Module: Introduction

Page: Introduction

0.1

Introduction
Please give a general description and introduction to your organization.
Nestlé is the world's leading Nutrition, Health and Wellness company. Nestlé is committed to increasing the nutritional value of our products while improving the taste. Nestlé achieves this through its brands and with initiatives like the Nutritional Compass and 60/40+. Nestlé is committed to the following Business Principles in all countries, taking into account local legislation, cultural and religious practices: - Nestlé's business objective is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for shareholders, employees, consumers, and business partners. - Nestlé does not favor short-term profit at the expense of successful long-term business development. - Nestlé recognizes that its consumers have a sincere and legitimate interest in the behavior, beliefs and actions of the Company behind brands in which they place their trust, and that without its consumers the Company would not exist. - Nestlé believes that, as a general rule, legislation is the most effective safeguard of responsible conduct, although in certain areas, additional guidance to staff in the form of voluntary business principles is beneficial in order to ensure that the highest standards are met throughout the organization. - Nestlé is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and the responsible attitude of its management and employees. Therefore recruitment of the right people and ongoing training and development are crucial. - Nestlé continues to maintain its commitment to follow and respect all applicable local laws in each of its markets. Nestlé sales for 2009 were CHF 108 bn. Nestlé employes around 280 000 people and have 449 factories or operations in almost every country in the world. Nestlé's strategy is guided by several fundamental principles. Nestlé's existing products grow through innovation and renovation while maintaining a balance in geographic activities and product lines. Long-term potential is never sacrificed for short-term performance. The Company's priority is to bring the best and most relevant products to people, wherever they are, whatever their needs, throughout their lives. As a basis for responsible operations and business success over the long term, Nestlé believes it must manage its operations in a manner to comply with the highest standards of business practice and environmental sustainability. This involves compliance with national laws and relevant conventions, as well as its own regulations, which often go beyond its legal obligations. These are laid out in its Nestlé Corporate Business Principles and The Nestlé Policy on Environmental Sustainability, and their application is verified through our CARE programme and our internal Corporate Group Auditors. Beyond that, how Nestlé does business is based on sustainability - ensuring that its activities preserve the environment for future generations. In line with the Brundtland Commission's definition, sustainable development to Nestlé means "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". However, Nestlé believes that to build a profitable business for its shareholders, Nestlé must goes beyond compliance and sustainability to a third level: creating long-term value for both society and for our shareholders. This is what we mean by Creating Shared Value: - using its core business strategies and operations to create value for shareholders; serving consumers and the public by offering them nutritious products that are both enjoyable and contribute to their health and well-being; seeking to improve the economic and social conditions for people and communities across its entire value chain – for farmers who supply raw ingredients, for communities where its factories are located, for suppliers who work with it and for its trade partners. Nestlé is committed to being a leader in reducing greenhouse gas emissions from its own operations by improving energy efficiency, switching to cleaner fuels (from coal to gas, for example) and investing in renewable sources such as spent coffee grounds, and wood from sustainably managed forests.

0.2

Reporting Year
Please state the start and end date of the year for which you are reporting data.

Enter Periods that will be disclosed
Thu 01 Jan 2009 - Thu 31 Dec 2009

0.3

Are you participating in the Walmart Sustainability Assessment?

Yes

0.4

Modules
As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire.
If you are in these sectors, the corresponding sector modules will be marked as default options to your information request.
If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see www.cdproject.net/cdp-questionnaire.

0.5

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response.

Select country
United States of America
France
Germany
Brazil
United Kingdom
Italy
Mexico
Spain
Canada
Australia
Russia
China
Japan
Philippines
Switzerland

Select country
Rest of world
Belgium
Sweden

0.6

Please select if you wish to complete a shorter information request.

Further Information

Please find enclosed: - The Nestlé Policy on Environmental Sustainability - The Nestlé Corporate Business Principles

Attachments

https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Introduction/The Nestlé Corporate Business Principles.pdf
https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Introduction/The Nestlé Policy on Environmental Sustainability.pdf

Module: Governance

Page: Governance

1.1

Where is the highest level of responsibility for climate change within your company?
Board committee or other executive body

1.1a

Please specify who is responsible.

Board/Executive Board

1.1b

Select the lower level department responsible.

1.2

What is the mechanism by which the board committee or other executive body reviews the company's progress and status regarding climate change?
- Executive Board Meetings: Meets every month under the chairmanship of Mr. P. Bulcke, Nestlé CEO to discuss evolution, results and perspectives on main Nestlé indicators including energy efficiency. Therefore, Safety, Health and Environmental Sustainability (SH&E) department consolidates, analyzes and forwards on a monthly basis to the Executive Board the key environmental performance indicators, including energy efficiency. These indicators have been entered by every factory in an internal tool used to track and manage all environmental indicators. The factory data is entered in the system every month by the environmental officer in the factory. - Creating Shared Value (CSV) Alignment Board: Meets 4 times per year under the chairmanship of Mr. P. Bulcke, Nestlé CEO, to review and decide on strategic directions related to CSV and environmental sustainability, including Climate Change. On a quarterly basis, the main topics to be reviewed are prepared and presented during the meeting by the responsible Executive Board Member. Relevant Climate Change information is shared and action plans are established per business and/or functional area, eg. operations, marketing, communication. - Operations Sustainability Council: Meets monthly under the chairmanship of Mr. J. Lopez, Nestlé Executive Vice President, Nestlé S.A. who is responsible for Operations and member of the Executive Board and is in charge of Climate Change related issues, to review action plans, results, external developments and decide on next steps. Every month, the main topics to be reviewed are prepared by different departments and presented during the meeting by the responsible manager. Relevant Climate Change information is shared and action plans are established per business and/or functional area, eg. transportation, production, procurement, communication. The Operations Sustainability Council has met monthly since 2007 and reports into the CSV Alignment Board. - Brands and CSV Advisory Group: Meets every three months under the chairmanship of Mr. T. Buday, Head of Marketing, to review and decide on best practices in communicating its sustainability initiatives, including related to Climate Change, to consumers. Every three months, the main topics to be reviewed are prepared and presented during the meeting by the responsible manager. Relevant Climate Change information is shared and action plans are established per business, eg. beverages, dairy, confectionery, ice cream. Brands and CSV Advisory Group reports into the CSV Alignment Board.

1.3a

Please explain how overall responsibility for climate change is managed within your company.

1.3b

Please explain how overall responsibility for climate change is managed within your company.

1.4

Do you provide incentives for the management of climate change issues, including the attainment of greenhouse gas (GHG) targets?
Yes

1.5

Please complete the table.

