Nestlé - Water Security 2023

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Nestlé is a food and beverage company with a global presence. We have around 275,000 employees, more than 2,000 brands, and sales in 188 countries. Creating Shared Value is at the heart of Nestlé's approach to achieving our purpose: to unlock the power of food to enhance quality of life for everyone, today and for generations to come. That's why we are taking action to advance regenerative food systems at scale. This means supporting the development of food systems that help protect, renew and restore the environment, improve the livelihoods of farmers and enhance the resilience and well-being of farming communities.

Our actions include committing 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. With regard to our work on water, our Nestlé Waters business will advance the regeneration of the water cycle to help create a positive water impact everywhere our waters business operates by 2025. Across Nestlé, we will continue to work to achieve water resource management throughout our operations and agricultural supply chains.

In addition to our net zero commitment and water work, we have implemented a new Forest Positive strategy, building on our decade-long work to end deforestation in our supply chains. Forest Positive is our strategy for moving beyond managing deforestation risks in our supply chain to targeting a positive impact on our broader sourcing landscapes. This includes growing 200 million trees by 2030. We are signatories of the Ellen MacArthur Foundation Global Commitment on packaging, aiming to make above 95% of our packaging of recyclable or reusable and to reduce our use of virgin plastics by one-third by 2025.

W-FB0.1a/W-AC0.1a

(W-FB0.1a/W-AC0.1a) Which activities in the food, beverage, and tobacco and/or agricultural commodities sectors 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 2022	December 31 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

Algeria
Angola
Argentina
Australia
Bahrain
Bangladesh
Belgium
Bolivia (Plurinational State of)
Brazil
Bulgaria
Cameroon
Canada
Chile
China
Colombia
Côte d'Ivoire
Cuba
Czechia
Denmark
Dominican Republic
Ecuador
Egypt
Finland
France
Germany
Ghana
Greece
Guatemala
Hong Kong SAR, China
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
Russian Federation
Saudi Arabia
Senegal
Serbia
Singapore
Slovakia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Thailand
Trinidad and Tobago
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
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 financial 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 water inputs/outputs in its Head Offices and Sales Points at global level. They represent only a minimal volume of water (<1%) compared with the total water withdrawals of the company. Nestlé is focused on managing the much greater water inputs/outputs that occur in its manufacturing activities. We have begun to implement a consolidation system that will include Head Offices and Sales Points.
R&D Centers	Global water inputs/outputs from Nestlé's R&D centers represent about 1.5% of water withdrawals. They represent only a minimal volume of water compared with the total water withdrawals of the company. Nestlé is focused on managing the much greater water inputs/outputs that occur in its manufacturing activities.
Distribution Centers	Global water inputs/outputs in Nestlé's Distribution Centers represent about 0.5% of water withdrawals. They represent only a minimal volume of water compared with the total water withdrawals of the company. Nestlé is focused on managing the much greater water inputs/outputs that occur in its manufacturing activities.
Some recently acquired factories	Some recent acquisitions occurring within the last three years (2020-2022) have not yet implemented Nestlé's reporting system for tracking water withdrawals at a corporate level. New factories represent only a minimal volume of water compared to the total water withdrawals of the company and are only temporarily excluded. New acquisitions must comply with the Nestlé Environmental Requirements (NER) within three years to enable environmental tracking at corporate level. An action plan for achieving compliance with these requirements must be established and documented.

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	CH 003 886 335 0

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 that Nestlé operations have direct access to sufficient amounts of good quality freshwater. In our factories, water is needed for food processing, our bottled water business, industrial cleaning, and employee 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: Indirect access to sufficient freshwater of good quality is also vital for Nestlé. As a food and beverage company, we rely on agricultural raw materials, which need water for cultivation. 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 the supply of raw materials, to the processing, manufacturing and consumption of products. Sufficient amounts of agricultural water, adequate sanitation services and access to safe drinking water are needed by our suppliers, employees, customers and to consumers. Future (in)direct freshwater water use dependency: In future, Nestlé expects access to good quality freshwater to remain vital. Direct water use is expected to remain stable or increase slightly with business growth, while maintaining or improving our internal water use efficiency. Nestlé's indirect dependency on good quality freshwater in its supply chain and for consumer use is also expected to remain vital. Both direct and indirect water use may face stresses in future. Nestlé is already implementing projects to avoid any related disruption in its factories, supply chain or for 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. We have implemented ZerEau technology in 20 factories for the dairy and infant formula product categories. ZerEau technology extracts water from fresh milk, which is then used in industrial processes. In addition, some coffee and Petcare factories use different water recycling technologies. Direct use rating: The direct use of recycled water is one important solution (among others) to avoiding direct water withdrawals. This relieves pressure on local water resources and helps increase water availability for local communities. Indirect use: Recycled water is indirectly used in many countries where Nestlé operates for irrigation in agriculture, in compliance with safety standards. Indirect use rating: Recycled water is important for the irrigation of agricultural raw materials that Nestlé sources, helping to reduce withdrawals and 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. This may increase and improve the use of recycled (treated) industrial water in irrigation.

W-FB1.1a/W-AC1.1a

(W-FB1.1a/W-AC1.1a) 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 crop commodity, please specify (Fresh Milk)	21-40	Sourced	Fresh milk is an important commodity for various Nestlé dairy and nutrition products, and we estimate that 21% of revenues depended on it in 2022. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2022 internal data, dairy products accounted for about 30% of the water footprint of Nestlé's agricultural raw materials (cumulative green and blue water footprint).
Other crop commodity, please specify (Coffee)	21-40	Sourced	Coffee is an important commodity for Nestlé's powdered and liquid beverage product category, and we estimate that 22% of revenues depended on it in 2022. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2022 internal data, coffee accounts for 27% of the water footprint of Nestlé's agricultural raw materials (cumulative green and blue water footprint).
Other crop commodity, please specify (Cereals)	21-40	Sourced	Cereals are important commodities for Nestlé, and we estimate that 28% of revenues depended on it in 2022. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2022 internal data, cereals account for 13% of the cumulative green and blue water footprint of Nestlé's agricultural raw materials, and 29% of the blue water footprint of Nestlé's agricultural raw materials.
Other crop commodity, please specify (Sugar)	21-40	Sourced	Sugar is present in many Nestlé product categories, and we estimate that 31% of revenues depended on it in 2022. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2022 internal data, sugar accounts for 5% of the cumulative green and blue water footprint of Nestlé's agricultural raw materials, but 23% 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	Frequency of measurement	Method of measurement	Please explain

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Continuously	Water meters are installed at various stages of the water flow(s). Either at water well output, and/or water inlet of factories; plus a various locations within the factory depending on the needs.	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. 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.Nestlé.com/csv/performance
Water withdrawals – volumes by source	100%	Continuously	Water meters are installed at various stages of the water flow(s). Either at water well output, and/or water inlet of factories; plus a various locations within the factory depending on the needs.	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. 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.Nestlé.com/csv/performance
Entrained water associated with your metals & mining and/or coal sector activities - total volumes [only metals and mining and coal sectors]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Continuously	Water quality probes are installed at various stages of the water flow(s). Either at water well output, and/or water inlet of factories; plus a various locations within the factory depending on the needs.	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. 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.Nestlé.com/csv/performance
Water discharges – total volumes	100%	Continuously	Water meters are installed at various stages of the effluents flow(s). Either at effluent pipe flowing to third party treatment plan(s), and/or at the effluent inlet to our internal effluent treatment plant; including at several stages of treatment according to specific needs.	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. 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.Nestlé.com/csv/performance
Water discharges – volumes by destination	100%	Continuously	Water meters are installed at various stages of the effluents flow(s). Either at effluent pipe flowing to third party treatment plan(s), and/or at the effluent inlet to our internal effluent treatment plant; including at several stages of treatment according to specific needs.	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. 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%	Continuously	Water meters are installed at various stages of the effluents flow(s). Either at effluent pipe flowing to third party treatment plan(s), and/or at the effluent inlet to our internal effluent treatment plant; including at several stages of treatment according to specific needs.	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. 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%	Continuously	Water quality probes are installed at various stages of the effluents flow(s). Either at effluent pipe flowing to third party treatment plan(s), and/or at the effluent inlet to our internal effluent treatment plant; including at several stages of treatment according to specific needs.	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. 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 – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	100%	Monthly	Water quality probes are installed, or samples taken, at various stages of the effluent flow(s) and treatment process: either at the effluent pipe flowing to the third-party treatment plant(s), and/or at the effluent inlet to our internal effluent treatment plant.	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. We comply with local regulations as a minimum and monitor all relevant substances specified in the Nestle Environmental Requirements, including nitrates, phosphorus and COD load, as part of our standard internal environmental monitoring and reporting routine. It is measured "monthly" 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. 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.

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water discharge quality – temperature	100%	Continuously	Water quality probes are installed at various stages of the effluents flow(s). Either at effluent pipe flowing to third party treatment plan(s), and/or at the effluent inlet to our internal effluent treatment plant; including at several stages of treatment according to specific needs.	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. 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%	Continuously	Water meters are installed at various stages of the effluents flow(s). Either at effluent pipe flowing to third party treatment plan(s), and/or at the effluent inlet to our internal effluent treatment plant; including at several stages of treatment according to specific needs.	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. 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.Nestlé.com/csv/performance.
Water recycled/reused	100%	Continuously	Water meters are installed at various stages of the effluents flow(s). Either at effluent pipe flowing to third party treatment plan(s), and/or at the effluent inlet to our internal effluent treatment plant; including at several stages of treatment according to specific needs.	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. 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%	Other, please specify (Every 2-3 years)	Roll-out of the WBCSD WASH Pledge self-assessment tool.	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 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. 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.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	97099	About the same	Increase/decrease in business activity	About the same	Increase/decrease in business activity	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 water use efficiency within it factories. It will also start to diversify and invest strongly in external water saving initiatives, at catchment level, by helping conserve 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 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 directly withdraw further water from the environment.
Total discharges	53172	About the same	Increase/decrease in business activity	About the same	Increase/decrease in business activity	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	43927	About the same	Increase/decrease in business activity	About the same	Increase/decrease in business activity	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, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	26-50	About the same	Increase/decrease in business activity	About the same	Increase/decrease in business activity	WRI Aqueduct	Nestlé has developed a robust internal reporting method called the Combined Water Stress Index (CWSI) to assess water stress at all factory locations. This method uses data from four independent sources: WRI-Aqueduct, WWF-WRF, Pfister-WSI and Earth Stat Water Depletion. Each Nestlé factory is scored annually using these four datasets and the average score of physical water risk provides the CWSI score. The 2022 CWSI assessment showed that an average of 36% of Nestlé water withdrawals occur in water-stressed areas. These withdrawals occur in approximately 30% of Nestlé factories worldwide. Both factories and water withdrawals in water-stressed regions in 2022 are in the same range as in 2021.

