessment
Life Cycle Assessment
IPCC Climate Change Projections
Alliance for Water Stewardship Standard
FAO/AQUASTAT

Comment
Nestlé annually assesses water risks at all factory locations. It uses an internal methodology - the Combined Water Stress Index (CWSI), which combines results from four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat. Combining the scores of all four tools provides a single water-stress assessment score for each manufacturing site. By cross-referencing these scores with annual factory water consumption, Nestlé can define a list of Where It Matters (WIM) sites to prioritize where actions must be implemented. Nestlé also uses the WRI Aqueduct water risk projections for 2040 (using IPCC scenarios), in order to evaluate potential future risk to its operations within the next 20 years. Nestlé also conducts regular, on-site, audit/assessments of local water resources and water use inside and outside its factories, including stakeholder engagement activities. In addition, the Nestlé Group Enterprise Risk Management Framework (ERM) identifies water risks and opportunities in order to minimize/seize their potential impact. This annual top-down assessment at Group level allows Nestlé to understand its mega-risks in business, social, physical, regulatory, reputational and environment. Nestlé Waters has committed to certifying all of its sites to the Alliance for Water Stewardship (AWS) Standard by 2025.

Supply chain

Coverage
Partial

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Enterprise Risk Management
International methodologies
Databases

Tools and methods used
Water Footprint Network Assessment tool
WRI Aqueduct
WWF Water Risk Filter
Life Cycle Assessment
IPCC Climate Change Projections
Alliance for Water Stewardship Standard
FAO/AQUASTAT
Other, please specify (Internal Responsible Sourcing Standard)

Comment
All Nestlé suppliers must comply with the Nestlé Responsible Sourcing Standard. This standard requires Nestlé suppliers to comply with a set of legal and environmental requirements (including for water) and to demonstrate continuous improvement. Nestlé committed to source more than 80% of total spend and volume from audited and compliant tier-1 suppliers by 2020. Results end-2020 were 84%. Nestlé also committed to 80% of spend and volume of priority categories being traceable and 70% being responsibly sourced, by 2020. Results end-2020 were 73%. In addition, to comply with the Responsible Sourcing Standard, Nestlé conducts an annual assessment of water risk at sourcing locations of key agricultural commodities including Coffee, Dairy, Sugar, and Cereals, using the CWSI method that combines results from four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat, applied to entire sourcing areas. This is also done for future trends using WRI aqueduct 2040 global water risk. Finally, Nestlé uses the Water Footprint Network methodology to assess the water footprint of key agricultural commodities. Benchmarking the results of the water footprint assessment and water risk enables accurate identification of risk and prioritization of actions in our supply chains.