Who is entitled to benefit from those incentives?	The type of incentives
Board/Executive board	Monetary reward
Chief Operating Officer (COO)	Monetary reward
Management group	Monetary reward
Energy managers	Monetary reward
Environment/sustainability managers	Monetary reward
Facility managers	Monetary reward
Business unit managers	Monetary reward
Process operation managers	Monetary reward

Further Information

The compensation above is linked to attainment of energy savings, thus of GHG reduction targets. In 2010, Nestlé has established specific GHGs targets besides its energy savings targets. To measure progress towards its eco-efficiency objective, Nestlé performs periodical factory environmental surveys, a systematic, comprehensive and uniform approach for assessing the environmental performance of its factories. To consolidate data, to benchmark best practices and to allow internal and external reporting, a system was established that defines standardised environmental performance indicators (EPIs) across Nestlé. Since 1997, all manufacturing sites have been required to report their performance results annually and consolidation of EPIs began on a Group wide basis. From 2005, some KPIs are reported monthly, like energy consumption. Please see Corporate Governance Report 2009, page 16: Jose López biography and responsibilities within Nestlé.

Attachments

https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Governance/Corporate Governance Report 2009.pdf

Module: Risks and Opportunities

Page: Risks & Opportunities Identification Process

2.1

Describe your company's process for identifying significant risks and/or opportunities from climate change and assessing the degree to which they could affect your business, including the financial implications.

- Risk Management Process: Nestlé has in place a Risk Management Process. This process enables Nestlé Management to raise risk awareness, to anticipate risks early and to make sound business decisions throughout the Group by understanding relative business impact of different types of risks, root causes and correlations among interdependent risks. The process enables at identifying & quantifying tangible (financial, operational, physical, human assets, etc.) and intangible (reputation, brand image, intellectual property, etc.) risks in a transparent manner. The Risk Management Process scope is all Nestlé's sites worldwide. Climate Change is an integrated part of overall company risk assessment for business. Risk management is the responsibility of line management; this applies equally to a Business, a Country or a function. The Risk Management Process establishes a strategic and operational framework to pro-actively ensure an organisation's resilience to disruption, interruption or loss in supplying its products. Based on this process, every Nestlé site establishes a plan mentioning risks and opportunities in all areas/activities and specific action plans. This plan is reviewed every year. An Impact Analysis is done in order to: * Assess the impact that would occur over time if the activity was disrupted. * Establish the Maximum Tolerable Outage of each activity by identifying: - The maximum time period after the start of a disruption within which the activity needs to be resumed. - The minimum level at which the activity needs to be performed on its resumption. - The length of time within which normal levels of operation need to be resumed. - Identify any inter-dependent activities, assets, supporting infrastructure or resources that have also to be maintained continuously or recovered over time. - Consider the impact upon: staff or public wellbeing; damage or loss of premises, plant or data; breaches of statutory or regulatory duties; damage to reputation or financial viability; deterioration of product or service quality and environmental damage. At site level the process is undertaken by the site management team, under the leadership of the site manager. Site manager reports it to the country manager. The intended audience includes site employees, other employees at country level and at corporate level, and relevant external stakeholders, eg. authorities, auditors, local communities. - Nestlé Climate Change Diagnostic: In 2009 Nestlé started an updated comprehensive Climate Change Diagnostic with the support of SustainAbility consultants and involving representative Business Units. The objectives: * To provide an initial stress-test of the Nestlé value chain against different climate change outcomes eg. identifying business risks and opportunities and * To help prioritize material areas where Nestlé might consider developing specific strategic responses. - Issues Round Table: The Issues Round Table meets on a monthly basis under the chairmanship of R&D and Operations Executive Board Members. It reviews in particular emerging regulations, eg. on refrigeration, and issues, eg. deforestation, related to Climate Change. Action plans are established. - Standard for Crisis Preparedness and Management: Nestlé has established a Standard for Crisis Preparedness and Management where is mentioned that Nestlé's first priority is to detect emerging issues as well as real, presumed or perceived incidents related to its business, employees and production sites, and to prevent them from turning into crisis. However, if Nestlé does face a crisis, it is important to manage it in a professional and efficient manner. Thus, Nestlé operates on the basis of two important principles: * Crisis Prevention: - to address threatening issues and incidents as early as possible. * Crisis Management: - to safeguard its consumers, employees, reputation and brands, - to prevent negative impact on its share price and customer/consumer relations, - to prevent restrictive regulation. Nestlé needs to prepare itself for Crisis Prevention and Crisis Management, and to implement efficient tools and procedures. - Financial Implications: Financial implications are analised during the Risk Management process.

Further Information

Attachments

Page: Regulatory Risks

3.1

Do current and/or anticipated regulatory requirements related to climate change present significant risks to your company?

Yes

Do you want to answer using:

The table below

3.2A

What are the current and/or anticipated significant regulatory risks related to climate change and their associated countries/regions and timescales?

Risk	Region/Country	Timescale in Years	Comment
Cap and trade schemes	Other: European Union	0 -- 5	There are still some uncertainties how Phase III will impact Nestlé's business. Nevertheless, Nestlé will be required to purchase certificates for its emissions.
Product labeling regulations and standards	France	0 -- 5	A legal requirement to display environmental product information including CO2 footprint, has been voted starting with a pilot mid 2011. Depending on the methodology finally applied, it may generate significant additional costs. This legislation has already been anticipated by two retailers, Leclerc for food products and Casino for its private label products.
Product labeling regulations and standards	Belgium	0 -- 5	Region of Brussels is assessing the feasibility of a carbon footprint label for food aligned with the French approach.
Product labeling	Sweden	0 -- 5	Climate labelling scheme for food with

Risk	Region/Country	Timescale in Years	Comment
regulations and standards			Government support.
Product labeling regulations and standards	Germany	0 -- 5	PCF Platform on CO2 labelling involving WWF Deutschland, Öko-Institut, Potsdam-Institut für Klimafolgenforschung und Thema1.
Uncertainty surrounding new regulation	Japan	0 -- 5	A tentative carbon level has been designed by the Ministry of Economy, Trade and Industry and was presented during a product exhibition.
Cap and trade schemes	United States of America	0 -- 5	Legislative Action: The House of Representatives passed climate change legislation in 2009 built on a cap-and-trade platform. Regulatory Action: The US Environmental Protection Agency (EPA) is issuing a series of rules as it prepares to impose a new regime of restrictions that would limit greenhouse gas emissions.
Cap and trade schemes	Switzerland	Current	Switzerland’s climate policy is progressing in the right direction, as this Swiss Climate Report to the United Nations shows. Overall greenhouse gas emissions have