W-FB1.2e/W-AC1.2e

(W-FB1.2e/W-AC1.2e) For each commodity reported in question W-FB1.1a/W-AC1.1a, 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/W-AC1.1a, please specify (Milk)	Not applicable	Yes	Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The milk supply chain is mapped by tracing supplies back to the origin where they are produced. This allows Nestlé to assess vulnerability to water stress and define water-related risks and opportunities. Nestlé has developed a robust internal reporting method called the Combined Water Stress Index (CWSI) to assess supply chain water-related risks. This method uses data from four independent sources: WRI-Aqueduct, WWF-WRF, Pfister-WSI and Earth Stat Water Depletion. Each sourcing location is scored annually using these four datasets and the average score of physical water risk provides the CWSI score. Nestlé also uses the WRI Aqueduct 2040 Global Water Risk to understand future trends and implement actions to address current water-related issues and prevent serious future issues.
Other commodities from W-FB1.1a/W-AC1.1a, please specify (Coffee)	Not applicable	Yes	Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The coffee supply chain is mapped by tracing supplies back to the origin where they are produced. This allows Nestlé to assess vulnerability to water stress and define water-related risks and opportunities. Nestlé has developed a robust internal reporting method called the Combined Water Stress Index (CWSI) to assess supply chain water-related risks. This method uses data from four independent sources: WRI-Aqueduct, WWF-WRF, Pfister-WSI and Earth Stat Water Depletion. Each sourcing location is scored annually using these four datasets and the average score of physical water risk provides the CWSI score. Nestlé also uses WRI Aqueduct 2040 Global Water Risk to understand future trends.
Other commodities from W-FB1.1a/W-AC1.1a, please specify (Cereals)	Not applicable	Yes	Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The Nestlé cereals supply chain is mapped by tracing supplies back to the origin where they are produced. This allows Nestlé to assess vulnerability to water stress and define water-related risks and opportunities. Nestlé has developed a robust internal reporting method called the Combined Water Stress Index (CWSI) to assess supply chain water-related risks. This method uses data from four independent sources: WRI-Aqueduct, WWF-WRF, Pfister-WSI and Earth Stat Water Depletion. Each sourcing location is scored annually using these four datasets and the average score of physical water risk provides the CWSI score. Nestlé also uses the WRI Aqueduct 2040 Global Water Risk to understand future trends and implement actions to address current water-related issues and prevent serious future issues.
Other commodities from W-FB1.1a/W-AC1.1a, please specify (Sugar)	Not applicable	Yes	Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The Nestlé sugar supply chain is mapped by tracing supplies back to the origin where they are produced. This allows Nestlé to assess vulnerability to water stress and define water-related risks and opportunities. Nestlé has developed a robust internal reporting method called the Combined Water Stress Index (CWSI) to assess supply chain water-related risks. This method uses data from four independent sources: WRI-Aqueduct, WWF-WRF, Pfister-WSI and Earth Stat Water Depletion. Each sourcing location is scored annually using these four datasets and the average score of physical water risk provides the CWSI score. Nestlé also uses the WRI Aqueduct 2040 Global Water Risk to understand future trends and implement actions to address current water-related issues and prevent serious future issues.

W-FB1.2g/W-AC1.2g

(W-FB1.2g/W-AC1.2g) What proportion of the sourced agricultural commodities reported in W-FB1.1a/W-AC1.1a 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/W-AC1.2e, please specify (Milk)	26-50	This figure is based on a preliminary internal assessment based on supply chain mapping and related water-stress in milk origins. Based on current future climatic scenarios (IPCC), Nestlé anticipates that if no water stewardship initiatives are implemented in the coming years, the proportion of agricultural raw materials sourced from water-stressed regions will increase, 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, help ensure access to water in these regions and avoid supply chain disruption, Nestlé follows the principles of water stewardship. For example, we work closely with fresh milk suppliers in India, Pakistan, and South Africa to promote sustainable water management practices through training, financial incentives and new technologies such as water sensors for fine tuning irrigation practices.
Other sourced commodities from W-FB1.2e/W-AC1.2e, please specify (Coffee)	26-50	This figure is based on a preliminary internal assessment based on supply chain mapping and related water-stress in coffee origins. Based on current future climatic scenarios (IPCC), Nestlé anticipates that if no water stewardship initiatives are implemented in the coming years, the proportion of agricultural raw materials sourced from water-stressed regions will increase, including in many parts of the world where Nestlé sources coffee such as Brazil, Mexico and Vietnam. Nestlé tracks the proportion of coffee sourced from water-stressed locations. To avoid critical water-related issues, help ensure access to water in these regions and avoid supply chain disruption, Nestlé follows the principles water stewardship. For example, we work closely with coffee suppliers in Brazil and Vietnam to promote sustainable water management practices through training and the distribution of new technologies such as water sensors for fine tuning irrigation practices.
Other sourced commodities from W-FB1.2e/W-AC1.2e, please specify (Cereals)	26-50	This figure is based on a preliminary internal assessment based on supply chain mapping and related water-stress in cereal origins. Based on current future climatic scenarios (IPCC), Nestlé anticipates that if no water stewardship initiatives are implemented in the coming years, the proportion of agricultural raw materials sourced from water-stressed regions will increase 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, help ensure access to water in these regions and avoid supply chain disruptions, Nestlé follows the principles water stewardship. For example, we work closely with cereals suppliers in the USA to promote sustainable water management practices through training, distribution of new technologies such as water sensors for fine tuning irrigation practices, and implementing buffer riparian zones to help protect surface water bodies from nutrients leaching.
Other sourced commodities from W-FB1.2e/W-AC1.2e, please specify (Sugar)	26-50	This figure is based on a preliminary internal assessment based on supply chain mapping and related water-stress in cereal origins. Based on current future climatic scenarios (IPCC), Nestlé anticipates that if no water stewardship initiatives are implemented in the coming years, the proportion of agricultural raw material sourced from water-stressed regions will increase 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, help ensure access to water in these regions and avoid supply chain disruption, Nestlé follows the principles water stewardship. We work closely with sugar suppliers in several countries to promote sustainable water management practices through training and promote access to water for workers in our sugar supply chains.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	4685	Lower	Increase/decrease in business activity	As a food and beverage company, Nestlé needs good quality water in its operations, and freshwater is its third largest source of water by volume. Even though the business is growing, Nestlé is committed to continuously improving the water use efficiency of its operations. Nestlé environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report. Factors that may have contributed to lower fresh surface water withdrawals at a global level include a shift to less water-intensive products in our portfolio, improved water efficiency in our factories, and local factors including weather affecting individual sites.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<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 neither adequate for food products from a quality point of view, nor feasible at this stage as the technology develops.
Groundwater – renewable	Relevant	59737	Lower	Increase/decrease in business activity	As a food and beverage company, Nestlé needs good quality water in its operations and groundwater is the largest source of water by volume, especially for the bottled water business. Even though the business is growing, Nestlé is committed to improving factory water use efficiency. Nestlé environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report. Factors that may have contributed to lower groundwater withdrawals at a global level include a shift to less water-intensive products in our portfolio, improved water efficiency in our factories, and local factors including weather affecting individual sites.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<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). It is also not in the interest of the business or the environment to unsustainably withdraw water. Therefore, Nestlé does not source non-renewable groundwater. Nestlé environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report.
Produced/Entrained water	Relevant	1381	About the same	Maximum potential volume reduction already achieved	As a food and beverage company, Nestlé needs good quality water in its operations and produced water is an alternative source of water that helps preserve local natural water resources. Using our ZerEau technology, in 2022 Nestlé recovered about 1.4 million cubic meters of water from fresh milk, a similar volume to 2021. We have reached the maximum potential volume reduction for the factories where ZerEau technology is installed. The volume may increase if Nestlé implements ZerEau technology in more factories.
Third party sources	Relevant	32639	About the same	Increase/decrease in business activity	As a food and beverage company, Nestlé needs good quality water, in sufficient quantity, in its operations, and third-party sources are our second largest source of water by volume. Even as the business is growing, Nestlé is committed to improve the water use efficiency of its operations. Globally, withdrawals from third-party sources remained about the same in 2022 despite factors including shifts in our portfolio, improved water efficiency in our factories, and local factors including weather affecting individual sites. Nestlé environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Relevant	24523	Lower	Increase/decrease in business activity	Many factories operate their own effluent treatment plant to ensure that water discharged to the environment complies with local regulations and internal standards on water quality. 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 in factories. All environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report. Factors that may have contributed to lower fresh surface water discharges at a global level include a shift to less water-intensive products in our portfolio, improved water efficiency in our factories, and local factors including weather affecting individual sites.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	This is not relevant as all volumes treated onsite are returned to surface freshwater bodies and Nestlé does not discharge effluents into brackish surface water or seawater.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	This is not relevant as all volumes treated onsite are returned to surface freshwater bodies and Nestlé does not discharge water into groundwater bodies.
Third-party destinations	Relevant	28649	Lower	Increase/decrease in business activity	For factories not operating onsite effluent treatment plants, Nestlé relies on third-party operated plants and checks that they comply with local regulations. This is relevant since >50% of Nestlé's effluents are treated by third parties. Nestlé expects these volumes to remain stable in future even as the business grows, as it continues to promote water recycling and efficiency technologies in its factories. All environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report. Factors that may have contributed to lower discharges to third-party destinations at a global level include a shift to less water-intensive products in our portfolio, improved water efficiency in our factories, and local factors including weather affecting individual sites.

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	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	12166	Lower	Increase/decrease in business activity	21-30	Twenty-three percent of the water Nestlé discharges to the environment annually is treated at tertiary level at onsite effluent treatment plants. The internal Nestlé Environmental Requirements define strict water quality standards before discharge and align with local regulations and international standards on water quality. This helps sites determine the level of treatment required to comply with regulations and internal standards. Factors that may have contributed to lower tertiary treatment at a global level include a shift to less water-intensive products in our portfolio, improved water efficiency in our factories, and local factors including weather affecting individual sites.
Secondary treatment	Relevant	28839	Lower	Increase/decrease in business activity	51-60	Fifty-four percent of the water Nestlé discharges to the environment annually is treated at secondary level at onsite effluent treatment plants. The internal Nestlé Environmental Requirements define strict water quality standards before discharge and align with local regulations and international standards on water quality. This helps sites determine the level of treatment required to comply with regulations and internal standards. Factors that may have contributed to lower secondary treatment at a global level include a shift to less water-intensive products in our portfolio, improved water efficiency in our factories, and local factors including weather affecting individual sites.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	No water discharges are treated at the primary level only. All water requiring treatment according to local regulations and the internal Nestlé Environmental Requirements (NER) before being discharged into the environment is treated to at least the primary level at onsite effluent treatment plants before discharge to the next level of treatment.
Discharge to the natural environment without treatment	Relevant	0.31	Lower	Increase/decrease in business activity	1-10	Only 0.001% of the water that Nestlé discharges to the environment annually requires no treatment according to the internal Nestlé Environmental Requirements (NER). The NER defines strict water quality standards before discharge and align to local regulations and international standards on water quality. This helps sites determine the level of treatment required to comply with regulations and internal standards. Factors that may have contributed to lower discharges without treatment at a global level include a shift to less water-intensive products in our portfolio, improved water efficiency in our factories, and local factors including weather affecting individual sites.
Discharge to a third party without treatment	Relevant	12166	Lower	Increase/decrease in business activity	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 Requirements, which define strict water quality standards before discharge and align to local regulations and international standards on water quality. Factors that may have contributed to lower discharges without treatment at a global level include a shift to less water-intensive products in our portfolio, improved water efficiency in our factories, and local factors including weather affecting individual sites.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	All the water volumes Nestlé discharges annually from its factories are covered in the categories above.