Other stages of the value chain

Coverage
None

Risk assessment procedure
<Not Applicable>

Frequency of assessment
<Not Applicable>

How far into the future are risks considered?
<Not Applicable>

Type of tools and methods used
<Not Applicable>

Tools and methods used
<Not Applicable>

Comment

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	The long-term supply of water in sufficient quantity is vital for all manufacturing processes within Nestlé factories. Insufficient water availability would negatively impact its activities through potential production slow-down or even total production disruption. Water is an essential ingredient in all Nestlé manufactured products and it is also essential for the operations of its factories (i.e. in industrial processes, for cleaning purposes, employee health and safety, and consumer quality and safety). It is also essential for its suppliers, neighbors and customers - any stakeholder linked to its factories and activities. Nestlé assesses the water availability and water risk, at local catchment level, using its internal Combined Water Stressed Index method, which combines water risk scores from four publicly available datasets: WRI Aqueduct, WWF Water Risk Filter, Water Stress Index by Pfister and Earth Stat Water Depletion. Furthermore, Nestlé conducts regular, on-site, audit/assessments of local water resources and water use inside and outside its factories. It also engages with related stakeholders. Water Resources Reviews, an Nestlé internal water assessment program, aims to raise awareness at local operational level, identify key issues and risks, and develop action plans to ensure sustainable water use. The program focuses on water quantity/quality, regulatory compliance, site protection, and relationships with related stakeholders.
Water quality at a basin/catchment level	Relevant, always included	The long-term supply of good quality water is vital for all manufacturing processes within Nestlé factories. Poor-quality water would negatively impact its activities by potentially increasing the cost of treatments, production slow-downs or even total production disruptions. Water is an essential ingredient for Nestlé's manufactured products. It is also essential for the operation of Nestlé factories for industrial processes, cleaning purposes and employee facilities. It is also essential for its suppliers, neighbors, customers and any stakeholders linked to its factories and activities. Nestlé assesses water quality and related risks, at local catchment level, through continuous quality measurement and/or regular sampling and detailed analysis of local water resources and input at our factory gates. Furthermore, Nestlé conducts regular, on-site, audit/assessments of local water resources and water use inside and outside its factories. It also engages with related stakeholders. Water Resources Reviews, an Nestlé internal water assessment program, aims to raise awareness at local operational level, identify key issues and risks, and develop action plans to ensure sustainable water use. The program focuses on water quantity/quality, regulatory compliance, site protection, and relationships with related stakeholders.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Having good long-term relationships with local stakeholders is essential for Nestlé's industrial activities. It considers its "social license to operate" to be an important and critical element of its activities. Nestlé engages with stakeholders linked to the activities where it operates on a regulator basis to ensure good and productive relationships. Nestlé uses different processes, methods and tools to engage with stakeholders. The main tool Nestlé uses is called Community Relation Process (CRP). CRP was developed specifically for Nestlé, in different versions, depending on the specific objectives of our stakeholder engagement activities. All CRP tools provide a complete assessment and mapping of key stakeholders and plans for specific engagements. All bottled water facilities are already using an advanced CRP tool, and non-bottled water factories are using a lighter version of the CRP tool. The objective of the tool is to help build trust and ensure good relationships with stakeholders.
Implications of water on your key commodities/raw materials	Relevant, always included	Water is essential to grow the raw materials Nestlé purchases. Insufficient water quantity or poor quality water may cause supply chain slow-down or even disruptions for some of the main commodities that are essential to the business (Coffee, Dairy, Sugar, and Cereals). Water-related risk in supply chains is assessed annually at sourcing locations for key agricultural commodities, using the Nestlé internal Combined Water Stress Index method. This method combines results from four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat and is applied to entire sourcing areas. WRI Aqueduct 2040 global water risk tool is also used to assess future trends. Nestlé also uses the Water Footprint Network methodology to assess the water footprint of key agricultural commodities. The benchmarking results from the water footprint and water risk assessment help to accurately identify risks to prioritize actions in supply chains. Nestlé works directly with around 625,000 farmers, through the Farmer Connect network. In 2020, Nestlé trained 355,000 farmers and has implemented water projects in a wide variety of locations, across all continents. There are projects ongoing in water-stressed supply chains. All Nestlé suppliers must comply with our internal Responsible Sourcing Standard. This standard requires suppliers to comply with a set of legal and environmental requirements (including for water) and to demonstrate continuous improvement. Nestlé committed to source more than 80% of total spend and volume from audited and compliant tier-1 suppliers by 2020. Results end-2020 were 84%. Nestlé also committed to 80% of spend and volume of priority categories being traceable and 70% being responsibly sourced, by 2020. Results end-2020 were 73%.
Water-related regulatory frameworks	Relevant, always included	The Nestlé business is based on compliance. Compliance with all regulatory frameworks ensure the license to operate. Without full compliance, Nestlé may face production slow-down or even production stoppage. Therefore, it is critical for Nestlé to be in full compliance with all regulatory frameworks. The Nestlé Regulatory Affairs team works with a network of regulatory contacts in all countries where it operates. The team tracks regulatory changes and estimates future potential regulatory changes at the local level. Any changes/potential impacts are shared with Regulatory Affairs at Zone or Central level. A regulatory database is managed where all relevant regulatory documents are gathered. It is updated as the local situation changes. This is included in all facilities with potential risk. Nestlé tracks and monitors water-related regulatory compliance at local level through the Nestlé Water Resources Review programs. Non-compliance with local water regulations would result in water supply disruption to our factories and therefore production disruption. Therefore, to ensure long-term and sustainable water supply to our factories, it is critical to comply with all regulations. The Water Resources Review program of internal audits focuses on water quantity/quality; regulatory compliance; site protection; relationships with stakeholders.
Status of ecosystems and habitats	Relevant, always included	Nestlé has developed its understanding of the relationship between factories and biodiversity, and has identified factories where it has a dependency and potential impact on important water areas. To identify factories in high biodiversity/protected areas, Nestlé partnered with the UNEP World Conservation Monitoring Centre. Important Water Areas (IWA) located 25km upstream or downstream from Nestlé's manufacturing facilities are assessed. By looking at upstream and downstream biodiversity and water risks, Nestlé identified 13 factories where focus is needed. Nestlé is now monitoring the water withdrawals and discharges for all of its factories including the 13 factories identified as located in important water areas.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Nestlé recognizes that safe drinking water and sanitation is a basic human right. Businesses have a role to play in helping to ensure that more people have access to safe water. Providing safe water, sanitation and hygiene (WASH) contributes to broader societal goals such as reducing mortality and morbidity, strengthening community resilience and preserving personal dignity. Ensuring access to safe drinking water and sanitation for Nestlé employees, the communities surrounding its direct operations and those along the value chain (from agricultural supply chains to customers consuming its products) contributes to the wellbeing of the business as well as to society. Nestlé supports the World Business Council for Sustainable Development's (WBCSD) pledge to ensure safe access to water, sanitation and hygiene (WASH) in the workplace. Internally, Nestlé is committed to achieving and maintaining WASH for all employees. Nestlé uses the WBSCD WASH Pledge self-assessment tool for business (https://www.wbcsd.org/Programs/Food-and-Nature/Water/Resources/WASH-Pledge-Self-assessment-tool-for-business). This tool confirmed that in 2018, over 90% of employees had access to WASH services in our factories, as defined in WBCSD tool. Only minor issues were identified and have been addressed since then. Thus it is estimated that 100% of employees have access to WASH services. Nestlé is committed to achieving and maintaining WASH for all employees and remains in the process of continuing self-assessments across it facilities, identifying and correcting gaps through action plans.
Other contextual issues, please specify	Relevant, always included	At Nestlé Waters, the Alliance for Water Stewardship (AWS) standard has been introduced as the guiding framework to ensure sustainable water management in its direct operations. The AWS standard requires gathering information related to local catchment management plans and to engage with relevant local water authorities to support existing governance mechanisms. By the end of 2020, 41 Nestlé factories had been certified by AWS.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Nestlé assesses the environmental performance of its products from farm to consumers and beyond, including their water footprint. The water used by consumers to prepare or consume its products is factored in when assessing product hotspots. Nestlé reaches out to consumers through packaging and digital communications. It provides meaningful and accurate environmental information about how to make simple changes in their everyday lives to reduce water use when preparing its products. For example, Nescafé provides the following consumer tips: * Use only the right quantity of water to prepare the coffee * Completely fill the dishwasher before using it * Use refill packs to minimize the need for glass jars. The method used to assess this issue includes Life Cycle assessment and the Nestlé LCA communication tool.
Employees	Relevant, always included	Nestlé strives to continually improve its water performance by training employees and raising awareness of how critical water is for human prosperity and how its availability can impact its value chain. An internal training on environmental sustainability (including water) is available to all Nestlé employees through its intranet. Water Sustainability is also part of all environmental training sessions within the company as well as welcome sessions to new employees.
Investors	Relevant, always included	As Nestlé is a publicly listed company, investors are important stakeholders. Nestlé believes it is important that investors are well-informed on all aspects of its business, including its environmental practices. Thus, Nestlé reports on water risks and responses in the integrated annual pack sent to shareholders. Nestlé also has meeting/conference calls with investors that can include specific questions on water issues. The method used to assess this issue includes the Nestlé integrated annual pack.
Local communities	Relevant, always included	Creating shared value is Nestlé's approach to business. The well-being of rural communities, farmers, small entrepreneurs, suppliers is intrinsic to its success. Nestlé activities support rural development and strengthen its supply chain. By the end of 2020, close to 1.5 million beneficiaries in rural communities were provided access to safe water and sanitation through the Nestlé partnership with the International Federation of Red Cross. Through its Farmer Connect direct sourcing program and capacity building programs, Nestlé engages with more than 625,000 farmers to develop a supply chain that meets its social and environmental requirements. The Nestlé Community Relations Process tools (CRP) is another framework used to engage with communities around factories. The tool helps factory employees to develop regular dialogues with communities to identify potential impacts. Dialogues with the communities can highlight the positive role that Nestlé can play in the development of communities. The CRP tools have been rolled out in all Nestlé Waters Factories worldwide and has already been used in non-Nestlé Waters factories since 2020.
NGOs	Relevant, always included	Nestlé understands the value of engaging with NGOs. They are important key stakeholders to interact with to help ensure its practices and messages are well understood. NGOs are also key in helping to guide and promote Nestlé values and achievements. For example, Nestlé has developed jointly with expert partners from NGOs sustainable, technologically adapted, community water management schemes. At the global level, Nestlé organizes stakeholder events to receive feedback on its activities related to sustainability. Water is typically a topic of discussion. In addition, several Nestlé markets organize local events that come with a similar format. Nestlé also conducts a biannual materiality analysis and water is one of the topics discussed with stakeholders. In addition, since water is such an important issue, Nestlé has recently added a water expert to its CSV Council. This Council meets annually with the Nestlé CEO and Executive Board members to discuss sustainability issues including those related to water. More information can be found https://www.nestle.com/csv/what-is-csv/governance. Finally, Nestlé delivers water, sanitation and hygiene projects in schools and villages near its operations around the world. Nestlé provides access to water and sanitation for close to 900,000 people.
Other water users at a basin/catchment level	Relevant, always included	The Water Resource Reviews program helps Nestlé employees gain a greater understanding/sense of ownership about water challenges in their locality. It also enabled Nestlé to identify high priority areas within operations where water stewardship initiatives are needed, to reduce water related risks and strengthen stakeholder perception of its local contribution. The Water Resource Reviews program assesses potential impacts on the right to water and sanitation of local communities and proposes corrective actions. Nestlé uses the Alliance for Water Stewardship standard as a guiding framework for sustainable water resources management. As part of that framework, good water governance and stakeholder engagement are critical elements for the success of any local initiative. As an example, in 2014, Nestlé became a founding member of the California Water Action Collaborative (CWAC), a spin-off local platform from the CEO Water Mandate, which consists of companies and environmental organizations. The coalition was set up as platform for food and beverage companies and non-profits, to identify areas of shared interest. The result has been collective action projects that aim to advance a sustainable water future in California for people, business, agriculture and nature. Nestlé plans to certify all Nestlé Waters factories to Alliance for Water Stewardship (AWS) certification by 2025.
Regulators	Relevant, always included	As a major player in the food and beverage business, Nestlé believes it is important to work closely with regulators toward a more sustainable future. Nestlé continues to maintain a strong presence in multi-stakeholder initiatives related to water policy and challenges. It aims to find new shared solutions and to promote collective action on water efficiency. Many of its senior managers, including the Chairman of the Board, play a leading role in the 2030 Water Resources Group. This public-private-civil society collaboration aims to address supply and demand issues in water-stressed locations by 2030. It helps to strengthen expert capabilities across the world and raises the priority of water on national political agendas. The methods used to engage with regulators include the Nestlé Regulatory Affairs network.
River basin management authorities	Relevant, always included	Engaging with River Basin authorities is essential in any water stewardship project. Since Nestlé intends to implement water stewardship in several places where it operates (including AWS certification), engaging with local water authorities is extremely important. For example, the Manos al Agua initiative was a five-year program (2013-2018) which aimed to address climate-related risks, as well as the impacts and dependencies on water for coffee production. The initiative has raised EUR 20.5 million from a large range of stakeholders, including the public sector (Colombian and Dutch governments) and the private sector (Nestlé, Nespresso, The Colombian Coffee Growers Federation (FNC)) with the aim of creating a framework for an integrated approach to managing Natural Capital. A group of 85 experts – from Cenicafé, the Wageningen University and Research Centre, as well the extensions service of the FNC – operates the program. The program directly benefits 11,000 Colombian coffee-growing families in 25 watersheds and around 500,000 people (water users). Also, at the Kabini River Basin, India, Nestlé is launching a local policy dialogue, with the Government of Karnataka and experts such as the Alliance for Water Stewardship, Water Resources Group, and local NGOs to find ways of up-scaling initiatives to catchment scale. As part of the Intelligent Water Management project in Colombia, Nestlé partnered with the Dutch Ministry of Foreign Affairs, the Colombian Federation of Coffee Growers, Wageningen University and the Ministry of Rural Development to implement water stewardship actions, with an overall budget of EUR 20.5 million (CHF 24.6) over five years (2014–2018).
Statutory special interest groups at a local level	Relevant, always included	Within its Water Stewardship activities, Nestlé regularly engages with local groups to discuss shared water challenges. In the context of AWS certification, part of the process is to engage with all local stakeholders, and this often involves local (citizen) groups that have an interest in taking part in the protection of local water resources. The engagement is usually done through meetings (group or individual) where people can share and exchange views and concerns on local water resources. This type of engagement is especially common in areas where Nestlé has bottle water activities.
Suppliers	Relevant, always included	We engage with 165,000 direct suppliers and 625,000 farmers on water and other issues through the mandatory Nestlé Responsible Sourcing Standard. In addition, Nestlé engages with suppliers of agricultural commodities through initiatives such as its Farmer Connect direct sourcing program, and commodity-specific sourcing programs such as the Cocoa Plan and the Nescafé plan. The partnership with the International Federation of the Red Cross in Western Africa promotes access to water for farmers and communities related to Nestlé's Cocoa supply chain. In its agricultural supply chain, Nestlé engages with suppliers mainly through awareness-raising and training sessions on best practices in agriculture and/or improving livelihoods for rural communities. In both, water is part of the engagement: 1) In promoting best water use in agriculture, supporting and implementing techniques that will favor better water use and/or protection from pollution; 2) Facilitating access to water and/or improve water quality for farmers, communities and/or livestock.
Water utilities at a local level	Relevant, always included	Nestlé regularly engages with local water utilities both within the context of daily operations and long-term water stewardship initiatives. For its operations, Nestlé engages with water utilities and their experts in technical management, through its Water Resources Review internal audits/assessments, in order to evaluate their knowledge of the state of water resources and availability versus demand. In general, Nestlé's local factory management has regular contact with water utilities for operational and administrative procedures. In some cases, Nestlé works with them to support their work. For example in South Africa, Nestlé is supporting local municipalities with external staff and maintenance of their infrastructures. Nestlé is also planning to invest in utility infrastructure instead of investing in its own wastewater treatment plants. For Water Stewardship activities (and certification by AWS), water utilities and authorities are key stakeholders to engage with.
Other stakeholder, please specify	Relevant, always included	Depending on the case, Nestlé engages with any relevant stakeholders related to water, i.e. scientists and/or water experts such as the World Resource Institute (WRI). Engagement with such stakeholders depends on local (specific) needs, opportunities and takes place through various advocacy activities.

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Nestlé assesses water stress at all (100%) locations where it operates, using the Nestlé Combined Water Stress Index (CWSI). The index takes an average of results from four leading water-stress indicators (WRI Aqueduct, WWF Water Risk Filter, Earth Stat Water Depletion method and ETH Pfister et al, 2009). This gives Nestlé a risk score, helping to determine the risk associated with reduced water quantity or quality. These methods were selected as they are internationally recognized methodologies.

Since 2017, Nestlé has been working on the notion of a Context-Based Approach (CBA) to water stewardship. The CBA aims to drive operations toward a new way of working, focused on water-related actions "Where it Matters" (WIM). A joint selection process (Markets and Corporate) will result in a list of WIM sites where particular focus and investment should be made concerning water. WIM factories will have priority access to CAPEX for implementing water-saving initiatives.