Risk	Region/Country	Timescale in Years	Comment
			fallen slightly since 1990 and the per-capita reduction is even stronger. Based on the current scenarios, Switzerland can narrowly comply with the commitments it entered into under the Kyoto Protocol; to reduce its average emissions for the period from 2008 to 2012 by 8% from the 1990 level.
Product labeling regulations and standards	Other: European Union	0 -- 5	Ongoing study on options to incorporate carbon footprint data into EU Ecolabel.
Carbon taxes	Other: Worldwide	0 -- 5	Carbon taxation could heighten tariffs on imported goods.
Cap and trade schemes	Other: Worldwide	0 -- 5	A global cap-and-trade system (or a combination of regutatory regimes) would put a higher price on carbon, penalizing companies that have failed to reduce their operational footprint.
Fuel/energy taxes and regulations	Other: Worldwide	0 -- 5	Transport choice and fuel use (and type) will have cost implications as prices of fuel continues to increase. Rise in prices of energy will result in higher manufacturing and production costs.
Emission	Other:	0 -- 5	Retail chains may

Risk	Region/Country	Timescale in Years	Comment
reporting obligations	Worldwide		require more integrated environmental reporting on products.
Product labeling regulations and standards	Other: Worldwide	0 -- 5	Competitor actions to bring carbon neutral products to market may be chosen over Nestlé products.
General environmental regulations, including planning	Other: Worldwide	0 -- 5	According to Montreal Protocol, mainly HCFC has to be phase out by 2020 in developed countries and by 2040 in developing countries.
Product efficiency regulations and standards	Other: Worldwide	0 -- 5	Carbon constraints on agricultural production could generate additional costs or deter production of carbon-intensive commodities.
International agreements	Other: Worldwide	0 -- 5	Policy responses to climate change (eg. carbon taxes, cap-and-trade) may increase international logistics costs.

3.2B

What are the current and/or anticipated significant regulatory risks related to climate change and their associated countries/regions and timescales?

3.3

Describe the ways in which the identified risks affect or could affect your business and your value chain.

Cap and Trade schemes: Nestlé will be required to purchase certificates for its emissions from concerned factories during EU-ETS Phase III. The cost of allowances is expected to rise as demand increases and the amount of allowances available on the market decreases due to carbon leakage measures benefiting large emitters. It might impact the production costs in factories participating in the scheme and affect their competitiveness among other Nestlé's factories. It might also impact consumer decision if cost of products manufactured in those factories are higher than competition. A global cap-and-trade system (or a combination of regulatory regimes) would put a higher price on carbon, penalizing companies that have failed to reduce their operational footprint. In United States there is climate change activity on two fronts, legislative and regulatory. Legislative Action: The House of Representatives passed climate change legislation in 2009 built on a cap-and-trade platform. The Kerry-Lieberman bill, just introduced in the Senate, would phase in emissions caps on manufacturing gradually, impose a "carbon tariff" on goods imported from countries without comparable emissions restrictions, pre-empt state cap-and-trade regimes and create a program to let domestic polluters offset some of their emissions by funding projects that remove carbon or prevent its release into the atmosphere. It is unclear whether the US Congress will complete work on climate change legislation this year. Regulatory Action: The US Environmental Protection Agency (EPA) is issuing a series of rules as it prepares to impose a new regime of restrictions that would limit greenhouse gas emissions. In early May, EPA released its "tailoring" rule which would make sources emitting more than 100,00 tons/year of green house gases subject to regulation under the Clean Air Act -- a command and control regime -- while maintaining the 250 tons/year threshold for other emissions. At first only major industrial polluters would be captured, but the rule would tighten the standard over time to those emitting 50,000 tons/year. There is also a requirement for factories emitting >25,000 tons/year to report their GHG emissions. That currently affects 3 Nestlé factories. Action by EPA is being used as a spur to get Congress to act on climate change. Product labeling regulations and standards: Competitor and retailer actions to bring carbon neutral products to market may favour these products over Nestlé products in the eye of the consumers. Perceived climate change performance could have a significant impact on brand value and consumer confidence. Carbon taxes: Carbon taxation could heighten tariffs on imported goods and increase their costs. It would increase the selling price of Nestlé products, despite efforts to minimize their carbon footprint. It would favour biofuel usage hence increasing competition to source agricultural raw materials and their costs. Fuel/energy taxes and regulations: Transport choice and fuel use (and type) will have cost implications as prices of fuel continues to increase. Rise in prices of energy will result in higher manufacturing and production costs. Type of energy use (renewable vs non-renewables) will likely become a regulatory issue, with cost implications and impact to consumers. Uncertainty surrounding new regulations: In Japan a tentative carbon label has been designed by the Ministry of Economy, Trade and Industry and was presented during a product exhibition. Nestlé Japan participated in this exhibition with a tentative product environmental label, which fulfills METI requirements on CO2 and also covers product water footprint. It could generate financial implications due to the high level of sales, national products and/or exported products within the country, impacting the final consumers. Emission reporting obligations: Retail chains may require more integrated environmental reporting on products. It could impact Nestlé branded goods. Moreover, competitor inroads on carbon labelling may raise consumer expectations. Product efficiency regulations and standards: Nestlé factories could faced difficulties to implement natural refrigerants (ammonia, carbon dioxide) and to service natural refrigerants (maintenance) in a number of countries. International agreements: Policy responses to climate change (eg. carbon taxes, cap-and-trade) may increase logistics costs. An increase of logistics costs would impact the total cost in the value chain and therefore the total costs of the product, generating a loss on market share or margin if the consumer is not willing to pay a price increase. Climate change-excacerbated water stress will make regulation of water use and pricing policy inevitable.

3.4

Are there financial implications associated with the identified risks?
Yes

3.5

Please describe them.
Cap and Trade schemes: Nestlé has analyzed the financial implications for its sites in Phase III. With assumptions made so far, it is estimated that for instance, the biggest impact for Nestlé might come from the 5 coffee factories, which will participate in Phase III and which would have to pay a total of approximately + 6,5 million euro/year. Evolutions of the carbon market and Nestlé's position towards the benchmark can considerably change this estimate. Nestlé is continuing analyzing the last update information related with this phase. The data provided above is estimated. Product labeling regulations: Financial implication generated by product labeling regulations will be influenced by specific decision in affected countries. It will result in additional administrative costs to apply the required assessment methodology and validate its results on all products sold. Nestlé therefore continues monitoring countries legal trends and participating in pilots.