W1.2k

(W1.2k) Provide details of your organization's emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.

	Emissions to water in the reporting year (metric tonnes)	Category(ies) of substances included	List the specific substances included	Please explain
Row 1		Please select	<Not Applicable>	We monitor water quality at site level but do not yet report aggregated data for the whole company. We plan to do this is in future.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	94400000	97099	972.203627225821	Nestlé anticipates that total water withdrawal efficiency will continue to increase at individual factories as we continue to work toward annualized savings from Nestlé factories through improvement projects that deliver benefits measured in m3 of water saved.

W-FB1.3/W-AC1.3

(W-FB1.3/W-AC1.3) Do you collect/calculate water intensity for each commodity reported in question W-FB1.1a/W-AC1.1a?

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/W-AC1.1a, please specify (Fresh milk)	Not applicable	Yes	This information is consistent across all our commodities. Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The water intensity of this commodity was collected and calculated 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/W-AC1.1a, please specify (Coffee)	Not applicable	Yes	This information is consistent across all Nestlé commodities. Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The water intensity of this commodity was collected and calculated 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/W-AC1.1a, please specify (Cereals)	Not applicable	Yes	This information is consistent across all our commodities. Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The water intensity of this commodity was collected and calculated using the method and data from the Water Footprint Network (Hoekstra and Mekonnen, 2012, The Water Footprint.
Other commodities from W-FB1.1a/W-AC1.1a, please specify (Sugar)	Not applicable	Yes	This information is consistent across all our commodities. Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The water intensity of this commodity was collected and calculated 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-AC1.3b

(W-FB1.3b/W-AC1.3b) Provide water intensity information for each of the agricultural commodities identified in W-FB1.3/W-AC1.3 that you source.

Agricultural commodities
Other sourced commodities from W-FB1.3/W-AC1.3, please specify (Fresh milk)

Water intensity value (m3/denominator)
1020

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 purchased volumes and water footprint data from Mekonnen & Hoekstra. In 2022, water intensity associated with fresh milk remained about the same despite business growth thanks in part to our water efficiency programs. Other factors may include a shift to less water-intensive products in our portfolio and local factors including weather affecting sourcing locations. Nestlé anticipates that in future this indicator may increase in line with business growth by a few percentage points year-on-year. This data is used to prioritize commodities with the greatest water impact in order to define and implement actions. This led to Nestlé identifying fresh milk as having one of the largest indirect water footprints of our agricultural raw materials. Focusing on regions and commodities with the greatest impact and improvement opportunities, such as fresh milk from India, Pakistan and South Africa, we promote and implement targeted 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 that are better adapted to water-scarce locations. Nestlé's network of agronomists promotes the adoption of such varieties/species among farmers worldwide.

Agricultural commodities
Other sourced commodities from W-FB1.3/W-AC1.3, please specify (Coffee)

Water intensity value (m3/denominator)
15897

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 purchased volumes and water footprint data from Mekonnen & Hoekstra. In 2022, water intensity associated with coffee remained about the same despite business growth thanks in part to our water efficiency programs. Other factors may include a shift to less water-intensive products in our portfolio and local factors including weather affecting sourcing locations. Nestlé anticipates that this indicator may increase in future in line with business growth by a few percentage points year-on-year. This data is used to prioritize commodities with the greatest water impact in order to define and implement actions. This led to Nestlé identifying coffee as having one of the largest indirect water footprints of our agricultural raw materials. Focusing on regions and commodities with the greatest impact and improvement opportunities, such as coffee from Vietnam, Brazil and Mexico, Nestlé promotes and implements targeted 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 that are better adapted to water-scarce locations. Nestlé's network of agronomists promotes the adoption of such varieties/species among farmers worldwide.

Agricultural commodities
Other sourced commodities from W-FB1.3/W-AC1.3, please specify (Cereals)

Water intensity value (m3/denominator)
1644

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 purchased volumes and water footprint data from Mekonnen & Hoekstra. In 2022, water intensity associated with cereals remained about the same despite business growth. Other factors may include a shift to less water-intensive products in our portfolio and local factors including weather affecting sourcing locations. Nestlé anticipates that this indicator may increase in future in line with business growth by a few percentage points year-on-year. This data is used to prioritize commodities with the greatest water impact in order to define and implement actions. This led to Nestlé identifying cereals as having one of the largest indirect water footprints of our agricultural raw materials. Focusing on regions and commodities with the greatest impact and improvement opportunities, such as cereals from the USA, India and Mexico, Nestlé promotes and implements targeted 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 that are better adapted to water-scarce locations. Nestlé's network of agronomists promotes the adoption of such varieties/species among farmers worldwide.

Agricultural commodities
Other sourced commodities from W-FB1.3/W-AC1.3, please specify (Sugar)

Water intensity value (m3/denominator)
1666

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 purchased volumes and water footprint data from Mekonnen & Hoekstra. In 2022, water intensity associated with sugar remained about the same despite business growth. Other factors may include a shift to less water-intensive products in our portfolio and local factors including weather affecting sourcing locations. Nestlé anticipates that this indicator may increase in future in line with business growth by a few percentage points year-on-year. This data is used to prioritize commodities with the greatest water impact in order to define and implement actions. This led to Nestlé identifying sugar as having one of the largest indirect water footprints of our agricultural raw materials. Focusing on regions and commodities with the greatest impact and improvement opportunities, such as sugar from Thailand, Brazil and Mexico, Nestlé promotes and implements targeted 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 that are better adapted to water-scarce locations. Nestlé's network of agronomists promotes the adoption of such varieties/species among farmers worldwide.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	No	

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement	Primary reason for no engagement	Please explain
Suppliers	Yes	<Not Applicable>	<Not Applicable>
Other value chain partners (e.g., customers)	Yes	<Not Applicable>	<Not Applicable>

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact
Yes, we assess the impact of our suppliers

Considered in assessment
Basin status (e.g., water stress or access to WASH services)
Supplier dependence on water
Supplier impacts on water availability
Supplier impacts on water quality
Procurement spend

Number of suppliers identified as having a substantive impact

% of total suppliers identified as having a substantive impact
Please select

Please explain
Nestle works with 165,000 tier-1 suppliers worldwide, of which many are suppliers of the water-intense raw materials identified in this questionnaire: coffee, cereals, dairy and sugar. The number of suppliers having a substantive impact on water is the total suppliers of those four raw materials.

Our Responsible Sourcing Standard sets non-negotiable requirements for direct suppliers, which include:
• Consumption of natural resources, especially water and energy is monitored and continuously optimized
• Pollution and the generation of solid waste, wastewater and air emissions are prevented, monitored and decreased over time.
• Wastewater and solid waste are treated prior to discharge or disposal.

We expect suppliers to make sure the farmers they source from manage and protect water sources through specified farm water management and irrigation practices.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization's purchasing process?

	Suppliers have to meet specific water-related requirements	Comment
Row 1	Yes, water-related requirements are included in our supplier contracts	<Not Applicable>

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement
Complying with going beyond water-related regulatory requirements

% of suppliers with a substantive impact required to comply with this water-related requirement
100%

% of suppliers with a substantive impact in compliance with this water-related requirement
100%

Mechanisms for monitoring compliance with this water-related requirement
Certification
Ground-based monitoring system
On-site third-party audit
Supplier self-assessment

Response to supplier non-compliance with this water-related requirement
Retain and engage

Comment
We assess suppliers of the raw materials we source against our Responsible Sourcing Standard. Our Responsible Sourcing Standard sets non-negotiable requirements for direct suppliers, which include:
• Consumption of natural resources, especially water and energy is monitored and continuously optimized
• Pollution and the generation of solid waste, wastewater and air emissions are prevented, monitored and decreased over time.
• Wastewater and solid waste are treated prior to discharge or disposal.

We expect suppliers to make sure the farmers they source from manage and protect water sources through specified farm water management and irrigation practices.

If gaps are found, the supplier develops an action plan. If a supplier refuses or fails to close identified gaps, we may terminate the relationship.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement
Incentivization

Details of engagement
Offer financial incentives to suppliers improving water management and stewardship across their own operations and supply chain

% of suppliers by number
26-50

% of suppliers with a substantive impact
26-50

Rationale for your engagement
Nestlé's greatest challenge in 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 over time. 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 identified water-stressed areas.

Impact of the engagement and measures of success
In Pakistan and South Africa, where drought and water stress are of concern, Nestlé is working with dairy farmers to implement the use of water sensors and develop water saving techniques for animal feed production. As one measure of success, our net zero dairy farm pilot in South Africa has reduced chemical fertilizer (mainly nitrogen) usage by 70%, replacing it with a balanced introduction of additional organic fertilizers from chicken manure. Reducing chemical farm inputs and optimizing organic fertilizers can help protect water resources. In Brazil, Nestlé is supporting farmers to install water meters and improve manure management techniques. Together with Embrapa, the Brazilian Agricultural Research Corporation, we are working on projects to train farmers in good farming and manure-management practices. A major project in Vietnam, which successfully concluded in 2019 in partnership with the Swiss Agency for 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 USD 8 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 2022, Nestlé published its action plan for the Human Right to Water and Sanitation, to ensure its operations and upstream supply chain do not have a negative impact on the human right to water. (Right to water and sanitation | Nestlé Global (nestle.com)

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder
Other, please specify (Local communities near our bottled water operations)

Type of engagement
Education / information sharing

Details of engagement
Educate and work with stakeholders on understanding and measuring exposure to water-related risks

Rationale for your engagement
Nestlé strongly believes that water is a human right. Engaging with local stakeholders is an essential part of the water stewardship approach Nestlé Waters follows to help address local shared water challenges near its bottled water operations.
To do so, Nestlé Waters works closely with local communities through a dedicated Community Relation Process (CRP). Through mapping, context analysis and interviews with neighbours, authorities, water users and other local stakeholders, this CRP helps capture potential concerns from local stakeholders regarding water resource management at our level and at a broader watershed level. It also allows us to identify current and foreseen issues related to access to water (including drinking water) in terms of quantity or quality. The output of the CRP is a tailored action plan that addresses any local issues and helps develop collective actions. In many cases, we provide access to water and sanitation to local communities near our factories.