Additionally, Nestlé is working to provide threshold benchmarks of water use efficiency (m3/t) for key categories (Coffee, Dairy, Nutrition, Bottled Water and Pet Care) to all our sites (regardless of their water scarcity level or withdrawal volumes). This offers a chance to spotlight factories in need of improvement and set priorities beyond the WIM list.

Other methods (LCA, FAO/AQUASTAT and internal knowledge) are used to assess risks and identify opportunities along the value chain, including agriculture and product consumption. In particular, we use the Water Footprint Network and FAO/AQUASTAT to estimate average water use for crops and lifecycle analysis to estimate the environmental performance of Nestlé products along the value chain, including their water use.

The operational scope of the risk assessment covers the entire value chain of Nestlé products including agriculture, manufacturing and consumption.

The outcome of these risk assessments is used in the following way:

- Priority access to CAPEX for factories identified as WIM;

- Selection of sites for Alliance for Water Stewardship certification -> de facto generating Water Stewardship actions at catchment level.

- Selection for implementing water-related projects in our agricultural supply chains.

- Selection of location for the implementation of WASH initiatives in the communities neighboring Nestlé factories.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

In 2020, Nestlé integrated its materiality assessment with the Group's Enterprise Risk Management process to ensure that wider sustainability issues were incorporated into the risks and opportunities under consideration across the company. Nestlé runs the materiality assessment with external stakeholders every two years. This helps Nestlé identify the economic, social and environmental issues that matter most to its business and stakeholders. For each issue, 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 impact 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 issue have the potential to substantively affect the Group's strategy or its business model (either at a global level, category level, or across multiple categories)?

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

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

Based on the results of the materiality assessment, Nestlé tailors its activities. Nestlé will address those issues identified as being most material to its business, developing ambitious goals to advance the health of our planet, drive societal progress and support a sustainable and healthy food system.

In 2020, Water stewardship (including bottled water) was identified as one of Nestlé's material issues, being rated internally as having the potential to have a significant impact on Nestlé's success, whilst external stakeholders rated Water stewardship (including bottled water) as being of significance importance to them.

To support in the Group's identification and assessment of potential substantive climate-related risks and opportunities, Nestlé decided to implement the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. To support in the Group's identification and assessment of potential substantive climate-related risks and opportunities, Nestlé decided to implement the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. In 2020, 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 risks. Physical risks considered included water-related risks such as precipitation variability, drought, and coastal, river and flash flooding.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	5	Less than 1%	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. The scenario analysis included an overview of possible water-related risks such as precipitation variability, drought, and coastal, river and flash flooding. 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. The five facilities selected here face potential water stress/drought and flooding risk with high exposure in terms of operational disruption and direct physical damage. Water stress in Mexico and South Africa has limited the production capacity of Infant Nutrition factories. Concerns about access to water from communities surrounding bottled water factories in Pakistan and Mexico have put our license to operate at risk and generate reputational issues, potentially reflected in sales. Water stress in Mexico and South Africa has limited the production capacity of Infant Nutrition factories. Concerns about access to water from communities surrounding bottled water factories in Pakistan and Mexico have put Nestlé's license to operate at risk and generate reputational issues, potentially reflected in sales.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Ecuador	Daule & Vinces

Number of facilities exposed to water risk
1

% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
Less than 1%

Comment
Nestlé's confectionery operations in Ecuador have to cope with evolving regional climatic variations. The Guayaquil factory has been identified as being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss. There is also a smaller exposure linked to physical asset damage driven by flooding.

Country/Area & River basin

China	Yangtze River (Chang Jiang)

Number of facilities exposed to water risk
1

% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
Less than 1%

Comment
Nestlé's beverage (coffee) operations in China have to cope with evolving regional climatic variations. The Shanghai factory has been identified as being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

Country/Area & River basin

Pakistan	Indus

Number of facilities exposed to water risk
1

% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
Less than 1%

Comment
Nestlé's dairy and bottled water operations in Pakistan have to cope with evolving regional climatic variations. The Sheikhupura factory has been identified as being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

Country/Area & River basin

India	Ganges - Brahmaputra

Number of facilities exposed to water risk
1

% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
Less than 1%

Comment
Nestlé's infant nutrition operations in India have to cope with evolving regional climatic variations. The Samalkha factory has been identified as being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

Country/Area & River basin

Chile	Other, please specify (According to WFF Water Risk Filter, this factory is located in the "Region Metropolitana de Santiago", within a River Basin listed as "Chile (Other)". WRI-Aqueduct hasn't any River Basin name listed for this location.)

Number of facilities exposed to water risk
1

% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
Less than 1%

Comment
Nestlé's dairy operations in Chile have to cope with evolving regional climatic variations. The Macul factory has been identified for being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Ecuador	Daule & Vinces

Type of risk & Primary risk driver

Physical	Drought

Primary potential impact
Disruption to sales

Company-specific description
A Threat Assessment Grade (TAG) rating has been assigned to each facility based on its underlying geographic grid cell in our Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of annual probability. Each facility has been assigned a Threat Assessment Grading (TAG) and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change is then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The climate change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction in likelihood. Nestlé's confectionery operations in Ecuador have to cope with evolving regional climatic variations. The Guayaquil factory was assigned a A--- for drought/water stress and an A for flooding. This indicates there is a high likelihood that the site may experience a drought today, but climate change impacts should decrease the risk of flooding looking 20 years out. For flooding events, there is a also a high likelihood that the site may experience flooding today, but climate change is not expected to increase the flood risk. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss. There is also a smaller exposure linked to physical asset damage driven by flooding.

Timeframe
4-6 years

Magnitude of potential impact
Low

Likelihood
Likely

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)
20000000

Potential financial impact figure - maximum (currency)
40000000

Explanation of financial impact
The model quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility can recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational disruption.

Primary response to risk
Develop drought emergency plans

Description of response
Based on the findings from our risk analysis, we are currently setting up an action plan to assess local opportunities for responding to the identified risks.

Cost of response

Explanation of cost of response
The cost of response will be available once we have proper responses in place.

Country/Area & River basin

China	Yangtze River (Chang Jiang)

Type of risk & Primary risk driver

Physical	Drought

Primary potential impact
Disruption to sales

Company-specific description
A Threat Assessment Grade (TAG) rating has been assigned to each facility based on its underlying geographic grid cell in our Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of annual probability. Each facility has been assigned a Threat Assessment Grading (TAG) and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change are then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The climate change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction in likelihood. Nestlé's beverage (coffee) operations in Shanghai have to cope with evolving regional climatic variations. One Nestlé factory in Shanghai was assigned an A for drought/water stress and an A++ for flash flooding. This indicates there is a high likelihood that the site may experience a drought today, but climate change impacts should neither increase or decrease the water stress risk of flooding looking 20 years out. For flooding events, there is also a high likelihood that the site may experience flooding today, and climate change will drive a medium increase of the flood risk. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

Timeframe
More than 6 years

Magnitude of potential impact
Low

Likelihood
Likely

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)
20000000

Potential financial impact figure - maximum (currency)
40000000

Explanation of financial impact
The model quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility can recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational disruption.

Primary response to risk
Amend the Business Continuity Plan

Description of response
Based on the findings from our risk analysis, we are currently setting up an action plan to assess local opportunities for responding to the identified risks.

Cost of response

Explanation of cost of response
This information will be available once we have proper responses in place.

Country/Area & River basin

Pakistan	Indus

Type of risk & Primary risk driver

Physical	Flooding

Primary potential impact
Closure of operations

Company-specific description
A Threat Assessment Grade (TAG) rating has been assigned to each facility based on its underlying geographic grid cell in our Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of annual probability. Each facility has been assigned a Threat Assessment Grading (TAG) and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change are then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The climate change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction in likelihood. Nestlé's dairy and bottled water operations in Pakistan have to cope with evolving regional climatic variations. The Sheikhupura factory was assigned a B+++ for drought/water stress and flooding indicating a moderately high likelihood that the site may experience a drought and/or flooding event today and that climate change will drive a significant increase in this probability over the next 20 years. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss. There is also a smaller exposure linked to physical asset damage driven by flooding.

Timeframe
More than 6 years

Magnitude of potential impact
Low

Likelihood
More likely than not

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)
40000000

Potential financial impact figure - maximum (currency)
70000000

Explanation of financial impact
The model quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility can recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational disruption and to a lesser extent physical asset damage.

Primary response to risk
Amend the Business Continuity Plan

Description of response
Based on the findings from our risk analysis, Nestlé is currently setting up an action plan to assess local opportunities for responding to the identified risks.

Cost of response

Explanation of cost of response
The cost of response will be available once we have proper responses in place.

Country/Area & River basin

India	Ganges - Brahmaputra

Type of risk & Primary risk driver

Physical	Flooding

Primary potential impact
Disruption to sales

Company-specific description
A Threat Assessment Grade (TAG) rating has been assigned to each facility based on its underlying geographic grid cell in our Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of annual probability. Each facility has been assigned a Threat Assessment Grading (TAG) and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change are then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The climate change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction in likelihood. Nestlé's infant nutrition operations in India have to cope with evolving regional climatic variations. The Samalkha factory was assigned an A+++ for drought/water stress and flash flooding indicating a high likelihood that the site may experience a drought and/or flooding event today and that climate change will drive a significant increase in this probability over the next 20 years. For riverine flooding, the factory has a B rating i.e. a moderately high likelihood of a hazard event occurring today, but climate change is not expected to increase the exposure. A drought/water stress event and/or flash or riverine flooding has the potential to disrupt operations which translates into revenue loss. There is also a smaller exposure linked to physical asset damage driven by flooding.

Timeframe
More than 6 years

Magnitude of potential impact
Low

Likelihood
Likely

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)
30000000

Potential financial impact figure - maximum (currency)
50000000

Explanation of financial impact
The model quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility can recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational disruption and to a lesser extent physical asset damage.