3.6

Describe any actions the company has taken or plans to take to manage or adapt to the risks that have been identified, including the cost of those actions.
Cap and Trade schemes: Costs for compliance in EU-ETS phase III, will be directly linked with the emissions generated in each site involved. So far Nestlé has analyzed the biggest impact for Nestlé which might come from the 5 coffee factories, which will participate in Phase III and which would have to pay a total of approximately + 6,5 million euro/year. Nestlé's efforts will be focused in further minimizing emissions in these factories through projects to reducing energy use and possibly using sustainably-managed renewable fuels. Other potential cap and trade schemes are closely analysed to minimize their impact on Nestlé business worldwide. Product labeling regulations: Nestlé is actively participating in the ongoing debate on eco-information. One of the main organization is the European Food SCP Round Table, which is co-chaired by Nestlé on behalf of the entire food chain, and by the European Commission. Its objectives are: to establish, by 2011, scientifically reliable and uniform environmental assessment methodologies for food and drinks products, to identify suitable means of voluntary communication to consumers and to also promote and report on continuous improvement initiatives along the whole food chain. Five Nestlé managers are active in the Steering Committee and four working groups of this Round Table representing approximately three months FTE plus transportation and accomodation costs from Switzerland to Brussels (15000 € per year). Product efficiency regulations and standards: Instead of going from HCFC to HFC (high GWP) Nestlé policy (long term view) is to go to natural refrigerants (Ammonia, CO2, HC) which are much more efficient and has no or very little direct effect on the environment. In some Nestlé factories an early phase out of HCFC has been implemented eg. in Himeji and Shimada coffee factories located in Japan. The cost of this implementation in both factories was 59506 KCHF is high as it also greatly affects the process side not only the utilities such as refrigeration.

3.7

Please explain why you do not consider your company to be exposed to significant regulatory risks - current and/or anticipated.

3.8

Please explain why not.

Further Information

Attachments

Page: Physical Risks

4.1

Do current and/or anticipated physical impacts of climate change present significant risks to your company?
Yes

Do you want to answer using:

The table below

4.2A

What are the current and/or anticipated significant physical risks, and their associated countries/regions and timescales?

Risk	Region/Country	Timescale in Years	Comment
Changes in frequency of extreme weather events	Other: Tropical countries	0 -- 5	Nestlé has sites all over the world. Some of them are located in vulnerable areas, which hurricanes, floods, typhoon could occurs.
Induced changes in supply chain and/or customers	Other: Tropical countries	6 -- 10	Nestlé could be affected by shortages of agricultural raw materials due to climate change. ie extreme drought there will be no water to irrigate coffee and cacao.
Induced changes in supply chain and/or customers	Other: Worldwide	6 -- 10	Agricultural labour supply could be disrupted by extreme weather events and

Risk	Region/Country	Timescale in Years	Comment
			climate change-related migration.
Changes in precipitation patterns	Other: Tropical countries	Current	Some Nestlé sites are being affected by lack of precipitations.
Uncertainty of physical risks	Other: Worldwide	0 -- 5	Vulnerability of ports could disrupt product transport, leading to discontinuity of service.
Induced changes in supply chain and/or customers	Other: Worldwide	0 -- 5	Producers may adapt by diversifying their range of crops and switching to more drought resistance crops. Likewise, land could be converted from coffee and cocoa production to support local food security needs.
Induced changes in supply chain and/or customers	Other: Worldwide	0 -- 5	Disruptions to coffee and cocoa yields will not only impact prices, but quality is likely to change even with minimal warming. Declines in

Risk	Region/Country	Timescale in Years	Comment
			arable land may reduce cultivation of cash crops in favour of crops that meet nutritional needs, posing risks to coffee and cacao production.
Changes in frequency of extreme weather events	Other: Worldwide	6 -- 10	Commodity prices will increase unequivocally as significant yield declines are experienced across all global regions. Decline in marine life may increase costs for Nestlé's pet food business.
Induced changes in human and cultural resources	Other: Worldwide	6 -- 10	Mass migration from areas vulnerable to climate change could impact labour supply.
Induced changes in supply chain and/or customers	Other: Developing countries	6 -- 10	Changing demographics -owing to climate-induced migration- may impact product

Risk	Region/Country	Timescale in Years	Comment
			market penetration particularly in least developing countries and emerging economies, where climate impacts are likely to be more severe.

4.2B

What are the current and/or anticipated significant physical risks, and their associated countries/regions and timescales?

4.3

Describe the ways in which the identified risks affect or could affect your business and your value chain.

Changes in frequency of extreme weather events: Climate Change will pose a physical risk to sourcing of raw materials. Nestlé sites are located worlwide. Therefore, some of these sites are located in vulnerable areas, where there are risks of floods, hurricanes, typhoons and also earthquakes. Countries located in tropical areas as Hong Kong, Indonesia, Caribbean area are most vulnerable to these physical risks. If one site is affected for these natural events, the supplier of raw materials might be also affected and thus, the consumers might not be able to fulfil their needs. Nestlé has to be prepared to supply consumer needs through other sites in other countries, that is why one of the action plan indicated in the risk management process is the possibility to supply the affected site from other Nestlé sites, which are not affected. Induced changes in supply chain and/or customers: Nestlé could be affected by shortages of agricultural raw materials due to climate change, eg. in extreme drought areas there might not be enough water to irrigate coffee and other agricultural raw materials. This could impact core Nestlé brands, its production volume, hence its turnover at risk. Factories may not be favorably located if the comparative advantage of dairy production shifts to new geographies, to continuing being competitive and provide the best product to the consumers. Producers may adapt by diversifying their range of crops and switching to more drought resistance crops. Likewise, land could be converted from coffee and cocoa production to support local food security needs, but it might have an effect in Nestlé's business locally. Changes in precipitation patterns: Both irrigated and rainfed coffee plantations could experience disruptions to productivity due to volatile rainfall and regional water stress. Nestlé might experiment disruptions in these commodities and consequently, there might be disruptions downstream. Recently in one of the countries where Nestlé operates, Venezuela, there is lack of precipitation. Around 70% of the electricity comes from hydropower, which means factories in that country have had found the way to keep the business working in an efficient way. Uncertainty of physical risks: Vulnerability of ports could disrupt product transport, leading to discontinuity of service. Physical assests (eg. manufacturing infrastructure) could be at risk both from extreme climate-related natural disasters as well as from civil unrest in vulnerable countries, which might affected the business in a specific area. There is also a regulatory risk that physical assests could be repossessed if states of emergency are declared by governments. Induced change in human and cultural resources: Mass migration from areas vulnerable to climate change could impact labour supply. Vulnerables areas might be suffered the lack of people willing to work companies from producing goods for that area, therefore market might faced shortages of products.