Impact of the engagement and measures of success
The main impact of the engagement is that our water stewardship approach encourages local stakeholders to propose new water stewardship initiatives, increasing our ability to help address shared water challenges. As stakeholder engagement is a key component of the Alliance for Water Stewardship (AWS) Standard, the certification provides a highly valuable recognition of those efforts and is one measure of success. The standard is focused on continuous improvement. 100% of Nestlé Waters sites will be certified by 2025 and 22 were already certified in 2022.

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

Bangladesh	Not known

Type of impact driver & Primary impact driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)

Primary impact
Impact on company assets

Description of impact
On 17 June 2022, a heavy rainstorm caused flooding at the Nayanpur Warehouse of Nestlé Bangladesh Limited, in Mirzapur. The rain intensity and overflows from roads and canals caused water levels to rise. This caused water damage to stock held in the warehouse. The losses caused disruption in production and business operations.

Primary response
Improve maintenance of infrastructure

Total financial impact
160000

Description of response
The response strategy consisted of the sorting of stocked goods onto higher racks. The total financial impact is the fixed cost of damaged stock that had to be destroyed (no salvage value). This is based on a cost estimate derived by the loss adjuster appointed for the claim of BDT 19,032,180 (around CHF160,000).

Country/Area & River basin

Switzerland	Not known

Type of impact driver & Primary impact driver

Acute physical	Storm (including blizzards, dust and sandstorm)

Primary impact
Impact on company assets

Description of impact
On 28 July 2022 heavy rain caused damage to a Nestlé-owned nursery (Villa Rose).

Primary response
Improve maintenance of infrastructure

Total financial impact
600000

Description of response
Due to holidays, the damage was discovered a week later. The response was then to repair the property damage experienced. The total financial impact is the fixed cost of repairing the damage.

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?

	Water-related regulatory violations	Fines, enforcement orders, and/or other penalties	Comment
Row 1	Yes	Fines, but none that are considered as significant	There were five water-related incidents that incurred a fine or penalty in 2022. These incidents either pertained to exceeding certain discharge limits or were administrative in nature, and the imposed fines or penalties were not material. All incidents were reported in a timely manner to local environmental authorities and resolved. We have identified the causes of these incidents and put in place measures to prevent a recurrence.

W2.2a

(W2.2a) Provide the total number and financial value of all water-related fines.

Row 1

Total number of fines
5

Total value of fines
200000

% of total facilities/operations associated
1

Number of fines compared to previous reporting year
Higher

Comment
There were five water-related incidents that incurred a fine or penalty in 2022. These incidents either pertained to exceeding certain discharge limits or were administrative in nature, and the imposed fines or penalties were not material. All incidents were reported in a timely manner to local environmental authorities and resolved. We have identified the causes of these incidents and put in place measures to prevent a recurrence.

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified	Please explain
Row 1	Yes, we identify and classify our potential water pollutants	The internal Nestlé Environmental Requirements (NER) define mandatory safety measures and thresholds to prevent detrimental impacts to ecosystems or human health due to our activities. The NER is based on established standards including the International Finance Corporation Environmental, Health, and Safety (EHS) Guidelines and the European Council Directive concerning urban wastewater treatment. The NER classifies water pollutants that may be associated with our activities such as increased turbidity, eutrophication, pH/redox change, contamination by hydrocarbon or any hazardous material and over-exploitation. 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. For example, we have set an internal limit of 125 mg O2/L for COD that is mandatory in all operations. The NER also covers building standards (to prevent contaminant spills), the operation of water wells within our factories, and operations of our internal effluent treatment plants.	<Not Applicable>

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category
Other nutrients and oxygen demanding pollutants

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 2022, Nestlé continued to invest in maintenance and improved treatment facilities. Measures of success: These actions resulted in an average water quality discharged in 2022 of 96.5 mg COD (Chemical Oxygen Demand) per liter. Nestlé has also reduced water discharged per ton of product by 27% since 2012 (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 in natural water can lead to anaerobic conditions, which are harmful to higher aquatic life forms. This can be detrimental to co-dependent ecosystems, food-chains and/or human activities. Many governments impose strict regulations regarding the maximum COD allowed in waste water before it can be returned to the environment.

Value chain stage
Direct operations

Actions and procedures to minimize adverse impacts
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements
Upgrading of process equipment/methods

Please explain
Chemical Oxygen Demand (COD) provides a global metric of potential environmental impact from wastewater on the receiving water body, by quantifying the amount of oxidable pollutants found in effluent water. Through continuous monitoring and monthly reporting at all factories, we put in places measures to prevent water discharges from adversely impact water ecosystems and/or downstream users.

Many governments impose regulations on maximum COD allowed in effluents 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 operations, is 125 ppm. In 2022, the average COD value of water we discharged was 96.5 mg COD per liter. When local regulations are stricter than our internal regulations, we comply with local (stricter) regulations. To ensure COD levels remain within limits, we implement various techniques ranging from flocculation, ozone oxidation or specific chemical reactants. We monitor COD levels "in-line" and know instantaneously what the levels are and perform necessary adjustments if needed. In addition to ensuring high quality standards for the water we discharge from our factories, Nestlé committed to work toward 100% recyclable or reusable packaging. The vision is that none of its packaging, including plastics, ends up in landfill, in oceans, lakes and rivers.

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.

Value chain stage
Direct operations

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of an established 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 and standards
Databases

Tools and methods used
Water Footprint Network Assessment tool
WRI Aqueduct
WWF Water Risk Filter
Alliance for Water Stewardship Standard
Environmental Impact Assessment
Life Cycle Assessment
IPCC Climate Change Projections
ISO 14001 Environmental Management Standard
ISO 14046 Environmental Management - Water Footprint
FAO/AQUASTAT
Maplecroft Global Water Security Risk Index

Contextual issues considered
Water availability at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level

Water regulatory frameworks
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered
Customers
Employees
Investors
Local communities
NGOs
Regulators
Water utilities at a local level
Other water users at the basin/catchment level

Comment
Nestlé annually assesses water risks at all factory locations using an internal methodology called the Combined Water Stress Index (CWSI). This combines the results of four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat, to provide a single water-stress assessment score for each site. By cross-referencing these scores with annual factory water consumption, Nestlé defines a list of Where It Matters (WIM) sites to prioritize action. Nestlé also uses the WRI Aqueduct water risk projections for 2040 (using IPCC scenarios), in order to evaluate potential risks to its operations in the next 20 years.

Nestlé also conducts regular, on-site 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 business, social, physical, regulatory, reputational and environmental mega-risks.

Value chain stage
Supply chain

Coverage
Partial

Risk assessment procedure
Water risks are assessed as part of an established 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 and standards
Databases

Tools and methods used
Water Footprint Network Assessment tool
WRI Aqueduct
WWF Water Risk Filter
Alliance for Water Stewardship Standard
Environmental Impact Assessment
Life Cycle Assessment
IPCC Climate Change Projections
ISO 14001 Environmental Management Standard
ISO 14046 Environmental Management - Water Footprint
FAO/AQUASTAT
Maplecroft Global Water Security Risk Index
Other, please specify (Internal Responsible Sourcing Standard)

Contextual issues considered
Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Implications of water on your key commodities/raw materials
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered
Customers
Employees
Investors
Local communities
NGOs
Suppliers
Water utilities at a local level
Other water users at the basin/catchment level

Comment
The Nestlé Responsible Sourcing Standard requires all Nestlé suppliers to comply with a set of legal and environmental requirements (including for water) and to demonstrate continuous improvement.

This Standard describes the requirements and ways of working that Nestlé applies together with all our 165,000 direct suppliers and more than 500,000 farmers, in order to ensure the sustainable long-term supply of materials and services to Nestlé.

The 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 Water Resource Management Practices that Nestlé asks its suppliers, employees, agents and subcontractors to respect and adhere to at all times when conducting

business.

Our 'produced sustainably' KPI builds on our Responsible Sourcing Standard. It applies to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume.

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.

W3.3b

(W3.3b) 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.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	Water risk assessment in our value chain focuses on agriculture, manufacturing and consumption. Coverage is partial as we continue to improve traceability in our agricultural supply chains to enable full coverage. The contextual issues and stakeholders are included to help ensure the outcomes of our risk assessments can be used in the following ways: - 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 of water-related projects for implementation in our agricultural supply chains - Selection of locations for implementing WASH initiatives in the communities neighboring Nestlé factories.	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 listed under 3.3a, above: 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 and the best available databases and tools and the market. These methodologies, tools and databases supplement our enterprise-wide Group Risk Management System. 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 AWS standard helps us assess risk within the watersheds where we operate and identify collective actions.	Stakeholders considered across our value chain are: - Workers in our agricultural supply chains. Farmers and people working in agriculture are key stakeholders in our value chain when it comes to water. We make sure they are part of all our water stewardship and water management activities, both from an agriculture best practice (best irrigation practices, water resources management, soil water content, protection of surface water bodies, etc..) and for access to water in rural communities and workforce. - Workers in operations and surrounding communities. We ensure Nestlé employees have access to safe drinking water and sanitation and contribute to providing similar access to safe drinking water and sanitation services in the communities surrounding our direct Operations and agricultural supply chains. - Consumers in communities close to our operations and supply chains. People and communities located nearby our direct Operations and agricultural supply chains are often also consumers of our products. We contribute to providing similar access to safe drinking water and sanitation services to our consumers wherever it is necessary.	Since 2017, Nestlé has been working on a Context-Based Approach (CBA) to water stewardship that is based on our water risk assessments. The CBA aims to drive operations toward a new way of working, focused on water-related actions in higher-risk locations "Where it Matters" (WIM). Nestlé has identified a list of WIM sites where particular focus and investment should be made to address water-related risk. WIM factories 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.

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?

Nestlé runs a materiality assessment with external stakeholders every two years. This helps Nestlé identify the economic, social and environmental issues throughout its value chain, including water-related risks, 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. Our materiality assessment is integrated into the Group's Enterprise Risk Management (ERM) process to ensure that wider sustainability risks are incorporated into the risks and opportunities under consideration across the company.

The assessment 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 defines as a substantive strategic impact as 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 regenerative food systems. Our ERM risk rating is the metric used to identify change, and the threshold which indicates substantive change is a significant or major risk as opposed to a moderate or negligible risk.

In our most recent materiality assessment in 2022, water management 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, while external stakeholders rated this issue as being of significance to them.