Primary response to risk
Amend the Business Continuity Plan

Description of response
Based on the findings from our risk analysis, we are currently setting up an action plan to assess local opportunities for responding to the identified risks.

Cost of response

Explanation of cost of response
The cost of response will be available once we have proper responses in place.

Country/Area & River basin

Chile	Other, please specify (According to WFF Water Risk Filter, this factory is located in the “Region Metropolitana de Santiago”, within a River Basin listed as “Chile (Other)”. WRI-Aqueduct hasn't any River Basin name listed for this location.)

Type of risk & Primary risk driver

Physical	Drought

Primary potential impact
Disruption to sales

Company-specific description
A Threat Assessment Grade (TAG) rating has been assigned to each facility based on its underlying geographic grid cell in our Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of annual probability. Each facility has been assigned a Threat Assessment Grading (TAG) and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change are then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The climate change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction in likelihood. Nestlé's dairy operations in Chile have to cope with evolving regional climatic variations. The Macul factory was assigned an A+ for drought/water stress and flash flooding indicating a high likelihood that the site may experience a drought today and that climate change will drive a small increase in this probability over the next 20 years. For flash flooding, the factory has an A- rating i.e. a high likelihood of a hazard event occurring today, but climate change will result in a small decrease in this exposure. A drought/water stress event and/or flash flooding has the potential to disrupt operations which translates into revenue loss.

Timeframe
More than 6 years

Magnitude of potential impact
Low

Likelihood
Likely

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)
30000000

Potential financial impact figure - maximum (currency)
50000000

Explanation of financial impact
The model quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility can recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational disruption.

Primary response to risk
Amend the Business Continuity Plan

Description of response
Based on the findings from our risk analysis, we are currently setting up an action plan to assess local opportunities for responding to the identified risks.

Cost of response

Explanation of cost of response
The cost of response will be available once we have proper responses in place.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Pakistan	Indus

Stage of value chain
Supply chain

Type of risk & Primary risk driver

Physical	Drought

Primary potential impact
Other, please specify (Water stress and reputational risk)

Company-specific description
Pakistan is one of the most water-stressed countries in the world, and access to clean drinking water is a key development challenge. More than 95% of the country's usable water is used for agriculture in rural areas, while 2% is used by urban municipalities and 2% by industry. This high pressure on limited water resources not only generates strong risks of shortages for users but can also trigger further repercussions. Without any intervention, Nestlé will be at risk of increased operating costs (higher water prices), production shortages (water supply disruption), and brand damage through reputational challenges.

Timeframe
More than 6 years

Magnitude of potential impact
Medium-high

Likelihood
Likely

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
Brand damage through reputational issues is complex to define and assess.

Primary response to risk

Supplier engagement	Work with supplier to engage with local communities

Description of response
To help manage water stewardship in our operations and throughout the supply chain, Nestlé Pakistan signed a partnership with World Wide Fund for Nature Pakistan (WWF-Pakistan). Nestlé has also implemented the Alliance for Water Stewardship (AWS) Standard at our Sheikhupura and Islamabad manufacturing facilities. Nestlé Pakistan has also entered into partnerships with Lahore University of Management Sciences (LUMS) Centre for Water Informatics and Technology to co-develop smart soil sensors that send information to the farmer's phone about which areas of land they should irrigate and how much water should they use. Nestlé Pakistan supported farmers in our milk supply chain through the implementation of improved irrigation practices on >5,000 ha.

Cost of response
300000

Explanation of cost of response
This is a cumulative figure of our investment in water stewardship projects in Pakistan over the last three years.

Country/Area & River basin

Viet Nam	Other, please specify (The project spans several regions and river basins in Vietnam)

Stage of value chain
Supply chain

Type of risk & Primary risk driver

Physical	Drought

Primary potential impact
Supply chain disruption

Company-specific description
Vietnam is the leading Robusta coffee exporter and the second largest coffee producer in the world. Coffee is the most important export product in value for Vietnam and supports the rural livelihoods of over two million people. Each year, Nestlé buys 20% of Vietnam's total national Robusta production and supports around 12,000 local farmers through our Farmer Connect program. In one of the largest coffee-growing regions in Vietnam – the Central Highlands – coffee has to be irrigated during the pronounced dry season of several months to be economically viable. However, Vietnam has suffered from severe drought in recent years and this is expected to be further exacerbated by climate change. These droughts have led to several water wells running dry - wells not only used for irrigation but also for household purposes. This generated tensions within the population and on the coffee market. Water shortages result in lower coffee yields and impacts our coffee supply - both in terms of lower volumes available and potential price increase.

Timeframe
4-6 years

Magnitude of potential impact
High

Likelihood
Very likely

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
A potential financial impact would be an estimated annual value that considered the risk of sourcing disruption and therefore switching to other Markets with higher sourcing costs.

Primary response to risk

Supplier engagement	Promote the adoption of sustainable irrigation practices among suppliers

Description of response
Historically, Nestlé promotes comprehensive guidelines on water conservation through its Farmer Connect network in Vietnam, through its Nescafé Better Farming Practices developed with the NGO Rainforest Alliance. In 2014, Nestlé and the Swiss Agency for Development (SDC) partnered to launch the project More coffee with less water – towards a reduction of the blue water footprint in coffee production, co-funded as a public-private development partnership. The project's goal is to ensure equitable and sufficient water availability for all water users in the Central Highlands, while improving livelihoods and protecting the environment, by reducing water used in coffee irrigation. Working with the SDC, Nestlé helped to spread water-saving techniques to coffee farmers beyond its own supply network aiming at systemic changes throughout the entire coffee sector in Vietnam. To date, this large-scale capacity-building project, promoting best irrigating practices, has reached 50,000 smallholders coffee farmers in Vietnam. With an adoption rate of 50%, it generates an estimated volume of more than 50 million m3 of water per year.

Cost of response
1000000

Explanation of cost of response
Nestlé invested 1 million CHF in this five-year program. The scale is considered as low - medium for the company and generated a significant impact in the field.

Country/Area & River basin

Colombia	Other, please specify (Project in 25 river basins)

Stage of value chain
Supply chain

Type of risk & Primary risk driver

Physical	Ecosystem vulnerability

Primary potential impact
Supply chain disruption

Company-specific description
Colombia is one of the major coffee-producing countries where Nestlé sources its green beans, therefore the effects of climate change and water challenges on the Colombian coffee sector have an impact on our sourcing of raw materials. Colombia endures a dual water challenge with both water shortages and excesses, with 23% of the population facing problems with access to water during dry years and close to 10% affected by intense rain events. This water imbalance has a strong negative effect on the productivity of farms, with harvest drops of up to 40%. In rural Colombia, 25% of the population is active in coffee farming, where 95% are smallholders. Water insecurities create instability in coffee yields and may impact our coffee supply with potential price increases.

Timeframe
4-6 years

Magnitude of potential impact
Medium

Likelihood
Likely

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
A potential financial impact would result from coffee supply disruption, resulting in lower production and sales and/or switching to alternative, potentially more expensive, supply chain(s).

Primary response to risk

Supplier engagement	Introduce/strengthen water management incentives for suppliers

Description of response
The Intelligent Water Management project (IWM) (also named Manos al Agua), contributes to enhance the resilience of the Colombian coffee sector in general, and of vulnerable farmer communities in particular, against the effects of climate change and water challenges, through the improvement of environmental performance at farm and river basin level, by implementing water management plans suited to local needs and conditions. Manos al Agua focuses on four key complementary and scalable action areas: • Clean technology transfer • Healthy ecosystems • Knowledge generation • Cooperation and participation. The IWM program now concentrates on training farmers and implementing specific actions in each of the 25 river basins of the projects.

Cost of response
5000000

Explanation of cost of response
The overall cost of response is estimated at CHF 25 million over five years (2014-2018). The cost was financed by a private-public partnership between Nescafé/Nespresso, the Dutch Ministry of Foreign Affairs, the Colombian Federation of Coffee Growers, Wageningen University and the Colombian Ministry of Rural Development. Nestlé contributed CHF 1 million / year over five years.

Country/Area & River basin

Côte d'Ivoire	Other, please specify (Lak de Buyo)

Stage of value chain
Supply chain

Type of risk & Primary risk driver

Reputation & markets	Inadequate access to water, sanitation, and hygiene services

Primary potential impact
Supply chain disruption

Company-specific description

Côte d'Ivoire's cocoa production accounts for approximately 40 percent of the world's supply. Most cocoa is produced in the south-west of the country. The Earth Security Group published their finding that, supply shortages of cocoa are expected as early as 2020. Ghana and Côte d'Ivoire are Switzerland's top cocoa suppliers; both face production bottlenecks that threaten cocoa exports in the coming years. Nestlé is a major buyer of the world's cocoa production. Therefore, its activities are at risk if cocoa supply were to be limited/challenged. Supply disruption to Nestlé's confectionery factories would generate production slow-down and/or disruption, impacting business results. Ensuring cocoa supply means caring about the well-being of its entire value chain. Swiss-based multinationals, including Nestlé, are going beyond traditional development and CSR approaches to think more creatively about business model innovations that will help smallholder farmers capture more value from the global chocolate market.

Timeframe
More than 6 years

Magnitude of potential impact
Medium

Likelihood
Likely

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
A financial impact may result from cocoa supply chain disruption because of increased water scarcity and/or reputational risk linked to inadequate access to water, sanitation and hygiene in cocoa agricultural supply chains.

Primary response to risk

Upstream	Other, please specify (Engagement with local communities)

Description of response
Nestlé, together with the International Federation of the Red Cross (IFRC), delivers development projects to increase access to water, sanitation, and hygiene for all under the framework of its Global Water and Sanitation Initiative (GWSI). This initiative focuses on improving access to clean water, sanitation, and hygiene in rural communities, such as cocoa-growing regions in Côte d'Ivoire and Ghana. A program of activities was introduced to improve health and hygiene awareness among vulnerable groups, including schoolchildren, teachers, and local community members. More than 600,000 people now benefit from this initiative, which includes improvements to water infrastructure, the provision or renovation of sanitation facilities, and raising awareness through hygiene programs in villages and schools.