4.4

Are there financial implications associated with the identified risks?
Yes

4.5

Please describe them.
Financial risks could potentially include closure of one or several factories and the requirement to re-supply from other(s) country(ies). Nevertheless, financial risks from physical events once they occur could be severe in the worst-case scenarios. However, the probabilities for worst case-scenarios are estimated to be very low. Therefore, Nestlé is unable to estimate its financial implications with a reasonable level of confidence at present.

4.6

Describe any actions the company has taken or plans to take to manage or adapt to the risks that have been identified, including the cost of those actions.
Nestlé operations are widely spread across the globe, therefore, any risk to the company as a whole of the physical risks will be minimal. Nevertheless, extreme weather events, changes in weather patterns, rising temperatures, seal level rise and other related phenomena may possibly result in shortages in agricultural raw materials and freshwater, which may disrupt the supply chain, including means of transport. Nestlé investigates possible impacts on its activities of such changes on a case by case basis when conducting risk assessment and/or claims related investigations. In addition, Nestlé has developed an exposure related data base where floods and other natural hazards exposures are documented and continuously updated. In order to assure the continuous supply of its main commodities, one of the initiative Nestlé has in place is working with suppliers, providing training and technical assistance (some examples): - Nestlé and the International Finance Corporation – part of the World Bank – each committed US$250 000 a year for three years to a project coordinated by ECOM and supported by the Rainforest Alliance to strengthen the supply chain for sustainable coffee in Central America. Growers are receiving technical assistance to meet AAA, Fairtrade and 4C standards, and Nestlé UK is purchasing their coffee for use in Partners' Blend. This project will end in April 2010. Nestlé is also involved with other significant sustainable coffee verification and certification schemes, such as Fairtrade, UTZ Certified, organic and Rainforest Alliance. - Cocoa supply is becoming increasingly critical. Low prices have caused a lack of investment in the sector, resulting in declining cocoa quality, worldwide supply deficits and small farms with ageing trees that are vulnerable to disease. Nestlé is building on the work it has been doing itself and that Nestlé has supported, and rolling it out into its supply chain. Nestlé calls this The Cocoa Plan to help to explain this package of measures to consumers. Over the next ten years Nestlé will invest CHF 110 million in the Plan to help improve the livelihoods of farmers and their communities, as well as enhance the sustainability and quality of cocoa grown for generations to come. This builds on the CHF 60 million invested in cocoa sustainability initiatives over the last 15 years. To give you an idea of the key initiatives involved in The Cocoa Plan, here are some of the actions Nestlé is taking and expanding over the coming years as Nestlé continues to strive for a strong and sustainable cocoa industry: Helping Farmers: Farmers can benefit greatly from small changes in the way they look after their trees and harvest their crop. With farmer training, Nestlé is helping farmers increase yields, reduce disease and produce a better quality crop which attracts higher prices. Nestlé has been financing farmer field schools in West Africa both directly and as part of wider cocoa industry programmes for a number of years and over the next 10 we plan to train over 30,000 farmers helping to increase their earnings from cocoa. By providing better quality, higher yielding cocoa trees which can be used to replace old, low-yielding, diseased trees Nestlé can helps farmers to improve their cocoa quality and their income, bringing benefits to themselves and their families.

4.7

Please explain why you do not consider your company to be exposed to significant physical risks - current and/or anticipated.

4.8

Please explain why not.

Further Information

Attachments

Page: Other risks

5.1

Does climate change present other significant risks - current and/or anticipated - for your company?

Yes

Do you want to answer using:

The table below

5.2A

What are the current and/or anticipated other significant risks, and their associated countries/regions and timescales?

Risk	Region/Country	Timescale in Years	Comment
Reputational risks	Other: Worldwide	0 -- 5	Food security concerns pose reputational and regulatory risks with greater

Risk	Region/Country	Timescale in Years	Comment
			scrutiny on food companies. Conflict over energy and water resources could suspend license to operate or damage reputation.
Changes in the availability and costs of goods and services	Other: Worldwide	0 -- 5	Biofuel demand will increase commodity prices for corn and sugar.
Financial risks	Other: Worldwide	0 -- 5	Cost inflation results from rising energy prices and oil volatility.

5.2B

What are the current and/or anticipated other significant risks, and their associated countries/regions and timescales?

5.3

Describe the ways in which the identified risks affect or could affect your business and your value chain.
Reputational Risks: A company reputation could be extremely affected. It takes time to build a positive reputation but loosing it can happen very fast. In this case company may lose trust from its consumers, hence market shares. Changes in the availability and costs of goods and services: Nestlé is a strong supporter of sustainable and efficient energy use. Nestlé believes that any decision on the use of energy sources must be based on a systematic cost benefit and life cycle analysis, taking into consideration the social and

environmental impact, including the effects on food prices and water. Depending on crop type and geography, greenhouse gas savings compared to fossil fuel can be very small. Therefore Nestlé is opposed to the introduction of widespread production incentives and subsidies for current forms of biofuels. Biofuel demand will increase commodity prices and it might impact on the supply and on the consumers, with products with higher prices but at the same it might produce disruptions on products in the market if there is no enough raw material for producing them. Financial Risks: Energy cost inflation might affect Nestlé market shares or margin.

5.4

Are there financial implications associated with the identified risks?
Yes

5.5

Please describe them.

Financial implications: Even though there are financial implications from reputational risks, once they occur could be severe in the worst-case scenarios. However, the probabilities for worst case-scenarios are estimated to be very low. Currently, Nestlé is unable to estimate the financial implications with a reasonable level of confidence at present.

5.6

Describe any actions the company has taken or plans to take to manage or adapt to the other risks that have been identified, including the costs of those actions.