To support in the Group's identification and assessment of potential substantive climate-related risks and opportunities, Nestlé is implementing the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. In 2022, we continued to develop a qualitative and quantitative climate modeling process across our value chain to assess our portfolio's resilience under different external conditions. We use a climate modeling tool developed with the University of Cambridge's Centre for Risk Studies. Modeling simulations evaluated the potential directional impacts on Nestlé's operations and supply chains 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 2022, we continued to develop a qualitative and quantitative climate modeling process across our value chain to assess our portfolio's resilience under different external conditions. We use a climate modelling tool developed with the University of Cambridge's Centre for Risk Studies. Modeling simulations helped us to identify key climate-related risks and evaluate their potential directional impacts on Nestlé's operations and supply chains 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 assess our resilience to 2030 for transition risk and to 2040 for physical risk. 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. For example, concerns about access to water from communities surrounding bottled water factory in Pakistan have put our 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
The Nestlé confectionery operations in Ecuador have to cope with the regional evolving climatic variations. The Guayaquil 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. 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
The Nestlé beverage (coffee) operations in China have to cope with the regional evolving climatic variations. The Shanghai 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.

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
The Nestlé dairy and bottled water operations in Pakistan have to cope with the regional evolving climatic variations. The Sheikhupura 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.

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
The Nestlé infant nutrition operations in India have to cope with the regional evolving climatic variations. The Samalkha 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.

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
The Nestlé dairy operations in Chile have to cope with the regional evolving 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

Acute physical	Heavy precipitation (rain, hail, snow/ice)

Primary potential impact
Disruption to sales

Company-specific description
We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans.

Nestlé has assigned a Threat Assessment Grade (TAG) rating to each facility based on its underlying geographic grid cell in the Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of an annual probability. Each facility has been assigned a TAG rating 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.

Our confectionery operations in Ecuador have to cope with evolving regional climatic variations. The Guayaquil factory was assigned an 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. There is also a high likelihood that the site may experience flooding today, but climate change is not expected to increase the flood risk. The immediate and short-term risks of heavy rain leading to flooding would be lack of potable water due to increased water turbidity as well as difficulties in accessing routes for

the transportation of raw materials and finished goods. 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 Threat Assessment Grade 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 to 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
To address immediate and short-term risks such as a lack of potable water due to increased water turbidity when heavy rain generates flooding, we implemented a Business Continuity Plan (BCP) to minimize or eliminate any issue on the city and country's operations.

The impact of floods in Guayaquil is monitored in our factories. Turbidity levels are regularly checked as part of our quality control process for water usages for both consumption and production. We conduct regular cleaning of our rainwater collection systems, which is internally monitored by Nestlé and audited by local authorities. This action is included in our Environmental Plans as a strategic measure to prevent clogging. Our confectionery factory has a gate/pumping system in place to prevent river water entering the premises.

In the event of increased rainfall, both current and future, we have the capability to fully close these gates to maintain the total and normal operation of the factory.

Cost of response
0

Explanation of cost of response
The actions described above did not require any capital expenditure in 2022.

Country/Area & River basin

China	Yangtze River (Chang Jiang)

Type of risk & Primary risk driver

Acute physical	Drought

Primary potential impact
Disruption to sales

Company-specific description
We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans.

Nestlé has assigned a Threat Assessment Grade (TAG) rating 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 an 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.

Our beverage (coffee) operations in Shanghai have to cope with evolving regional climatic variations. One Nestlé's factories in Shanghai was assigned a 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 event there is a 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 to 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
Adopt water efficiency, water reuse, recycling and conservation practices

Description of response
The response to the risk of drought at the Beijing factory has been to improve water efficiency over the last six years. Actions taken in 2022 include adjusting cooling towers to use less water, and outsourcing canteen operations. These and other actions led to combined water savings of over 1,000 cubic meters per year. Actions taken in previous years include reusing condensate water for steam generation and reducing the water pressure in showers.

Cost of response
0

Explanation of cost of response
The actions described above did not require any capital expenditure in 2022.

Country/Area & River basin

Pakistan	Indus

Type of risk & Primary risk driver

Acute physical	Drought

Primary potential impact
Closure of operations

Company-specific description
Situation: We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans.

Task: Nestlé has assigned a Threat Assessment Grade (TAG) rating has been assigned to each facility based on their 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 an 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.

Action: 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 to 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
Adopt water efficiency, water reuse, recycling and conservation practices

Description of response
Our dairy and bottled water operations in Pakistan have introduced a variety of practices over the last six years aiming to improve water stewardship in their operations and supply chains.

The Sheikhupura factory has introduced various technical and operational water saving projects, exceeding its internal absolute water savings target in 2022 as a result and expecting further savings in 2023.

As irrigation is the main contributor to groundwater abstraction in this region, the site is also working with suppliers to implement water regeneration projects such as drip irrigation and water sensors on farms in the same watershed. It has also invested in water filtration plants to help secure access to clean drinking water for the surrounding communities. These projects generate roughly 320,000 cubic meters of water benefits each year.

In addition, all Nestlé factories in Pakistan have Alliance for Water Stewardship certification.

The Sheikhupura site monitors water levels in the aquifers it uses.

Cost of response
429000

Explanation of cost of response
Capital expenditure on water saving measures such as recycling and filtration at Sheikhupura was 136,000,000 Pakistani rupees in 2022 (roughly CHF 429,000).

Country/Area & River basin

India	Ganges - Brahmaputra

Type of risk & Primary risk driver

Acute physical	Drought

Primary potential impact
Disruption to sales

Company-specific description
Situation: We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans.

Task: Nestlé has assigned a Threat Assessment Grade (TAG) rating has been assigned to each facility based on their 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 an 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.

Action: Nestlé's infant nutrition operations in India have to cope with evolving regional climatic variations. The Samalkha factory was assigned a 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 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
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 to 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
Adopt water efficiency, water reuse, recycling and conservation practices

Description of response
The Samalkha factory has implemented various mitigation actions in response to water risks over the last six years, including:
• Segregating water inflows for different purposes to enable the recycling of process water
• Upgrading the effluent treatment plant with membrane bioreactor technology, to enable treated effluent to be used for cooling
• Installing reverse osmosis technology to recycle wastewater for use instead of entirely relying on groundwater
• Installing ZerEau reverse osmosis and ultrafiltration technology to recover water from milk
• Multiple projects to reduce water consumption.

The factory now recycles around 300 cubic meters of wastewater per day as a result of these combined activities.

Cost of response
340000

Explanation of cost of response
The Samalkha factory has spent roughly CHF 3.4 million on various water saving and recycling projects over the last 10 years, giving an average of CHF 340,000 per year.

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

Acute physical	Drought

Primary potential impact
Disruption to sales

Company-specific description
Situation: We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans.

Task: Nestlé has assigned a Threat Assessment Grade (TAG) ratings has been assigned to each facility based on their 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 an 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.

Action: Our dairy operations in Chile have to cope with evolving regional climatic variations. The Macul factory was assigned a 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 a 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 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)
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 would 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
Adopt water efficiency, water reuse, recycling and conservation practices

Description of response
The Macul site has developed and implemented engineering projects focused on water efficiency in production areas and industrial services. Since 2021, these projects have generated savings of 52,000 cubic meters. In 2022, working groups identified further projects with estimated additional water savings of almost 37,000 cubic meters by 2025. The site is also installing the ZerEau membrane biological reactor system and reverse osmosis to complement current wastewater treatment and improve the quality of water for use on site. The goal is to reduce groundwater withdrawals.

Cost of response
2130000

Explanation of cost of response
This figure includes approximate costs since 2021 of CHF 630,000 to implement water efficiency projects and of CHF 1,500,000 to implement ZerEau MBR technology.

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

Switzerland	Rhine

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

Type of risk & Primary risk driver

Chronic physical	Declining water quality

Primary potential impact
Constraint to growth

Company-specific description
The watershed supplying our Henniez bottled water factory in Broye, Switzerland, is located in an area that had previously been subject to intensive agriculture. Strong measures at catchment level, such as land use change, regenerative agricultural techniques and reforestation are needed to prevent the risk of nitrate concentration from rising in the natural spring water and affecting 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
This is the estimated avoided cost of drilling new wells to reach new water sources with a lower concentration of nitrate. The drilling cost was estimated at 6 million CHF based on quotes from contractors. 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
Situation: Nestlé sought to create business and societal benefits through the various activities carried out to avoid drilling new wells.

Action: The project at Broye saw investments in a range of activities to maintain nitrite levels in the water at an acceptable level.

Task: Strong measures were carried out at catchment level to prevent nitrate concentration from rising in the natural spring water and affecting the quality of our product. These included the introduction of regenerative agricultural techniques and reforestation.

Results over the last six years:
• 120 ha of agricultural land and 5ha forest improved for better ecosystem services;
• 2500ha of biodiversity corridors;
• 1700 tonnes of CO_2 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 in the implementation of catchment-level projects such as regenerative agricultural techniques and reforestation, plus 150'000 in employment costs to manage the project.

Country/Area & River basin

Brazil	Other, please specify (Rio Quartel basin)

Stage of value chain
Supply chain

Type of risk & Primary risk driver

Acute physical	Drought

Primary potential impact
Supply chain disruption

Company-specific description
Nestlé's considers efficient water management to be fundamental in helping to ensure long-term business sustainability. In Brazil, irrigated agriculture accounts for 67% of water consumption. Inefficient irrigation and water use by other users can exhaust aquifers, reduce river flows, pollute rivers and springs (with fertilizers, chemical products, etc.), and salinize water.

In the Brazilian State of Espírito Santo, coffee production represents one of the most important economic activities (about 35% of Gross Domestic Product) and generates about 400 000 direct and indirect jobs. Coffee is present in 60,000 of the 90,000 agricultural properties in the state (73% are family-based agricultural properties with an average size of 8 hectares). Espírito Santo is the largest national Conilon coffee producer and the second-largest coffee producing state in Brazil (Conilon and Arabica), with an average participation of 75% and 25% of national production respectively.

Water directly influences the yield and cost of coffee and other crop production, as well as coffee quality and the incomes of producer families. Therefore, properties with more efficient water management have better conditions to prosper and encourage youth to remain in agriculture.

A study conducted by the State Agency of Water Resources of Espírito Santo (AGERH, 2017) on the water balance for the State of Espírito Santo demonstrated that several of the state's coffee producing municipalities and hydrographic basins show critical or negative water balance due to over-exploited water resources.

Nestlé buys significant volumes of coffee from these areas, and is dependent on the quality and quantity of its coffee production. Water risks are a direct risk to coffee production and to Nestlé's ability to produce popular coffee brands to the same taste and quality that consumers expect.