Cost of response
700000

Explanation of cost of response
This figure is our annual contribution to our collaboration with IFRC. Nestlé became the IFRC's first corporate partner in Africa in 2002 and, in 2014, we renewed our partnership, committing CHF 5 million over five years.

Country/Area & River basin

Switzerland	Rhine

Stage of value chain
Other, please specify (Water Catchment)

Type of risk & Primary risk driver

Physical	Declining water quality

Primary potential impact
Constraint to growth

Company-specific description
The recharge area of our Henniez springs is located in a previously intensive-agriculture area. Strong measures, at catchment level, such as land use change, regenerative agricultural techniques or reforestation were needed to prevent nitrate concentrations rising in the natural spring water and to maintain the quality of our product.

Timeframe
More than 6 years

Magnitude of potential impact
High

Likelihood
Very likely

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
6000000

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
We estimated this financial impact as the avoided cost of drilling new wells to reach water sources with lower concentrations of nitrate. The cost was estimated at CHF 6 million. Accounting for the potential limitation/disruption of our activities would have far greater financial impact.

Primary response to risk

Upstream	Other, please specify (Implement holistic water stewardship management at catchment level)

Description of response
The project in the Broye region of Switzerland saw investment across a range of activities to maintain nitrite levels in the water at an acceptable level. Nestlé estimated the societal benefits of the various activities carried out and the business benefits through the avoided cost of drilling new wells: • 120 ha of agricultural land and 5ha forest improved for better ecosystem services • 2,500 ha of biodiversity corridors • 1,700 tons of CO2 avoided thanks to a biogas project (manure management) • Avoided cost of new water well for communities.

Cost of response
250000

Explanation of cost of response
The cost of response is an annual figure, accounting for 100,000 annual direct investments and 150,000 in headcount to manage the project.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity
Resilience

Primary water-related opportunity
Other, please specify (Resilience of bottled-water business and licence to operate)

Company-specific description & strategy to realize opportunity
Nestlé Waters targets positive water impact by regenerating local water cycles. Nestlé Waters will expand its current efforts to manage water sustainably and increase its collaboration with partners to identify and support local solutions. These solutions are designed to help regenerate the ecosystems in the areas around each of Nestlé Waters' sites. As of 2025, they will help nature retain more water than the business uses in its operations. The company is already committed to certifying all of its water sites globally to the internationally respected Alliance for Water Stewardship (AWS) standard.

Estimated timeframe for realization
4 to 6 years

Magnitude of potential financial impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
120000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
Nestlé will invest CHF 120 million (USD 130 million) to assist the implementation of more than 100 projects. This initiative is aimed at strengthening our license to operate in catchments and our operations around the world. The potential financial impact is related to maintaining and/or possibly increasing the sales of our many local and international bottled water brands.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number
Facility 1

Facility name (optional)
EC PL Guayaquil

Country/Area & River basin

Ecuador	Daule & Vinces

Latitude
-2.172841

Longitude
-79.939013

Located in area with water stress
No

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
46.68

Comparison of total withdrawals with previous reporting year
Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
46.68

Total water discharges at this facility (megaliters/year)
20.03

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
20.03

Total water consumption at this facility (megaliters/year)
26.65

Comparison of total consumption with previous reporting year
Much higher

Please explain
Increase in production resulted in increased water use and water consumption.

Facility reference number
Facility 2

Facility name (optional)
CN PL NSHL Shanghai

Country/Area & River basin

China	Yangtze River (Chang Jiang)

Latitude
31.22

Longitude
121.48

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
20.22

Comparison of total withdrawals with previous reporting year
Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
20.22

Total water discharges at this facility (megaliters/year)
19.58

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
19.58

Total water consumption at this facility (megaliters/year)
0.64

Comparison of total consumption with previous reporting year
Higher

Please explain
Increase in production resulted in increased water use and water consumption.

Facility reference number
Facility 3

Facility name (optional)
PK PL Sheikhupura Factory

Country/Area & River basin

Pakistan	Indus

Latitude
31.42

Longitude
73.58

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
1138.8

Comparison of total withdrawals with previous reporting year
Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
1138.8

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
0

Total water discharges at this facility (megaliters/year)
692.04

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
692.04

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
446.76

Comparison of total consumption with previous reporting year
Lower

Please explain
Continuous improvement in water-use efficiency is decreasing water use and water consumption.

Facility reference number
Facility 4

Facility name (optional)
IN PL Samalkha

Country/Area & River basin

India	Ganges - Brahmaputra

Latitude
29.221404

Longitude
77.007315

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
443.34

Comparison of total withdrawals with previous reporting year
Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable

443.34

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
0

Total water discharges at this facility (megaliters/year)
100.5

Comparison of total discharges with previous reporting year
Higher

Discharges to fresh surface water
100.5

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
342.84

Comparison of total consumption with previous reporting year
Higher

Please explain
Increase in production resulted in increased water use and water consumption.

Facility reference number
Facility 5

Facility name (optional)
CL PL MACUL

Country/Area & River basin

Chile	Other, please specify (According to WFF Water Risk Filter, this factory is located in the “Region Metropolitana de Santiago”, within a River Basin listed as “Chile (Other)”. WRI-Aqueduct hasn't any River Basin name listed for this location.)

Latitude
-33.494676

Longitude
-70.612671

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
622.79

Comparison of total withdrawals with previous reporting year
Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
622.79

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
0

Total water discharges at this facility (megaliters/year)
160.41

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
160.41

Total water consumption at this facility (megaliters/year)
462.38

Comparison of total consumption with previous reporting year
Higher

Please explain
Increase in production resulted in increased water use and water consumption.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water withdrawals – volume by source

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water withdrawals – quality

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharges – total volumes

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharges – volume by destination

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharges – volume by treatment method

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharge quality – quality by standard effluent parameters

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharge quality – temperature

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water consumption – total volume

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water recycled/reused

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Select facilities, businesses, or geographies only	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	The Nestlé Policy on Environmental Sustainability identifies water preservation as a key focus area. It is complemented with the Nestlé Commitment to Water Stewardship and the Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation. The latter document has been based upon the guidance on respecting the human right to water provided by the UN CEO Water Mandate. The Nestlé Commitment to Water Stewardship sets a framework for commitments on water that go beyond regulatory compliance. This includes a commitment on collective action, tackling water challenges through platforms like the Alliance for Water Stewardship. All documents are publicly available and apply to all geographies and sites. Water is critical to the future success of our business and our value chain. Water is a business opportunity, an operational challenge and a societal issue that is of deep concern to us all. Water is essential to grow the agricultural raw materials we source, to run our operations and for consumers to prepare and enjoy our products. Nestlé respects the human right to water and sanitation and is helping to facilitate the sustainable management of water catchments where it sources its goods, where its factories are located, and where its suppliers and consumers live.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	In 2020, the Nomination and Sustainability Committee oversaw all aspects of our environmental, social and governance performance including water-related topics. It reviews reports and gives advice on measures which ensures the long-term sustainability of the Company in its economic, social and environmental dimension (including its response to water issues and related reporting) and monitors the Group's performance against selected external sustainability indexes. One of the initiatives is the support to create multi-stakeholder platforms (MSPs) in water-stressed areas; 14 of such MSPs in water-stressed locations have been created in the last decade, thus achieving the commitment (adding, on average, one country/state for every year over a 10-year period). We continue to actively contribute to the 2030 Water Resources Group (2030 WRG). In 2020, Nestlé contributed to research into how to harness the multi-stakeholder approach to address water issues locally. Starting with Cape Town, South Africa, Nestlé will support hydro-economic analyses of water-scarce cities to understand how domestic water use can be reduced. During 2020, several MSPs redirected resources to increase access to water and sanitation services in a rapid COVID-19 response. Plans have been established across Mongolia, Mexico, Kenya, Brazil, Ethiopia, Tanzania and South Africa to support economy recovery and job creation. To improve its own stewardship, Nestlé has continuously implemented the Alliance for Water Stewardship (AWS) Standard across more sites every year. By the end of 2020, it has achieved AWS certification in 41 sites. 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.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	In 2020, the setting of targets and public commitments on water issues formed part of the Nestlé Creating Shared Value (CSV) approach to business. The topic of CSV was part of the agenda of the Executive Board meetings (chaired by our CEO) twice yearly. Together, the Executive Board lead the strategic development and implementation of Creating Shared Value across our business, including for all commitments on water, objectives, and strategies. The Caring for Water Steering Committee, co-chaired by our Executive Vice President Global Head of Operations, oversaw Nestlé's implementation of its water strategy and the setting and review of water-related targets. It met at least four times a year and as frequently as necessary to fulfil its task. As of April 2021, the Sustainability Committee meets at least three times a year to fulfil its task. The Chair provides a detailed report of its meetings to the full Board of Directors at each meeting in a dedicated Chair's session. The Executive Board's oversight of water related issues covers both risk and strategies to address the risk. The setting of targets and public commitments on water issues forms part of our Creating Shared Value (CSV) approach to business. Previously limited to the Nestlé in Society Board (consisting of select Executive Board members) the topic of CSV is now part of the agenda of the Executive Board meetings (chaired by our CEO) twice yearly. Together, the Executive Board leads the strategic development and implementation of Creating Shared Value across our business, including for all commitments on water, objectives, and strategies. The Caring for Water Steering Committee, co-chaired by our Executive Vice President Global Head of Operations, oversees Nestlé's implementation of its water strategy, and the setting and review of water-related targets. It meets at least four times a year and as frequently as necessary to fulfil its task.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Executive Vice President Head of Operations)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

In 2020, the Executive Vice President Global Head of Operations was in charge of ensuring the operationalization of the policies set by the Executive Board and for reporting back on progress. The EVP Global Head of Operations was responsible for water in our operations, water in agriculture, and investments in water catchments. The Caring for Water Steering Committee oversaw Nestlé's strategy on water, including the setting and review of water-related targets. The Committee was co-chaired by

the EVP Global Head of Operations, the Head of Waters Strategic Business Unit and the Head of Corporate Communications; the Committee met quarterly. The Committee drove and developed flagship initiatives on water, assesses and manages major water-related risks and opportunities. The EVP Global Head of Operations validated all water targets and ambitions to be implemented including the technical assessment and development of water action plans.