Reputational risks: Nestlé mitigates reputational risks by continuously reducing Scope 1 and 2 emissions caused by its operations; eg, implementing new technologies, developing innovative measures and implementing new energy efficiency management system and taking concrete actions to make the actions a reality. One example is Nestlé and deforestation where Nestlé has joined a coalition calling for a moratorium on rainforest destruction for palm oil in Indonesia and have become an active member of the Round Table on Sustainable Palm Oil (RSPO), membership of 2000 €. Nestlé is also in discussions with a number of NGOs with expertise in this area and actively contribute to find practical solutions to this complex problem. Nestlé has been conducting responsible sourcing audits to ensure compliance to its Supplier Code since 2009 through the Supplier Ethical Data Exchange (Sedex), which enables businesses to share ethical date on their supply chains. Nestlé has established Responsible Champion Sourcing in different markets, representing approximately 2.5 mio CHF. With regards to Nestlé pledge to achieve sustainable palm oil by 2015, Nestlé is making progress on certified palm oil and palm oil certificates even more rapidly, with 18% of our purchases covered in 2010, and Nestlé expects to reach 50% by the end of 2011. Nestlé also continuously does a brand analysis. Changes in the availability and costs of goods and services: Nestlé encourages continued research on credible alternatives especially with materials that have no impact on the availability and affordability of food crops such as agricultural and industrial by-products, algae or wood. In the meantime, Nestlé will continue to improve its own performance to bring about the best possible results for the environment. Financial risks: Energy savings programs rolled-out throughout Nestlé operations with a target of 5% improvements by 2015 will enable to compensate at least partly, possible increase of energy price. In 2009, Nestlé has launched the Energy Target Setting Initiative. Teams of internal and external experts are sent to factories to identify energy/water and CO2 savings opportunities in the most energy-intensive manufacturing sites. Energy savings identified in 2009 amount to 1,000,000 GJ/year, corresponding to 74'000 t of CO2 emission avoidance. The implementation of these projects is ongoing. This initiative will be rolled out more widely in 2010 and the following years.

5.7

Explain why you do not consider your company to be exposed to other significant risks - current and/or anticipated.

5.8

Please explain why not.

Further Information

Attachments

Page: Regulatory Opportunities

6.1

Do current and/or anticipated regulatory requirements related to climate change present significant opportunities for your company?

Yes

Do you want to answer using:

The table below

6.2A

What are the current and/or anticipated significant regulatory opportunities and their associated countries/regions and timescales?

Opportunities	Region/Country	Timescale in Years	Comment
Cap and trade schemes	Other: European Union	Current	Nestlé has 24 factories participating in the European Trading Scheme in 8 countries, Spain, Portugal, Germany, Poland, Hungary,

Opportunities	Region/Country	Timescale in Years	Comment
			Italy, UK and France. Nestlé is expected to end up phase II (end 2012) in a surplus position, which means Nestlé's sites will generate less emissions than Nestlé's allowances.
Cap and trade schemes	Other: European Union	0 -- 5	There are still uncertainties how Phase III will impact Nestlé's business. Nestlé will be required to purchase certificates for its emissions.
Product labeling regulations and standard	France	0 -- 5	A legal requirement to display environmental product information including CO2 footprint, has been voted starting with a pilot mid 2011.
Product labeling regulations and standard	Belgium	0 -- 5	Region of Brussels assessing the feasibility of a carbon footprint label for food.
Product labeling regulations and standard	Sweden	0 -- 5	Climate labelling scheme for food with Government support.
Product labeling regulations and standard	Germany	0 -- 5	Platform on CO2 labelling involving WWF Deutschland, Öko-Institut, Potsdam-Institut für Klimafolgenforschung und Thema1.
International agreements	Other: Worldwide	6 -- 10	From a public policy perspective, lobbying to ensure that agricultural practices

Opportunities	Region/Country	Timescale in Years	Comment
			are incorporated into carbon mitigation policies and markets will provide producers with access to new revenue streams and generate goodwill for Nestlé.
Product efficiency regulations and standards	Other: Worldwide	6 -- 10	Premium price may be possible for products demonstrating low or carbon-neutral impact- though carbon claims should be integrated into other environmental claims.
Cap and trade schemes	Other: Tropical countries	6 -- 10	Water trading regimes are more likely to develop due to climate change-excacerbated water stress.
Other: Carbon taxes	Other: Worldwide	0 -- 5	Carbon taxation could heighten tariffs on imported goods and therefore favour local sourcing and manufacturing.

6.2B

What are the current and/or anticipated significant regulatory opportunities and their associated countries/regions and timescales?

6.3

Describe the ways in which the identified opportunities affect or could affect your business and your value chain.

Cap and trade scheme: Nestlé has 24 factories in the European Union in 8 countries: Spain, Portugal, Germany, Poland, Hungary, Italy, UK and France participating in the European Trading Scheme. Nestlé is expected to end up phase II (end 2012) in a surplus position, which means Nestlé's sites will generate less emissions than Nestlé's allowances. It represents an opportunity for even continuing reducing the CO2 emissions in each site. Nestlé will be required to purchase certificates for its emissions in Phase III. The cost of allowances is expected to rise as demand increases and the amount of allowances available on the market decreases. Nevertheless, the fact Nestlé will buy allowances from 2013, generates an additional objective to reduce the total CO2 emissions in order to reduce as well the total costs of allowances which have to be bought. Water trading regimes are more likely to develop due to climate change-excacerbated water stress. Nestlé could benefit from water trading policy if it is able to demonstrate its efficiency and performance against competing water users. Product labeling regulations and standards: A legal requirement to experiment environmental indications on products as of 2011 has been voted in France. Same regulations are expected in other European countries as Belgium, Sweden, Germany and also in Japan. It might represent an opportunity for processed food which in general has a lower carbon footprint that equivalent home made products. Product efficiency regulations and standards: Premium price may be possible for products demonstrating low or carbon-neutral impact- though carbon claims should be integrated into other environmental claims. Nestlé could position itself further as a health and wellness company through communicating and broadening its low carbon diet portfolio. Carbon taxes: Carbon taxation could heighten tariffs on imported goods and therefore favour local sourcing and manufacturing. Nestlé as a global company could be affected by tariffs on imported goods and it might affect its sales and market share in a specific country. Nevertheless, engaging in closer relationships with suppliers has proven to be an excellent way of contributing to Nestlé's Creating Shared Value model through upgrading supplier's knowledge and capacity in order to secure adequate local sourcing of ingredients to Nestlé. Specifically, supplier development activities and teams help local suppliers to reach Nestlé specifications and minimum requirements to conclude new business partnerships. Among many social benefits, it improves cost-efficiency by sourcing locally, eliminates waste in transport, increases flexibility of supply by eliminating intermediaries, removes dependence on a single international supplier and speeds up the resolution of food safety and quality issues to ultimately develop new reliable sources of raw materials for Nestlé factories. Suppliers being developed by Nestlé supplier development teams or activities are also creating more local jobs and thus buying more agricultural raw materials from local farmers. This supports the development of the local economy and the improvement of living standards for the community. Therefore, supplier development is an important mechanism of delivering the Creating Shared Value concept.

6.4

Are there financial implications associated with the identified opportunities?
Yes

6.5

Please describe them.

Regarding the EU-ETS, the total financial implications vary depending on the price per tonne of CO2. Nevertheless, as Nestlé expects a surplus position at the end of phase II, it will not imply financial issues. With the last update information the surplus position might generate savings on the order of € 5000000. Financial implications from other identified opportunities would occur where the event takes place. Nevertheless, Nestlé is unable to estimate the financial implications with a reasonable level of confidence at present.