Timeframe
1-3 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
Coffee production is responsible for 35% of the Agricultural Gross Domestic Product in Espírito Santo and, like other crops, depends heavily on climate conditions. Changes caused by climate change can be one of the main risk factors for loss of production or crop failure, making agricultural climate and water availability analyses essential for the sustainability and continuity of the activity.

Primary response to risk

Upstream	Map supplier water risk

Description of response
In 2019, together with coffee supplier The Neumann Foundation, Nestlé launched a project to help introduce efficient irrigation and improved water management in the Baixo Quartel Rural Community, in the Municipality of Linhares, in Espirito Santo. The objectives of the study are:

- Initial evaluation of water stress in rural properties producing Conilon coffee in the region.
- Identify and document suited tools to help increase availability and improve water management in Conilon producer properties.
- Promote digital technologies for developing an intelligent irrigation management system in Conilon producer communities, to help increase irrigation efficiency of irrigation and enhance rational water use.
- Implement technologies and good agricultural practices in Conilon producing properties to help increase drought resilience and reduce dependence on irrigation.
- Promote greater youth inclusion in the community and build a community cooperation agreement for participatory water management.
- Disseminate the project results and guidelines for state and municipal government.

This study is important for producing families and public policy state managers, as it enables analysis, through trend estimates for 2030 and 2050 for the region, of (i)

availability of water to meet the demand for Conilon coffee production and (ii) the proper temperature range for the production.

To apply the water availability and agricultural climate risk modeling, 10 pilot properties in the community were selected. For this purpose, climate data referring to the regional model Eta-HadGEM2-ES were used. The data refer to the concentration of greenhouse gases (GHG) RCP 8.52 scenario, prepared by the IPCC.

The results allow all affected players to find solutions to shared issues while lessons learn from the project can encourage and guide the state in developing strategies to adapt to climate change and more efficient water management in producing communities.

Cost of response

Explanation of cost of response
The project is expected to last from 2019 to 2022. Expenses will cover field studies, trainings, advocacy and knowledge sharing works.

Country/Area & River basin

Pakistan	Indus

Stage of value chain
Supply chain

Type of risk & Primary risk driver

Acute 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, 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 cost (higher prices on water), production shortages (water supply disruption), and brand damages through reputational battles 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
Situation: Pakistan is one of the most water-stressed countries in the world and Nestlé faces risks of increased operating costs and supply chain disruption.

Task: Nestlé seeks to improve water stewardship in our operations and throughout the supply chain.

Action: Nestlé Pakistan has signed a partnership with WWF Pakistan and 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 farmers' phones about which areas of land to irrigate and how much water to use.

Result: Nestlé Pakistan's support for farmers in its dairy supply chain has resulted in the implementation of improved irrigation practices on more than 5,000 ha of land. The cost of these activities is incorporated into our strategic and financial planning.

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.

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
Markets

Primary water-related opportunity
Strengthened social license to operate

Company-specific description & strategy to realize opportunity
Company-specific description:
Our bottled-water business, including brands such as Perrier, S.Pellegrino, Vittel and Buxton, aims to advance the regeneration of the water cycle to help create a positive water impact everywhere it operates by 2025.

Why this opportunity is considered strategic:
This is a strategic opportunity to strengthen our license to operate in catchments and operations around the world, with the aim of maintaining and / or increasing sales of our local and international bottled water brands.

Strategy to realize opportunity:
Our plan is to implement more than 100 projects around our 48 global waters sites, supported by a CHF 120 million investment. From 2025 onwards, our aim is for these projects to help nature retain more water than our bottled- water business uses.

All projects are measurable, using the World Resources Institute's Volumetric Water Benefit Accounting methodology. This methodology provides consistency in analyzing water management activities and helps focus our activities on addressing current and future shared water challenges. Using this methodology, a newly created external panel will review the relevance and sustainability of the projects and give feedback on whether they are helping to address local challenges and opportunities. Nestlé Waters will strive toward continued reporting of water usage at each of its sites and on what its projects contribute to the area.
Example of action taken to realize opportunity:
Situation: Our Viladrau water bottling plant in Spain is located in the Montseny Natural Park. Recent changes in rainfall patterns and more unpredictable storms have impacted local biodiversity.
Task: Nestlé Spain has adopted a series of targeted actions to protect endemic species.
Actions: For example, in March 2022 Nestlé Spain funded the re-excavation of four interconnected ponds that had disappeared. We carefully removed silt deposits, transferred plants and protected the area from park visitors. During the process, we uncovered a spring that now helps to maintain flow and refill the ponds.
Results: Initial results show that despite one of the driest summers on record, the ponds remained full and aquatic life thrived. Working with biologists we identified red frogs as a key marker species for the ponds' biodiversity. We'll know more about how they are doing after the breeding season.

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)
3500000000

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

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

Explanation of financial impact
The potential financial impact is based on the assumption that advancing the regeneration of the water cycle to help create a positive water impact everywhere Nestlé Waters operates will help maintain and/or possibly increase sales of our many local and international bottled water brands, which generated revenues of CHF 3.5 billion in 2022.

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)
38.6

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
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
38.6

Total water discharges at this facility (megaliters/year)
15

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
15

Total water consumption at this facility (megaliters/year)
23.6

Comparison of total consumption with previous reporting year
Higher

Please explain
Factors that may have contributed to lower water withdrawals and discharges include a shift to less water-intensive products in our portfolio, improved water efficiency, and local factors including weather.

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)
19.2

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
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
19.2

Total water discharges at this facility (megaliters/year)
19

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

Total water consumption at this facility (megaliters/year)
0.17

Comparison of total consumption with previous reporting year
Lower

Please explain
Factors that may have contributed to lower water withdrawals and discharges include a shift to less water-intensive products in our portfolio, improved water efficiency, and local factors including weather.

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)
1218.4

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
1218.4

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)
582.4

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
582.4

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)
636

Comparison of total consumption with previous reporting year
Lower

Please explain
Factors that may have contributed to lower water withdrawals and discharges include a shift to less water-intensive products in our portfolio, improved water efficiency, and local factors including weather.

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)
413.4

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
413.4

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
51.3

Withdrawals from third party sources
0

Total water discharges at this facility (megaliters/year)
118.6

Comparison of total discharges with previous reporting year
Higher

Discharges to fresh surface water
118.6

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)
294.9

Comparison of total consumption with previous reporting year
Higher

Please explain
Factors that may have contributed to higher water withdrawals and discharges include shifts in our portfolio and local factors including weather.

Facility reference number
Facility 5

Facility name (optional)
CL PL MACUL

Country/Area & River basin

Chile	Other, please specify (According to WWF Water Risk Filter, this factory is located in the “Region Metropolitana de Santiago”, in a river basin listed as “Chile (Other)”. WRI-Aqueduct lists no river basin name 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)
574.6

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
574.6

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)
156.2

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
156.2

Total water consumption at this facility (megaliters/year)
418.5

Comparison of total consumption with previous reporting year
About the same

Please explain
Factors that may have contributed to lower water withdrawals and discharges include a shift to less water-intensive products in our portfolio, improved water efficiency, and local factors including weather.

W5.1a

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

Water withdrawals – total volumes

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
EY selected a representative sample of 13 factories and 13 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2022.

Water withdrawals – volume by source

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
EY selected a representative sample of 13 factories and 13 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2022.

Water withdrawals – quality by standard water quality parameters

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
EY selected a representative sample of 13 factories and 13 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2022.

Water discharges – total volumes

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
EY selected a representative sample of 13 factories and 13 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2022.

Water discharges – volume by destination

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
EY selected a representative sample of 13 factories and 13 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2022.

Water discharges – volume by final treatment level

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
EY selected a representative sample of 13 factories and 13 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2022.

Water discharges – quality by standard water quality parameters

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
EY selected a representative sample of 13 factories and 13 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2022.

Water consumption – total volume

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain
EY selected a representative sample of 13 factories and 13 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2022.

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	Company-wide	Description of the scope (including value chain stages) covered by the policy Description of business dependency on water Description of business impact on water Commitment to align with international frameworks, standards, and widely-recognized water initiatives Commitment to prevent, minimize, and control pollution Commitment to reduce or phase-out hazardous substances Commitment to reduce water withdrawal and/or consumption volumes in direct operations Commitment to reduce water withdrawal and/or consumption volumes in supply chain Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities Commitment to stakeholder education and capacity building on water security Commitment to water stewardship and/or collective action Commitment to the conservation of freshwater ecosystems Commitments beyond regulatory compliance Reference to company water-related targets 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. This policy is complemented by the Nestlé Commitment on Water Stewardship, which describes our dependency and impact on water by stating that “Nestlé recognizes that the long-term success of the company is built upon effective water stewardship in the watersheds where its raw materials are sourced from, where its factories are located, and where suppliers and consumers live”. The Nestlé Commitment on Water Stewardship sets a framework for commitments on water that go beyond regulatory compliance. This includes a commitment on collective action through platforms like the Alliance for Water Stewardship. The commitment also describes: - Business impact on water: “agriculture is the major user of water and Nestlé is one of the worlds’ largest buyers of agricultural raw materials from farms and forests". - Performance standards for direct operations, including commitments for working to achieve water efficiency across our operations. - Additional commitments on innovations in water efficiency and water treatment, advocacy, supplier engagement, stakeholder awareness and reporting. - Support for public policy initiatives and widely recognized water initiatives including the 2030 Water Resources Group, the Alliance for Water Stewardship, and the CEO Water Mandate. The Nestlé Responsible Sourcing Standard includes requirements that go beyond regulatory compliance for tier-1 suppliers, upstream intermediaries and farmers. In addition, in 2022, we developed our new Human Rights Salient Issue Action Plan on the human right to water and sanitation, published in Q1 2023. The action plan reinforces WASH at the heart of our water stewardship program and is aimed at focusing our attention on assessing, addressing and reporting WASH risks in our operations and supply chain. It forms part of a suite of action plans covering all our salient human rights issues. All documents are publicly available and apply to all geographies and sites. The reason the scope of our water policies is companywide is that water is critical to the future success of our business and our value chain. Together, the Nestlé Commitment on Water Stewardship, Responsible Sourcing Standard, and Nestlé action plan on the Human Rights to Water and Sanitation ensure companywide application of our water policies.

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 or committee	Responsibilities for water-related issues
Board-level committee	The Board is responsible for Nestlé’s strategy, organization and oversight of water-related matters and monitors progress toward our approach to water management across Nestlé. The Board’s Sustainability Committee reviews Nestlé’s environmental, social and governance (ESG) agenda and progress against our internal targets. It has oversight over the content of the Company’s non-financial reporting. Specifically, the Charter of the Sustainability Committee states that it will review the Company’s plans and actions with regard to water management in agriculture, communities, factories and watersheds. In 2022, the Sustainability Committee reviewed Nestlé’s comprehensive water management framework and discussed the relationship between water and regenerative agriculture. The Audit Committee is informed of the content of our non-financial reporting and reviews the limited assurance process of selected assured metrics. It has oversight over the accuracy of the Company’s financial and non-financial reporting according to the applicable rules. This split reflects the importance of sustainability in Nestlé’s corporate governance structure and allows Board members to dedicate time and focus to these topics. The Sustainability Committee and the Audit Committee each meet at least four times per year.