Name of the position(s) and/or committee(s)
Sustainability committee

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
As of January 2021, an Environmental, Social and Governance (ESG) Sustainability Council (ESG Sustainability Council) was established at the Executive Board level to take over the management responsibility on water-related matters. The ESG Sustainability Council provides governance, strategic leadership and execution support, amongst others, on water security matters. It drives implementation of Nestlé's sustainability strategy, including the implementation of its water strategy, ensuring focus and alignment on execution. The ESG Sustainability Council meets every month and reports progress to the full Executive Board monthly. To drive implementation and execution of strategies at operational level, an ESG Strategy and Deployment Unit was created. It integrates external developments and defines Nestlé's sustainability strategies in support of Nestlé's ESG commitments. It coordinates the ESG sustainability activities and has oversight of ESG related data and external disclosures.

Name of the position(s) and/or committee(s)
Other C-Suite Officer, please specify (Executive Vice President (EVP) Head of Strategic Business Units and Marketing and Sales)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
The ESG Sustainability Council is chaired by the Group's Executive Vice President (EVP) Head of Strategic Business Units and Marketing and Sales.

Name of the position(s) and/or committee(s)
Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Americas (United States of America, Canada, Latin America, Caribbean)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
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.

Name of the position(s) and/or committee(s)
Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Europe, Middle East and North Africa (EMENA))

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
The Executive Vice President Chief Executive Officer Zone Europe, Middle East and North Africa (EMENA) is a member of the ESG Sustainability Council.

Name of the position(s) and/or committee(s)
Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA))

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
The Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA) is a member of the ESG Sustainability Council.

Name of the position(s) and/or committee(s)
Other C-Suite Officer, please specify (Executive Vice President Global Head of Operations)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Quarterly

Please explain
The Executive Vice President Global Head of Operations is a member of the ESG Sustainability Council established at Executive Board level. As of January 2021, we have put in place an ESG Strategy Unit led by the Global Head of ESG, reporting to the EVP Global Head of Operations.

Name of the position(s) and/or committee(s)
Other C-Suite Officer, please specify (Executive Vice President Chief Technology Officer)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
The Executive Vice President Chief Technology Officer is a member of the ESG Sustainability Council.

Name of the position(s) and/or committee(s)
Other C-Suite Officer, please specify (Executive Vice President General Counsel, Corporate Governance and Compliance)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
The Executive Vice President General Counsel, Corporate Governance and Compliance is a member of the ESG Sustainability Council.

Name of the position(s) and/or committee(s)
Other C-Suite Officer, please specify (Executive Vice President Chief Financial Officer)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
The Executive Vice President Chief Financial Officer is a member of the ESG Sustainability Council.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	Our Compensation Committee sets our remuneration principles and submits the proposals for remuneration to the Board and the AGM. It ensures the alignment of our values, strategies and performance. Our compensation proposals and our compensation report are submitted to annual votes by our shareholders. In 2020 it helped develop a set of ESG-related KPIs. We are currently exploring ways of including water-related KPI's linked to annual performance and financial incentives for C-suite employees.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?
Yes, direct engagement with policy makers
Yes, trade associations
Yes, funding research organizations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Nestlé's engagement is guided by its commitment on water stewardship. It includes a specific commitment to advocate for effective water policies and stewardship. As such, Nestlé has defined clear objectives covering engagement at various levels.

At global level, Nestlé is a founding member of the 2030 Water Resources Group, currently co-chaired by its Chairman. The 2030 Water Resources Group is a multi-stakeholder platform that works on the issue of water scarcity in countries with the support of senior public authorities. Nestlé is also a key contributor to the CEO Water Mandate and the World Business Council on Sustainable Development.

At local level, Nestlé supports the AWS standard. The AWS standard provides Nestlé with a framework to engage with key stakeholders, including policy makers, around our production sites. This engagement is championed by Nestlé Waters which have set a specific commitment to certify all its bottled water factories by 2025.

To ensure the consistency of the global advocacy objectives, Nestlé has put in place a global advocacy framework and global advocacy committee that meets on a monthly basis. The committee oversees the advocacy priorities, including for water, and mandates corrective actions if inconsistency is discovered.

Progress is reported on an annual basis in the Nestlé Creating Shared Value and Sustainability report.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

2020-annual-review-en.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Long-term business objectives setting is defined through an internal process of Nestlé governance bodies that cover water. The setting of targets and public commitments on water issues forms part of our Creating Shared Value approach to business. The Caring for Water Steering committee is part of the Nestlé in Society Board Governance. CSV is now part of the agenda of the Executive Board meetings (chaired by our CEO) annually. Together, the Executive Board leads the strategic development and implementation of Creating Shared Value across our business, including for all commitments on water, objectives and strategies. The Caring for Water Steering Committee, co-chaired by our COO, oversees setting and review of water-related targets - from internal water efficiency to WASH and water use in agriculture. It meets at least four times a year. Long-term business objectives adjustments are discussed during these meetings. Our business strategy incorporates water risks and opportunities driven by regulation, physical and reputation aspects. It covers aspects of water quantity and quality both in our direct operations and entire value chain as well as access to water and sanitation for our employees and communities in our value chain.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Nestlé has published a number of robust commitments, including five on water, to support our long-term goal of Creating Shared Value. They cover nutrition, health and wellness, rural development and responsible sourcing, water, environmental sustainability, our people, human rights and compliance. For water, it covers aspects of water quantity and quality both in our direct operations and entire value chain as well as access to water and sanitation for our employees and communities in our value chain. The commitments make it possible for stakeholders to hold us accountable, encouraging us to seek and achieve continuous improvement in our nutrition, water, rural development, sustainability and compliance performance. Each commitment is owned by a member of the Executive Board meaning that they are responsible for both commercial and societal commitments. Nestlé also systematically assesses and optimizes the environmental performance, including water, across the entire value chain at the earliest stage in the development of new and renovated products. Nestlé implemented a mandatory environmental rating system for all new product and process developments three years ago. This uses a five-point scale to evaluate potential impacts, both adverse and beneficial. It is designed to inform decisions at the earliest stage before a project goes into development.
Financial planning	No, water-related issues were not reviewed and there are no plans to do so	<Not Applicable>	

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Nestlé allocates significant CAPEX amounts to water savings and effluents treatment in our factories, on a yearly basis. This constant investment is reflected in the continuous improvement of our internal water use efficiency (m3 of water used per ton of finished product) and compliance with local and internal water quality standards (withdrawal and discharge). Nestlé estimate that this figure is within the same order of magnitude as previous years, reflected in the improvement in water efficiency in 2020. For water saving CAPEX, Nestlé increasingly focuses on a selected number of sites (context-based approach), in order to invest in water savings where they deliver a real benefit on locally-stressed resources.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	The 2020 Net Zero Roadmap specifies Nestlé's plan to to halve GHG emissions by 2030 and to achieve net zero by 2050. Nestlé depends on multiple external factors including action from governments and regulators to enable economic and social transformations for a net zero carbon future. Scenario analysis does not predict the future, but it allows Nestlé to better understand the impact of climate change and how it could affect the company. Scenario analysis is a critical tool for strategic planning, risk management and assessing strategic resilience. In 2020, Nestlé embarked on qualitative and quantitative climate modeling across its value chain to assess its portfolio's resilience under different external conditions. Nestlé 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, including those linked to water.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	RCP 2.6 Other, please specify (RCP8.5)	Nestlé already experiences impacts and financial losses from extreme weather. The scenario analysis included an overview of possible water-related impacts. Working with the University of Cambridge, the aggregate risk of multiple extreme weather types including water stress, drought and flooding, was quantified. Nestlé used a time horizon out to 2025. In 2021, Nestlé is extending this to 2040. Nestlé modelled different climate scenarios using various transition variables e.g. carbon pricing, uptakes of renewable energy. Nestlé assumed physical risks are roughly similar across all climate scenarios until about 2050. Acute physical impacts are projected to escalate, driven by an increase in frequency and severity of extreme weather events (e.g. extreme temperature, water stress, storms, flooding). Beyond 2050, it is challenging to make projections of how the climate may evolve. The scope of key water-related outcomes was as follows: 1. Crop vulnerability to extremes in temperature & precipitation impacting yields, quality, availability costs 2a. Direct physical damage/destruction of physical assets including property, plant, equipment & inventory leading to write-offs, increased replacement & maintenance costs 2b. Operational disruption results in the loss of production (e.g. production are disrupted, e.g. energy/utility outages, productivity reduced in the workspace) disrupting sales.	Water use in our agricultural supply chains is a priority for Nestlé. It works with growers to improve the management of this precious resource. In particular, Nestlé continues to strengthen our focus on addressing irrigation inefficiencies in water-stressed areas. It takes a targeted approach to agricultural water use by partnering with growers to address local needs. The development of action plans helps identify the most pressing issues, including drought and flooding resilience, wastewater treatment and sustainable agriculture methods. Examples of initiatives to improve water use efficiency: • Coffee farmers in Colombia, Brazil & Vietnam • Wheat producers in the US • Dairy producers in South Africa, Pakistan, India & Iran • Tomato growers in Spain On managing the physical climate-related risk on our operations footprint, the Nestlé Global Property Loss Prevention Program provides an in-depth identification of exposures to property risks including potential risks such as floods, wind storms, interruption of supply due to heatwaves, water shortages etc. In general, our approx. 375 factories are assessed every 3 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. This enables Nestlé to form decisions about the future standards of prevention and protection, as well as locations of future sites.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

