

Our alignment with the Taskforce on Climate-related Financial Disclosures

Governance	
Board's oversight	Oversight of climate-related risks and opportunities is embedded at the highest level. The Board has oversight of climate-related matters and monitors progress toward related goals. The Board's Sustainability Committee reviews Nestlé's sustainability agenda and the Audit Committee is informed of the content of our non-financial reporting and of the audit process for selected assured metrics.
Management's role	The Executive Board is responsible for executing sustainability strategies, including our Net Zero Roadmap, through an ESG & Sustainability Council. At operational level, an ESG Strategy and Deployment Unit drives implementation.
Strategy	Strategy / Risk Management
Climate-related risks and opportunities	Climate change is considered a material risk for Nestlé. Within our Enterprise Risk Management framework, we conduct an annual assessment of climate change risks and review the strategy and plans to mitigate them. We assess related financial risks using a discounted cash flow methodology.
Impacts of climate-related risks and opportunities	Our assessment establishes: <ul style="list-style-type: none"> – <i>Transition risks</i>: we have assessed transition risks to 2030, based on exposure levels from low-, medium- and high-emission pathways. Modeling results show a degree of exposure, but our Net Zero Roadmap could reduce this by up to half. – <i>Physical risks</i>: changing temperatures and weather extremes can affect the quality and availability of key raw materials through lower and variable yields, as well as shifts in the regions suitable for cultivation. For ingredients covering ~90% of our spend, we have assessed exposure to 2040, based on a likely 1.5°C global temperature rise. For our key materials cocoa, coffee, dairy and palm oil we outline the mitigating actions.
Resilience of the organization's strategy	Nestlé is well positioned to implement nature-based solutions for less resource-intensive and more resilient food production, as it has direct access to more than 500 000 farmers. One significant example is the <i>Nescafé Plan 2030</i> , which aims to help drive regenerative agriculture, reduce GHG emissions and improve farmers' livelihoods.
Risk Management	
Processes for identifying and assessing climate-related risks	
Processes for managing climate-related risks	
Integration into the organization's overall risk management	
Metrics & Targets	
Metrics used to assess climate-related risks and opportunities	In addition to the indicators published last year, for 2022, we have added the percentage of key raw materials sourced through regenerative agriculture methods as a major component of our Net Zero Roadmap for increasing climate resilience.
Scope 1, 2 and 3 greenhouse gas (GHG) emissions	In 2022, 70% of carbon savings generated came from interventions in raw material sourcing and 30% came from other value chain efficiencies and innovative product categories. This demonstrates our ability to mitigate climate risks and embrace opportunities.
Targets used to manage climate-related risks, opportunities and performance	We review our Net Zero Roadmap for achieving planned GHG emissions reductions for 2025 and 2030 annually to validate that our activities are keeping us on the path to net zero and are helping mitigate and adapt to climate risk throughout our value chain.