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, mergers, and divestitures Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation/R&D priorities Setting performance objectives	The oversight of water-related risks and opportunities is embedded at the highest level of Nestlé's corporate structure. We are continually evolving our corporate governance structure in recognition of the urgency of our approach to water management and in response to our increased understanding of the impact of water stress on our business. Nestlé's Board, which includes 13 independent members, maintains oversight of water-related issues and monitors progress toward our water management goals and targets. The Board is assisted by its Committees as per their Charters. Specifically, the Charter of the Sustainability Committee states that it will review the Company's plans and actions with regard to water management in agriculture, communities, factories and watersheds. In 2022, the Sustainability Committee reviewed Nestlé's comprehensive water management framework and discussed the relationship between water and regenerative agriculture.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	Several members of the dedicated Sustainability Committee have recent, relevant expertise as specified in the biographical information included in the Annual Corporate Governance Report. For example, they include engagements in the Alliance for a Green Revolution In Africa (AGRA), the Pan-African Food Agriculture and Natural Resources Policy Analysis Network (FANPRAN) operating in 19 African countries, the EAT Lancet Commission on healthy diets from sustainable food systems, the Australian Centre for International Agriculture Research (ACIAR) Policy Advisory Council, as well as the Global Alliance for Climate Smart Agriculture (GACSA) and the Independent Science Panel of the Climate Change Agriculture and Food Security Program (CCAFS).	<Not Applicable>	<Not Applicable>

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 (The Group EVP Head of Strategic Business Units and Marketing and Sales chairs the ESG and Sustainability Council, which also includes a majority of the members of the Executive Board.)

Water-related responsibilities of this position

Assessing water-related risks and opportunities
Managing water-related risks and opportunities
Setting water-related corporate targets
Monitoring progress against water-related corporate targets

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

Nestlé's Executive Board is responsible for overall execution of the sustainability strategy, which covers water-related issues and includes the progress toward our water management goals and targets. The Executive Board is supported by the ESG and Sustainability Council, which provides governance, strategic leadership and execution guidance, makes recommendations to the Executive Board and takes decisions on behalf of the Executive Board within its delegated authority on water-related issues. It coordinates the ESG-relevant activities and has oversight of internal ESG sustainability data gathering and external disclosures. The ESG and Sustainability Council is chaired by the Group's Executive Vice President (EVP) Head of Strategic Business Units and Marketing and Sales. The ESG and Sustainability Council coordinates between the Zones, Globally Managed Businesses and functions represented at the Executive Board level. It meets and reports progress to the full Executive Board monthly.

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	Yes	Executive Board remuneration is linked to ESG indicators. ESG objectives (15% of the target) are annually set by the Compensation Committee and reflect selected performance measures from the Nestlé ESG/Sustainability agenda. For 2022, they included reduction of water use in factories.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization's water commitments	Please explain
Monetary reward	Board/Executive board	Reduction of water withdrawals – direct operations	In case an executive reaches all objectives in full, the bonus payout will correspond to the targeted level. If one or more objectives are not reached, the bonus is reduced. The bonus payout is capped at a maximum of 130% of the target. ESG related KPIs contribute to the achievement of Nestlé's water commitments by setting the proper incentives for management.	Executive Board remuneration is linked to ESG indicators. ESG objectives (15% of the target) are annually set by the Compensation Committee and reflect selected performance measures from the Nestlé ESG/Sustainability agenda. For 2022, they relate to deforestation, plastic packaging designed for recycling, reduction of water use in factories, affordable nutrition with micronutrients and the global youth initiative.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	<Not Applicable>	Our focus is currently on executive remuneration and there are no formal non-monetary incentives in place.

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?

Multiple considerations shape our advocacy priorities, including:

· Our long-term business strategy

· Internal alignment on themes to focus on at global level, and their regional and local 'cascading' to fit business context and ensure relevance

· Internal policies and guidelines

· External consultations with key stakeholders.

Process used to ensure consistency

We always advocate for the highest common denominator with the organizations we work with. We work toward achieving consensus. We regularly review our involvement in industry and trade organizations to assess the relevance of our participation versus our strategy and the achievements delivered. The decision to resign from an industry organization is informed by several considerations:

· Nestlé is regularly in opposition with the positions / agendas of the organization (includes inappropriate lobbying practices)

· The organization has not delivered the outcome expected for many years

· Weak governance putting at risk Nestlé's reputation

· The evolution of the membership of the organization is not aligned with Nestlé's agenda, values and principles.

Action taken if inconsistency is discovered

When we do not agree with an agenda or position of an industry association, or industry alliance or any of its members, we communicate transparently our position, and reserve our right to act as an individual company and engage independently with public authorities or other stakeholders.

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)

2022-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	Water impacts are included in our long-term business objectives with a time horizon of 5-10 years through our internal governance processes. The setting of targets and public commitments on water issues is overseen by our Board-level Sustainability Committee. The Executive Board level ESG and Sustainability Council is responsible for approving and reviewing the performance of water-related initiatives - from factory water efficiency projects to WASH and water use in agriculture. For example, in 2022 the ESG and Sustainability Council approved our new Human Rights Salient Issue Action Plan on the human right to water and sanitation. The action plan reinforces WASH at the heart of our water stewardship program and is aimed at focusing our attention on preventing and mitigating WASH risks in our operations and supply chain. It forms part of a suite of action plans covering all our salient human rights issues. Our business strategy incorporates water risks and opportunities driven by regulation, physical and reputational aspects. It covers aspects of water quantity and quality both in our direct operations and wider 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	The impacts of water stress are already being felt locally by communities, including by farmers and consumers. As such, our strategy for achieving long-term objectives (long-term time horizon of 5-10 years) in our operations and supply chains must be local, or context-based, too. Nestlé uses various sets of publicly available data from four independent sources to evaluate the water stress at our factory and sourcing locations. Each Nestlé site or sourcing region receives a score, allowing us to identify a list of Where It Matters locations to prioritize actions. Our context-based approach involves a three-step roadmap from local to wider catchment level: compliance as a minimum, then best practice in water resources management, and collective action. Our approach to water management is overseen by the ESG and Sustainability Council, supported by the ESG Strategy and Deployment Unit. For example, to realize a positive linkage with long-term carbon emission reductions, we are integrating the management of water resources through the transition to regenerative agriculture in our supply chains by 2030 and in delivering on our broader Forest Positive strategy and Net Zero Roadmap.
Financial planning	Yes, water-related issues are integrated	5-10	Investment in improving water efficiency at our factories is built into our financial planning with a long-term time horizon of 5-10 years. In addition, we are investing CHF 1.2 billion by 2025 to spark regenerative agriculture across our supply chain, which includes measures to support the restoration of water cycles. For example, our bottled-water business, including brands such as Perrier, S.Pellegrino, Vittel and Buxton, aims to advance the regeneration of the water cycle to help create a positive water impact everywhere it operates by 2025 and maintain a positive water impact from that point forward. This is a strategic opportunity to strengthen our license to operate in catchments and operations around the world, with the aim of maintaining and / or increasing sales of our local and international bottled water brands. The Nestlé Waters pledge is included in our financial planning in the form of a CHF 120 million investment to support our aim that these projects will help nature retain more water than our bottled- water business uses, from 2025 onward.

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 of a similar amount year-on-year to water saving and effluent treatment in our factories. This investment is reflected in the continuous improvement of our water use efficiency and compliance with local and internal water quality standards. Nestlé estimates that this figure is the same order of magnitude as previous years. For water saving CAPEX, Nestlé increasingly focuses on a selected number of sites (context-based approach), in order to invest in water savings where it delivers a real benefit on water-stressed resources. For example, we have implemented ZerEau technology in 20 factories for the dairy and infant formula product categories. ZerEau technology extracts water from fresh milk, which is then used in industrial processes. We continue to roll out the technology in more factories. In addition, some coffee and Petcare factories have implemented water recycling technologies.

W7.3

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

	Use of scenario analysis	Comment
Row 1	Yes	Scenario analysis allows us to better understand the impacts of climate change and how they could affect our company. It is a critical tool for strategic and financial planning and risk management. We assess our resilience under different external conditions using a 10-year horizon for transition risk, and a time horizon up to 2040 for physical risk. Scenarios are not forecasts; they help to evaluate a range of hypothetical outcomes, considering a variety of plausible future states under a given limited set of assumptions. Modeling the impacts of climate change is evolving and subject to ongoing scientific debate, which impacts the modeling of longer-term horizons. The further we look out, the more challenging it is to model external conditions. The results summarized in the following section should be reviewed in light of these limitations.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Climate-related	Scenario analysis allows us to better understand the impact of climate change and how it could affect our company, including through increased water risks such as drought or flooding in our operations and supply chains. It is a critical tool for strategic and financial planning and risk management. Our modeling simulations evaluate the potential directional impacts on Nestlé for both transition and physical risk factors. We partner with Risilience using methodology and scenarios from their academic partner, the Centre for Risk Studies at the University of Cambridge Judge Business School. We have assessed two types of risk: transition risk and physical risk. We assess our resilience under different external conditions over a 10-year time horizon for transition risk, and to 2040 for physical risk. The insights from this work further strengthen the importance and relevance of our climate-related actions outlined in our Net Zero Roadmap, including our regenerative agriculture program, which aims to protect water resources in our supply chain through improved irrigation and reduced chemical inputs, for example. Transition risk is related to the nature, pace and timing of decarbonization of the global economy. The pathway to reduce emissions may be gradual and managed or may be rushed and abrupt. Therefore, to analyze transition risk, we used three different scenarios, based on low-, intermediate- and high-emission pathways: • Low-emission pathway: Immediate and coordinated action to curb emissions limit warming to 1.5°C by 2100. • Intermediate pathway: Reliance on existing/planned policies leads to warming of +2°C to +3°C by 2100. • High-emission pathway: Few or no steps taken to limit emissions lead to warming of +4°C to +5°C by 2100. Physical risks associated with a changing climate can be felt today. The Earth's temperature has risen since the beginning of the industrial age (by around +1.1°C) and further warming is unavoidable. Over the next few decades scientists estimate that the global temperature will most likely increase by a minimum of 1.5°C by 2040. This is caused by the GHG emissions already in the air. To analyze the physical risk, we used this most likely scenario.	Our assessment of climate risk shows that: - In the short to medium term, Nestlé must navigate transition risks. These can vary significantly depending on the nature and speed at which countries act to align to a Paris Agreement trajectory. For example, policies to constrain emission-intensive activities may lead to increased raw material costs and land use restrictions in our supply chains. - In the longer term, physical risks such as drought/water stress-related risks are forecast to increase in frequency and severity. These hazards may impact the availability and quality of key raw materials such as coffee and cocoa through lower yields, yield variability and, in the longer term, a reduction in suitable areas for cultivation. These hazards may also disrupt our facilities and/or damage our assets through flooding, for example. The analysis provides further insight into the potential severity and frequency of extreme weather events and helps to strengthen our mitigation plans. The impact of extreme weather events on Nestlé's facilities today is low. The physical risks highlighted could lead to a small increase in potential losses above what is experienced today, but our analysis does not identify any material financial impacts until 2040.	We monitor water efficiency and the quality of the water we discharge at our factories, and promote and implement better water management practices in water-stressed areas in our agricultural supply chains to help protect watersheds and regenerate the water cycle. Mitigation strategies already in place for identified transition risks include: • Supporting farmers to improve water stewardship and increase productivity without increasing water use through our regenerative agriculture program. We aim to source 20% of our key ingredients by 2025 and 50% by 2030. • Substituting product ingredients for less water-intense alternatives. • Reviewing products and business models based on their environmental footprint. Nestlé's mitigation of and adaptation to physical risks from climate change is aided by the sustainable sourcing actions our company has invested in for more than 20 years. Building on this our commitment to advance regenerative agriculture aims to make farmers more resilient. Relevant initiatives include distributing new coffee plantlets that perform better in locations affected by extreme weather events. In our operations, we manage risks related to extreme weather through site-specific loss prevention and business continuity strategies. For example, our Mossel Bay dairy factory in South Africa is located in one of the Western Cape's most water-stressed regions. The site uses water recovery, treatment and recycling technology to reuse and recycle water.