Nestlé doesn't have a price on water, but is currently exploring water valuation practices. Nestlé has developed a methodological frame to guide our investments and to ensure sound arbitration of our projects. At each project level, the associated cost of water reduction in factories is assessed, amongst other factors. This enables to channel it capital towards the most efficient water reduction projects, in ways similar to what we do with CAPEX or Marketing resource allocation.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals Brand/product specific targets and/or goals Country level targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	The setting of goals and targets on water, enforced through public commitments, is an integral part of our Creating Shared Value approach to business. Previously limited to the Nestlé in Society Board (consisting of select Executive Board members) the topic of CSV is now part of the agenda of the Executive Board meetings (chaired by the CEO) once a year. Together, the Executive Board leads the strategic development and implementation of Creating Shared Value across our business, including for all commitments on water. At corporate level, the environmental strategy is to Strive for Zero Environmental Impact, by 2030 (https://www.nestle.com/csv/global-initiatives/zero-environmental-impact). Nestlé believes that its business must contribute to ensuring that society lives within planetary boundaries. This means taking care of our biodiversity and natural resources while encouraging others to similar initiatives. To ensure its delivers on this goal, Nestlé has various initiatives, each with specific ambitions, commitments and targets, that will contribute to the global "planet" goal of striving for zero environmental impact. To ensure we deliver on this strategy, Nestlé has set various public goals and targets (commitments) to use responsibly sourced ingredients and renewable resources, operate more efficiently, eliminate waste and manage water responsibly. For water, the strategy is defined through its flagship initiative "Caring for Water", which aims to ensure that "Together, we steward water resources for future generations." To ensure the deployment of this strategy, Nestlé has defined the following four goals on water: 1. Work to achieve water efficiency and sustainability across our operations 2. Advocate for effective water policies and stewardship 3. Engage with suppliers, especially those in agriculture 4. Raise awareness on water conservation and improve access to water and sanitation across our value chain Each of these goals has a set of targets to ensure Nestlé delivers on them, namely: - Water use in our factories, - Water use in our agricultural supply chain, - Water use in key catchments where we operate, - Key stakeholders to engage with, The target setting process relies on: - Assessment of local water stress at the location of our manufacturing sites (quantitative and qualitative) using various sets of data (i.e. WRI Aqueduct, WWF WRF, EarthStat Water Depletion and Pfister 2014). - Assessment of local water stress in the agricultural supply chain and within key watersheds where Nestlé operates (quantitative and qualitative) using various sets of data (i.e. WRI Aqueduct, WWF WRF, EarthStat Water Depletion and Pfister 2014). - Detailed field assessments of water-related risks and opportunities (quantitative and qualitative) - Assessment and mapping of key stakeholders to engage with, in its entire value chain and beyond (authorities, NGOs).

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water use efficiency

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

By 2020 – reduce direct water withdrawals per ton of product in every product category to achieve an overall reduction of 35% in our manufacturing operations versus 2010.

Quantitative metric

Other, please specify (% reduction in m3 of water used per ton of product)

Baseline year

2010

Start year

2017

Target year

2020

% of target achieved

91

Please explain

By end-year 2020, Nestlé had achieved a reduction of -32% versus the rate of m3 of water used per tonne of product of 2010. This represents a 91% achievement rate of its target. This target was extended until 2023 to ensure Nestlé closes the gap between the existing water withdrawal rate and the -35% target.

Target reference number
Target 2

Category of target
Water withdrawals

Level
Company-wide

Primary motivation
Reduced environmental impact

Description of target
By 2020 – Carry out 40 new "Water Resources Reviews" in selected manufacturing facilities, and all greenfield sites. This company-wide program of Water Resource Reviews (WRR) for factory sites, helps Nestlé to assess the risks, impacts and opportunities of a manufacturing facility within a local water catchment. A WRR consists of a detailed audit of a factory and its direct surroundings for all aspects related to water. It assesses regulatory compliance, water use in the factory, local water availability and quality, site protection, relationships with local and regional stakeholders (including key aspects related to the human right to water and sanitation). After the review, corrective actions are undertaken, as needed.

Quantitative metric
Other, please specify (Number of WRR performed)

Baseline year
2017

Start year
2017

Target year
2020

% of target achieved
85

Please explain
Despite delays caused by the COVID-19 pandemic, Nestlé carried out two Water Resource Reviews throughout 2020, reaching a total of 34 reviews since 2016. This represents an 85% achievement rate of its target. This target was extended in order to ensure Nestlé closes the gap between its existing achievement and the original target of 40.

Target reference number
Target 3

Category of target
Other, please specify (Water Stewardship Initiatives)

Level
Company-wide

Primary motivation
Reduced environmental impact

Description of target
By 2020 – Implement 10 new water stewardship initiatives in selected locations, with specific focus on “High-Priority Manufacturing Facilities” (HPMF). Through Water Stewardship initiatives, Nestlé ensures local water management is approached within a holistic framework. Not only does it consider water management at catchment level, but it also includes all stakeholders. Together, this approach ensures the sustainability and availability of water for all users within a given catchment.

Quantitative metric
Other, please specify (Number of projects)

Baseline year
2017

Start year
2017

Target year
2020

% of target achieved
100

Please explain
By end-year 2020, Nestlé had 41 factories certified with the AWS standard, largely exceeding our target of 10.

Target reference number
Target 4

Category of target
Other, please specify (Advocacy)

Level
Company-wide

Primary motivation
Other, please specify (Advocacy)

Description of target
Advocate for effective water policies and stewardship. Working with others for positive impact.

Quantitative metric
Other, please specify (Tracking of advocacy activities)

Baseline year
2017

Start year
2017

Target year
2020

% of target achieved
100

Please explain
Nestlé's key water partnerships and initiatives are outlined below: Nestlé works closely with the World Resources Institute (WRI) to develop two methodologies that help companies quantify the sustainable cost of water and a water stewardship benefit accounting methodology (https://www.wri.org/publication/volumetric-water-benefit-accounting). Nestlé co-chairs the 2030 Water Resources Group (2030 WRG). Nestlé is a founding signatory of the UN Global Compact (UNGC) CEO Water Mandate. Nestlé is involved in The Alliance for Water Stewardship (AWS) Standard that provides a framework for companies to evaluate their water stewardship practices against a range of environmental, social and economic criteria. Nestlé is part of the Joint Water Risk Assessment and Mitigation project, run by the Sustainable Agriculture Initiative Platform (SAI Platform) and the Sustainable Food Lab (SFL).

Target reference number
Target 5

Category of target
Supplier engagement

Level
Company-wide

Primary motivation
Recommended sector best practice

Description of target
By 2020 – Implement all action plans defined for improved water management in our upstream supply chain for coffee, sugar, dairy and cereals in high-priority locations. Our greatest challenge in responsible water stewardship, as well as our biggest opportunity, lies in addressing impacts within our supply chains.

Quantitative metric
Other, please specify (Number of projects tracking various KPI (m3 of water, ha of land covered, beneficiaries, CAPEX). This varies very much from one project to the other.)

Baseline year
2017

Start year
2017

Target year
2020

% of target achieved
75

Please explain
Nestle works with almost 165,000 direct suppliers (https://supplier.nestle.com/) and 625,000 individual farmers worldwide (https://www.nestle.com/csv/impact/rural-livelihoods). We directly trained 355,000 of them in 2020. During the commitment period up to 2020, Nestlé implemented several action plans in water-stressed areas throughout its supply chains for coffee, dairy and cereals. These action plans have enabled the company to target water management initiatives in high-priority sourcing areas. This commitment is still in progress for the sugar supply chain due to foundational steps taking longer than originally planned. Beyond 2020, Nestlé will place a stronger emphasis on working with its producers to identify and address their key water management needs. Through the Sustainable Agriculture Initiative at Nestlé (SAIN), Nestlé addresses water issues and promote remediation measures.

Target reference number
Target 6

Category of target
Water, Sanitation and Hygiene (WASH) services in the community

Level
Business

Primary motivation
Corporate social responsibility

Description of target
By 2020 – Implement detailed guidelines on human rights to water and sanitation due diligence in all Nestlé Markets and key agricultural supply chains. By 2020 – 600,000 beneficiaries in local communities have access to water, sanitation or hygiene projects around Nestlé manufacturing facilities and key agricultural supply chains.

Quantitative metric
Other, please specify (Number of locations and number of beneficiaries)

Baseline year
2010

Start year
2010

Target year

2020

% of target achieved
100

Please explain
Nestlé developed its own Guidelines on Respecting the Human Rights to Water and Sanitation, helping its markets and factories to respect and support these fundamental rights. In 2020, Nestlé continued to roll out its Guidelines on Respecting the Human Rights to Water and Sanitation, to ensure its operations and upstream supply chain do not have any negative impact on the human right to water. Nestlé has partnered with the International Federation of Red Cross and Red Crescent Societies (IFRC) in western Africa. Its target was met in 2017 and at the end of 2020, 1.4 million people around the world were benefiting from our WASH programs.

Target reference number
Target 7

Category of target
Other, please specify (Certification of factories)

Level
Brand/product

Primary motivation
Recommended sector best practice

Description of target
Nestlé Waters will certify all its bottling water facilities with the Alliance for Water Stewardship (AWS) standard by 2025. This commitment is part of how Nestlé cares for water across four key areas: in factories, in watershed, across its agricultural supply chains and in communities where it operates to provide access to clean water and sanitation. By pledging to certify all Nestlé Waters sites against this publicly recognized, credible water stewardship standard, it demonstrates how we positively contribute to water resources where we operate for the shared benefit of all. AWS provides a common language for those willing to be pro-active in Water Stewardship activities through an eye-opening implementation approach and a credible external auditing/certification process. AWS guides companies in assessing risks and needs, and in focusing efforts where it matters most and for the benefit of all.