6.6

Describe any actions the company has taken or plans to take to exploit the opportunities that have been identified, including the investment needed to take those actions.

Cap and trade schemes: Nestlé EU-ETS strategy is to remain net seller of allowances, therefore, Nestlé has developed the folowing action plan: -facilities which might face a deficit submitted an action plan in order to fulfil their EU-ETS allowances before the end of 2012, -evolution of CO2 emissions and progress on the corresponding action plans set by the facilities are analysed on a quarterly basis, -potential climate projects in emerging markets (CDM) are continuously identified to create Certified Emission Reductions (CER) since these CER could offset potential deficits of Nestlé facilities in Europe or be traded on the carbon credit market and create additional revenues for Nestlé. Product labeling regulations and standard: Nestlé is actively participating in the ongoing debate on eco-information. One of the main organization is the European Food SCP Round Table, which is co-chaired by Nestlé on behalf of the entire food chain, and by the European Commission. Its objectives are: to establish, by 2011, scientifically reliable and uniform environmental assessment methodologies for food and drinks products, to identify suitable means of voluntary communication to consumers and to also promote and report on continuous improvement initiatives

along the whole food chain. Five Nestlé managers are active in the Steering Committee and four working groups of this Round Table representing approximately three months FTE plus transportation and accomodation costs from Switzerland to Brussels (15000 € per year). Carbon taxes: Nestlé is continuously developing and supporting local suppliers. In 2009, Nestlé supported direct suppliers through technical assistance and knowledge transfer, and provided microfinance loans totalling CHF 30 million, and ensured they operate responsibly and sustainably through the Nestlé Supplier Code. Nestlé rural development principle is to manufacture, wherever possible, in countries from which Nestlé sources commodities; today, about half Nestlé 449 manufacturing plants are in the developing world, primarily in rural areas and directly provide local employment to over 200 000 people. Nestlé also actively participate in multi-stakeholder initiatives to promote best practice. In 2009, Nestlé purchased 780000 tonnes o green coffee, of which more than 93700 tonnes was procured directly from farmers and small-scale intermediaries in Vietnam, Thailand, China, Indonesia, Philippines, Côte d'Ivoire and Mexico, making Nestlé the world's largest direct purchaser. Farmers also benefit from free technical assistance, which helps them to improve the quality of their yields and gives Nestlé a secure supply. Over the last ten years, Nestlé has helped to train 100000 cocoa and coffee farmers, and Nestlé plan to invest CHF 350 million through coffee plant science by 2020. Nestlé strategy is now being communicated to consumers through the www.nescafe.com/sustainability website.

6.7

Explain why you do not consider your company to be presented with significant opportunities - current and/or anticipated.

6.8

Please explain why not.

Further Information

Attachments

Page: Physical Opportunities

7.1

Do current and/or anticipated physical impacts of climate change present significant opportunities for your company?
Yes

Do you want to answer using:

The table below

7.2A

What are the current and/or anticipated significant physical opportunities and their associated countries/regions and timescales?

Opportunities	Region/Country	Timescale in Years	Comment
Induced changes in supply chain and/or customers	Other: Worldwide	6 -- 10	Reducing dependence of agricultural supply on oil could help strengthen relationships with producers by making farmers less vulnerable.
Changes in frequency of extreme weather events	Other: Tropical countries	Current	Optimize the opportunities in extreme weather areas. eg. R&D Adjijan has been opened last year. It helps to improve the cocoa in extreme weather conditions.

7.2B

What are the current and/or anticipated significant physical opportunities and their associated countries/regions and timescales?

7.3

Describe the ways in which the identified opportunities affect or could affect your business and your value chain.
To ensure the development of Nestlé's suppliers and avoid any disruptions on raw materials, Nestlé vision is to help to professionalise main commoditiers farming. For instance, Nestlé's cocoa farmers are being trained so that they run profitable farms, respect the environment, have a good quality of life and their children benefit from education. The Cocoa Plan is Nestlé's way of helping to tackle key issues facing cocoa farmers, their families and communities to create a better future for cocoa farming. It results in benefits along the value chain, from suppliers to consumers.

7.4

Are there financial implications associated with the identified opportunities?

Yes

7.5

Please describe them.

As well as financial implications from physical risks, events once they occur could be severe in the worst-case scenarios. However, the probabilities for worst case-scenarios are estimated to be very low. Therefore, Nestlé is unable to estimate the financial implications with a reasonable level of confidence at present.

7.6

Describe any actions the company has taken or plans to take to exploit the opportunities that have been identified, including the investment needed to take those actions.

Induced changes in supply chain and/or customers: Reducing dependence of agricultural supply on oil could help strengthen relationships with producers by making farmers less vulnerable. Nestlé continues to work with farmers as mention in the Cocoa Plan, already active in the world's largest cocoa origin, Cote d'Ivoire, and the world's largest fine cocoa origins, Ecuador and Venezuela. Nestlé intends to invest CHF 110 million on cocoa creating shared value initiatives over the next decade, almost twice as much as was spent over the past 15 years (CHF 60 million). Changes in frequency of extreme weather events: Optimize the opportunities in extreme weather areas. In 2009 the R&D Abidjan in Côte d'Ivoire was opened and its focus is on agriculture, raw materials and traditional African ingredients. It helps to improve the cocoa in extreme weather conditions. This R&D, where more than 40% of the world's cocoa originates, will provide farmers with 1 million high-potential cocoa trees each year from 2012. The Centre's programmes will focus on improving the quality and quantity of locally sourced raw materials, developing products that meet the nutritional needs and tastes of West African consumers, and helping to increase both agricultural productivity and food safety. Training is part of the process and Nestlé is training farmers in Ecuador and Côte d'Ivoire to help them to increase yields, reduce disease, respect the environment and produce a better quality crop which attracts higher prices.

7.7

Explain why you do not consider your company to be presented with significant opportunities - current and/or anticipated.

7.8

Please explain why not.

Further Information

Attachments

Page: Other Opportunities

8.1

Does climate change present other significant opportunities - current and/or anticipated - for your company?
Yes

Do you want to answer using:

The table below

8.2A

What are the current and/or anticipated other significant opportunities and their associated countries/regions and timescales?