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 exploring water valuation practices. Nestlé has developed a methodological framework to guide our investments and ensure sound arbitration of our projects. At project level, the associated cost of water reduction in factories is assessed, among other factors. This enables us to channel capital toward the most efficient water reduction projects, similar to the way we allocate CAPEX or marketing resources.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	Yes	Direct water withdrawals in our factories per tonne of product show that PetCare is one of our most water-efficient categories, helping to reduce water consumption at PetCare factories and the water impact of our PetCare products.	<Not Applicable>	Factory water withdrawals per tonne of PetCare product were 1.25 cubic meters per tonne of product in 2022, compared with an average of 3.9 cubic meters and a maximum of 8.68 cubic meters across our product categories.

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	No, and we do not plan to within the next two years	While we monitor and report on water discharges, we do not have a published target in this area.
Water withdrawals	Yes	<Not Applicable>
Water, Sanitation, and Hygiene (WASH) services	Yes	<Not Applicable>
Other	Yes	<Not Applicable>

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Other, please specify (Annualized water savings at Nestlé factories from improvement projects that deliver benefits measured in cubic meters of water saved.)

Year target was set

2021

Base year

2021

Base year figure

0

Target year

2023

Target year figure

6000000

Reporting year figure

4680000

% of target achieved relative to base year

78

Target status in reporting year

Underway

Please explain

We aim to reduce water use in our factories by 6 million m3 between 2021 and 2023. In 2022, we delivered absolute savings of 2.38 million m3 of water in addition to 2.3 million m3 in 2021, keeping us on track to reduce water use in our factories by 6 million m3 between 2021 and 2023 as planned.

Target reference number

Target 2

Category of target

Watershed remediation and habitat restoration, ecosystem preservation

Target coverage

Business division

Quantitative metric

Other, please specify (Cubic meters of volumetric water benefits achieved)

Year target was set

2021

Base year

2021

Base year figure

0

Target year
2025

Target year figure
30000000

Reporting year figure
2300000

% of target achieved relative to base year
7.66666666666667

Target status in reporting year
Underway

Please explain
Nestlé Waters aims to advance the regeneration of the water cycle to help create a positive water impact everywhere our water business operates by 2025. Our plan is to implement more than 100 projects around our 48 global water sites. From 2025 onwards, we aim for these projects to help nature retain more water than our bottled-water business uses. All projects are measurable using the World Resources Institute's Volumetric Water Benefit Accounting methodology. This provides consistency in analyzing water management activities and helps focus our activities on addressing current and future shared water challenges. Using this methodology, an external panel reviews the relevance and sustainability of the projects and gives feedback on whether they are helping to address local challenges and opportunities. Nestlé Waters has shared research to develop water-positive methodologies in an open-source format, contributing to new modules of the World Resources Institute's Volumetric Water Benefit Accounting methodology. This work helps organizations and businesses calculate the volumetric water benefits of any water stewardship project.

In 2022, projects included a drip irrigation program in Sheikhupura, Pakistan; pond renaturation to support local wildlife in Viladrau, Spain; and restoring water quality in Khanom Chin canal, Thailand. These and other projects have delivered a volumetric water benefit of 2.3 million cubic meters so far. The target year figure may change from the one stated above, as the target is to achieve volumetric water benefits that are at least equal to total water withdrawals, which could increase or decrease depending on our operations. Nestlé Waters will strive toward continued reporting of water usage at each of its sites and on what its projects contribute to the area.

Target reference number
Target 3

Category of target
Other, please specify (Alliance for Water Stewardship (AWS) Standard certification)

Target coverage
Business division

Quantitative metric
Other, please specify (We aim to certify all Nestlé Waters sites to the Alliance for Water Stewardship (AWS) Standard by 2025)

Year target was set
2017

Base year
2017

Base year figure
1

Target year
2025

Target year figure
47

Reporting year figure
21

% of target achieved relative to base year
43.4782608695652

Target status in reporting year
Underway

Please explain
Nestlé Waters follows the Alliance for Water Stewardship (AWS) International Water Stewardship Standard on all its sites. The AWS is a global membership collaboration that promotes the adoption of a universal framework for the sustainable use of water – the AWS Standard. We contribute to the work of the Technical Committee and Agriculture Working Group. Nestlé representatives have also contributed to the work of the AWS Board and its International Standard Development Committee, which first developed the AWS standard. During 2022, 21 Nestlé Waters sites were AWS certified (against 19 in 2021).

The target year figure (the number of sites certified by 2025) may vary based on our factory footprint, but the target is to achieve 100% certification for the number of factories we have at that time.

Target reference number
Target 4

Category of target
Community engagement

Target coverage
Company-wide (including suppliers)

Quantitative metric
Other, please specify (In February 2023, we published our action plan on the Human Right to Water and Sanitation, which includes a commitment to report progress against the indicators within it by the end of 2025.)

Year target was set

2023

Base year
2023

Base year figure

Target year
2025

Target year figure

Reporting year figure

% of target achieved relative to base year
<Calculated field>

Target status in reporting year
New

Please explain
In February 2023, we published our action plan on the Human Right to Water and Sanitation, which includes a commitment to report progress against the indicators within it by the end of 2025.
These indicators include:
1. Audit performance
a. Number of material non-conformities related to the right to water and sanitation identified through third-party audits of our own operations and addressed.
b. Number of material non-conformities related to the right to water and sanitation identified through third-party audits of our direct suppliers and addressed.
2. Grievance mechanism performance
a. Number of material grievances received through Speak Up related to the right to water and sanitation, of which number of material grievances substantiated and addressed.
b. Number of material grievances received through other channels related to the right to water and sanitation, of which number of material grievances under investigation and number addressed.
3. Sustainable sourcing
a. Number of direct suppliers with mature Human Rights and Environmental Due Diligence (HREDD) systems.
b. Percentage of volumes of key ingredients produced sustainably.
4. Impact on people
a. Number of cases farmers and workers in our supply chains, communities living around our operations and supply chains, employees and on-site contractors benefited from our interventions on the right to water and sanitation.

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
W8 Targets	W8.1a Progress against target 1: In 2022, we delivered absolute savings of 2.38 million m3 of water, and target 2: in 2022, 22.0% of our key ingredients were produced sustainably.	ISAE 3000	In 2022, we engaged EY to provide independent limited assurance on the following selected key performance indicators (KPIs) of high strategic importance, including water use reduction in factories and percentage of key ingredients produced sustainably.
W8 Targets	W8.1a Progress against target 3: These projects have delivered a volumetric water benefit of 2.3 million cubic meters so far, and target 4: during 2022, 21 Nestlé Waters sites were AWS certified.	AA1000AS	Bureau Veritas has provided independent assurance of the accuracy, reliability and objectivity of the information included in our 2022 Creating Shared Value and Sustainability Report, and that it covers our material issues. The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (AA1000AS v3) Type 2 at moderate level of assurance.

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Please select	<Not Applicable>	

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Value chain stage	Please explain
Row 1	Please select	<Not Applicable>	

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Value chain stage	Type of risk	Please explain
Row 1	Please select	<Not Applicable>	<Not Applicable>	

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Plastic packaging	Eliminate problematic and unnecessary plastic packaging Reduce the total weight of virgin content in plastic packaging Other, please specify (We aim to design above 95% of our plastic packaging for recycling and continue to work toward 100% being recyclable or reusable.)	By 2025, we aim to design above 95% of our plastic packaging for recycling and continue to work toward 100% being recyclable or reusable. In addition, we aim to reduce virgin plastics by one third, versus our 2018 baseline. We have identified several plastic types that are unlikely to be included in municipal recycling systems around the world and are phasing out this “negative list” of materials from our packaging portfolio.

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	
Production of durable plastic components	No	
Production / commercialization of durable plastic goods (including mixed materials)	No	
Production / commercialization of plastic packaging	No	
Production of goods packaged in plastics	No	
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	Yes	

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

	Total weight of plastic packaging sold / used during the reporting year (Metric tonnes)	Raw material content percentages available to report	% virgin fossil-based content	% virgin renewable content	% post-industrial recycled content	% post-consumer recycled content	Please explain
Plastic packaging sold	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Plastic packaging used	927000	% virgin fossil-based content % virgin renewable content % post-consumer recycled content	92.3	0	<Not Applicable>	7.7	

W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentages available to report for circularity potential	% of plastic packaging that is reusable	% of plastic packaging that is technically recyclable	% of plastic packaging that is recyclable in practice at scale	Please explain
Plastic packaging sold	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Plastic packaging used	% technically recyclable	<Not Applicable>	81.9	<Not Applicable>	At year-end 2022, 81.9% of our plastic packaging was designed for recycling as per Ellen MacArthur Foundation definitions. At year-end 2022, 51% of our plastic packaging was recyclable and reusable as per Ellen MacArthur Foundation definitions.

W11. 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.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

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

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	94424000000

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	No, this is confidential data	

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Yes, CDP may share our Main User contact details with the Pacific Institute

Please confirm below

I have read and accept the applicable Terms