Quantitative metric
Other, please specify (Number of sites certified)

Baseline year
2017

Start year
2017

Target year
2025

% of target achieved
41

Please explain
By end-year 2020, 41% of our bottled-water factories were certified by AWS. We are on track to meet our commitment for 2025.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal
Other, please specify (Work to achieve water efficiency and sustainability across our operations)

Level
Company-wide

Motivation
Reduced environmental impact

Description of goal
Sustainable water use has long been a priority for Nestlé. As such, Nestlé was already operating very efficiently when it established official water use objectives for 2020. It committed to reduce direct water withdrawals per ton of product in every product category by 35% in its manufacturing operations versus 2010; and to carry out 40 new "Water Resources Reviews" (WRR - internal detailed audits in its factories, focusing on water) in selected manufacturing facilities, and all greenfield sites. Unfortunately, changes in the product portfolio across the commitment period have resulted in falling just short of the target of 35%. For example, while Nestlé had achieved a high level of water use efficiency in bottled water facilities, reductions in the production of these products have translated into a decline in overall water use efficiency performance. To account for future evolutions in its product portfolios, Nestlé is transitioning away from a global water use efficiency target to focus on progress at the product category and factory levels.

Baseline year
2010

Start year
2010

End year
2020

Progress
By the end of 2020, Nestlé had built on this strong foundation, investing in technology and process developments to reduce direct water withdrawals per tonne of product by 32% versus 2010. Some of its markets are even further ahead. For example, in Spain, Nestlé has approximately halved water withdrawals per tonne of product since 2010. Nestlé will continue to invest in new technologies and initiatives, closing the gap between existing water withdrawal rate and its 35% target. This target was extended until 2023 in order to ensure the gap is closed between existing water withdrawal rate and the -35% target. Despite delays caused by the COVID-19 pandemic, Nestlé carried

out two Water Resource Reviews throughout 2020, reaching a total of 34 reviews since 2016. This represents an 85% achievement rate of its target and it was extended in order to ensure its closes the gap between the existing achievements and the original target of 40 Water Resource Review. Nestlé is are aware that it must double its efforts in the implementation of water-saving initiatives throughout the value chain, particularly in water-stressed regions. Nestlé will work collaboratively with its agricultural suppliers and local communities to invest in water-saving technologies that deliver both environmental and social benefits. At the same time, Nestlé will work with other stakeholders from catchment areas surrounding its facilities to develop joint responses to local water protection.

Goal
Engagement with public policy makers to advance sustainable water management and policies

Level
Company-wide

Motivation
Water stewardship

Description of goal
Water is a shared resource, so protecting it must be a shared responsibility. Nestlé is pursuing joint action to preserve vulnerable water sources and ensure sustainable water management. To ensure Nestlé reaches this goal, it is committed to implementing 10 new water stewardship initiatives in selected locations. Through water stewardship initiatives, Nestlé ensures local water management is approached within a holistic framework. Not only does it consider water management at catchment level, but it also includes all stakeholders. Together, this approach ensures the sustainability and availability of water for all users within a given catchment. Nestlé is also committed to play an active role in advocating for effective water policies and stewardship in various groups and platforms.

Baseline year
2010

Start year
2010

End year
2020

Progress
Nestlé has continuously implemented the AWS Standard across more sites every year. By end-year 2020, Nestlé had 41 factories certified with the AWS standard, exceeding our target of 10. By 2025, all Nestlé Waters sites will be certified to the AWS Standard. Nestlé has also begun implementation in other business areas, achieving certification in several food and beverage factories across Mexico, Ecuador, Spain and Ireland. Nestlé has supported the 2030 Water Resources Group (WRG) to create 14 multi-stakeholder platforms (MSPs) in water-stressed locations in the last decade, achieving our commitment (adding, on average, one country/state for every year over a 10-year period). Nestlé continues to actively contribute to the 2030 WRG. Nestlé works closely with the World Resources Institute (WRI) to develop two methodologies that help companies quantify the sustainable cost of water and a water stewardship benefit accounting methodology (https://www.wri.org/publication/volumetric-water-benefit-accounting). Nestlé co-chairs the 2030 Water Resources Group (2030 WRG). Nestlé is a founding signatory of the UN Global Compact (UNGC) CEO Water Mandate. Nestlé is part of the Joint Water Risk Assessment and Mitigation project, run by the Sustainable Agriculture Initiative Platform (SAI Platform) and the Sustainable Food Lab (SFL).

Goal
Engagement with suppliers to help them improve water stewardship

Level
Company-wide

Motivation
Water stewardship

Description of goal
Farmers rely on a constant supply of water to grow the crops Nestlé needs for its key raw materials. This means that efficient water management is essential – especially for those working in water-scarce areas. Nestlé has always taken a targeted approach to agricultural water use by partnering with growers to address local needs. The development of detailed action plans has helped identify the most pressing issues, including drought and flooding resilience, wastewater treatment and sustainable agriculture methods. To ensure Nestlé reaches its goal of engaging with suppliers on water, it is committed to implementing all action plans defined for improved water management in its upstream supply chain for coffee, sugar, dairy and cereals in high-priority locations.

Baseline year
2010

Start year
2010

End year
2020

Progress
Nestle works with almost 165,000 direct suppliers (https://supplier.nestle.com/) and 625'000 individual farmers worldwide (https://www.nestle.com/csv/impact/rural-livelihoods). Nestlé directly trained 355,000 of them in 2020. During the commitment period, Nestlé implemented several action plans in water-stressed areas throughout its supply chains for coffee, dairy and cereals. These action plans have enabled it to target water management initiatives in high-priority sourcing areas. Nestlé has developed long-term initiatives to improve water use efficiency, developed in collaboration with various suppliers, using advanced technologies and global best practices: • Coffee farmers in Colombia, Brazil and Vietnam • Wheat producers in the US • Dairy producers in South Africa, Pakistan and India. • Tomato growers in Spain This commitment is still in progress for our sugar supply chain due to foundational steps taking longer than originally planned. As Nestlé moves beyond 2020, it will work diligently to complete the implementation of its remaining action plans. This will inform the development of more ambitious, collaborative water interventions. Water use in the agricultural supply chains remains a priority for Nestlé, and it will work with growers to improve the management of this precious resource. In particular, Nestlé will strengthen its focus on addressing irrigation inefficiencies in water-stressed areas.

Goal
Providing access to safely managed Water, Sanitation and Hygiene (WASH) in local communities

Level
Company-wide

Motivation
Corporate social responsibility

Description of goal

Nestlé can, and must, play its part in breaking down barriers to WASH access in our local communities. That is why, in 2015, Nestlé developed the Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation (https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-guideline-respecting-human-rights-water-sanitation.pdf). WASH is key to keeping people safe, particularly during the COVID-19 pandemic. To date, these rules have been implemented in all of the markets and key agricultural supply chains. Nestlé cannot do it alone – it needs the support of its suppliers to make sure WASH is accessible everywhere. Nestlé has included WASH initiatives as an urgent consideration for its Tier-1 suppliers in the Nestlé Responsible Sourcing Standard (https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf). Nestlé has committed to implementing detailed Guidelines on human rights to water and sanitation due diligence in all Nestlé Markets and key agricultural supply chains as well as ensuring 600,000 beneficiaries in local communities have access to water, sanitation or hygiene projects around its manufacturing facilities and key agricultural supply chains. Both to be completed by 2020.

Baseline year

2010

Start year

2010

End year

2020

Progress

In 2020, Nestlé continued to roll out its Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation, to ensure its operations and upstream supply chain do not have any negative impact on the human right to water. Nestlé has partnered with the International Federation of Red Cross and Red Crescent Societies (IFRC) in western Africa. Its target was met in 2017 and, at the end of 2020, 1.4 million people around the world were benefiting from its WASH programs. In 2020, Nestlé built on a long-standing partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC) to ensure more people had access to safe water and sanitation. To do this, Nestlé: • Donated CHF 3 million to the IFRC's global COVID-19 response fund. • Established partnerships with local IFRC branches, offering CHF 7 million in financial support and in-kind donations. • Launched WASH programs in eight countries in sub-Saharan Africa to combat the spread of COVID-19. • Matched employee donations. Nestlé will continue to respond to the needs of the communities surrounding our factories and supply chains. This includes bringing the CRP tool to all our markets, promoting the development of relationships that are mutually beneficial to Nestlé, our stakeholders and communities throughout our value chain.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	W1.2b Total withdrawals	AA1000AS	Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2020 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-office based activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.
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W8 Targets	W8.1a By end-year 2020, Nestlé had achieved a reduction of -32% versus the rate of m3 of water used per ton of product of 2010. This represents a 91% achievement rate of its target.	AA1000AS	Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2020 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-office based activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.
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W8 Targets	W8.1a By end-year 2020, Nestlé had 41 factories certified with the AWS standard, largely exceeding our target of 10.	AA1000AS	Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2020 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-office based activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.
W8 Targets	W8.1a During the commitment period up to 2020, Nestlé implemented several action plans in water-stressed areas throughout its supply chains for coffee, dairy and cereals.	AA1000AS	Bureau Veritas UK Ltd. (Bureau Veritas) has provided independent assurance to Nestlé SA (Nestlé) over the Nestlé in society: Full report 2020 ('the CSV Report') published on the Nestlé website (https://www.nestle. com/csv). The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (2008) Type 2 at moderate level of assurance. The scope of Bureau Veritas' work was limited to Nestlé's head-office based activities where Nestlé consolidates and reconciles data provided by local markets/countries. The assurance was provided over all data and text included in the CSV Report and included a review of the CSV report's alignment to GRI standards. It also included a review of Nestlé's UNGP (United Nations Guiding Principles) Index on human rights against the 'Tier 1' Assurance Indicators of the UNGP Reporting Framework. Bureau Veritas' full assurance statement includes certain exclusions, observations of good practices, recommendations for improvement, as well as detailed assurance methodology and scope of work.

W10. Sign off

W-FI

(W-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.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Executive Vice President Global Head of Operations	Other C-Suite Officer

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

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