Opportunities	Region/Country	Timescale in Years	Comment
Reputational opportunities and increased ability to attract and retain talent	Other: Worldwide	Current	Nestlé is willing to improve its performance and to find new opportunities on its

Opportunities	Region/Country	Timescale in Years	Comment
			activities.
Other: Be Climate Change leader	Other: Worldwide	0 -- 5	Nestlé aims at becoming the most efficient energy user among food manufacturers. Continuing to develop and roll-out eco-efficiency measures that yield cost savings. Helping suppliers to be more efficient regarding Climate Change.To save costs, integrate energy consumption and controllability information into the purshasing of equipment.
Other: Reduce GHG emissions	Other: Worldwide	Current	Opportunity to engage employees, helping them to deliver low carbon performance by identifying and implementing low carbon solutions across all business areas. Methane

Opportunities	Region/Country	Timescale in Years	Comment
			emissions from dairy farmers is a significant issue; however technology advances are likely to come into play (eg. methane capture) alleviating some of the challenge.

8.2B

What are the current and/or anticipated other significant opportunities and their associated countries/regions and timescales?

8.3

Describe the ways in which the identified opportunities affect or could affect your business and your value chain.

The opportunities identified will impact favorably in the credibility of the company as much as from its suppliers as from its consumers and investors, increasing sales, market share and market value. In addition to operational efficiency improvements and energy-saving equipment, Nestlé will continue to explore the industrial feasibility of switching to more renewable energy sources to reduce its CO2 emissions and our reliance on fossil fuels; 12.2% of Nestlé total on-site energy use has come from renewable sources. A number of projects have come on-stream in 2009 which will increase our overall proportion of energy derived from renewable resources.

8.4

Are there financial implications associated with the identified opportunities?
Yes

8.5

Please describe them.

Financial implications from other significant opportunities would occur where the event takes place. Nevertheless, Nestlé is unable to estimate the financial implications with a reasonable level of confidence at present.

8.6

Describe any actions the company has taken or plans to take to exploit the opportunities that have been identified, including the investment needed to take those actions.
Nestlé invested over CHF 220 million in environmental sustainability programmes and initiatives during 2009. Half of this amount applies to projects directly related to Climate Change. Among these are the following ones: - Implementation of 6 projects identified during Energy Target Setting done in 2009. (Final Cooler Heat Recovery, Recycling of cooling tower blowdown, Improvement of Power Factor, Steam flash recovery in decaffeinated plant, Steam line insulation, Steam trap maintenance) in Toluca factory - Mexico. Investment: MXN ($): 15000000. - Install a condenser for latent heat recovery in the flue gas of steam boilers. Biessenhofen factory - Germany. Investment: € 380000. - At Nestlé Bugalagrande factory in Colombia, the installation of Nestlé latest spent coffee grounds fueled boiler allows the recovery of energy from this biomass. This renewable fuel provides 13% of the total energy required in the factory and has 95% lower CO2 emissions than the fossil fuel it replaces. Investment: CHF 13.1 million. Nestlé has been implementing this type of technology for the last 30 years, and of our 27 coffee factories where spent grounds are a by-product, 21are equipped with such technology. Nestlé is also planning to replace the boiler at Nestlé France's facilities in Challerange with a wood-fired boiler. The project will result in an 85% reduction in the factory's CO2 footprint, and save an estimated € 9 million over 10 years. The timing will also allow Nestlé to benefit from government subsidies available for renewable energy schemes, which will cover 40% of the cost of the project. The wood supply plan has been approved by the local authorities and is considered to be fully compatible with local wood resources management. As Challerange is a key site for the supply of quality creamer for Nescafé Dolce Gusto, this project will be a further opportunity for us to communicate about sustainability through its brands. The total investment is 4.5 million CHF. Other actions: - Up to a third of total methane emissions are estimated to come from agriculture, of which 90% comes from digestive fermentation in livestock. The two principal strategies to mitigate this dilemma are to ensure the livestock's productivity is optimised through improved animal health, diet and nutrition, and fermentation is reduced through improving the digestibility of forage. Nestlé is working towards greater sustainability by limiting greenhouse gas emissions through the use of such techniques at a farm level. Because Nestlé does not own farms, its degree of control is limited but to foster good practice within its sphere of influence, these techniques are summarised in Climate Change and Sustainable Agriculture, a new best practices manual that has been sent out to sourcing managers and for dissemination to farmers. - Nestlé USA is helping to safeguard the environment through pollution prevention and control, energy conservation and recycling/solid waste management practices. For example, our Freehold, New Jersey beverage factory has found a unique way to capture available energy and avoid waste, capitalising on the fact that coffee grounds can have as much as 25% more energy capacity than wood when combusted. The factory works with a producer of fi replace logs, "Java Log®", who use Nestlé's spent coffee grounds to produce and market "coffee firelogs" for use in domestic fireplaces. This is an efficient, cost-effective and environmentally sound waste management solution for Nestlé, a source of raw materials for the "Java Log®" manufacturer, and an alternative energy choice for "Java Log®" consumers. More information on this product can be found at www.java-log.com. - Ecolaboration is the Nespresso platform for sustainable innovation. Through Ecolaboration, Nespresso has consolidated all its sustainability efforts in coffee sourcing, capsule recycling and energy-efficient machines into one concerted programme, and committed itself to meet three targets by 2013: - to source 80% of its coffee from its AAA Sustainable Quality™ Program and Rainforest Alliance Certified™ farms; - to put systems in place to triple its capacity to recycle used capsules to 75%; to reduce the carbon footprint required to produce a cup of Nespresso by 20%.

8.7

Explain why you do not consider your company to be presented with significant opportunities - current and/or anticipated.

8.8

Please explain why not.

Further Information

Attachments

Module: Strategy

Page: Strategy

9.1

Please describe how your overall group business strategy links with actions taken on risks and opportunities (identified in questions 3 to 8), including any emissions reduction targets or achievements, public policy engagement and external communications.

Climate Change is an integral part of Environmental Sustainability which support Nestlé Creating Shared Value, its fundamental business principle. This drives the environmental targets worldwide. In 2008, Nestlé worked with SustainAbility, an independent corporate responsibility and sustainable development consultancy, to undertake a systematic process to prioritise the issues deemed most critical to the Company. For 2009 CSV report, Nestlé again asked SustainAbility to review this prioritisation. Firstly, they conducted a comprehensive identification of sustainability issue "clusters" of relevance to its business, in collaboration with Nestlé executives. Then, for each issue cluster, SustainAbility assessed the degree of societal interest from investors, NGOs and the media, the potential impact of the issue on its business, and its ability to influence the issue. This resulted in a set of validated priority issues ranked according to relative impact on society and impact on its business. Nestlé concluded that while the relative materiality has not changed, external interest has increased for all of Nestlé's top issues. It also became clear that, alongside water, climate change is a critical issue cutting across each stage of the value chain. The following areas were therefore prioritised: - Nestlé's strategy of using science and technology to create nutritionally superior products, and responsible communication about Nutrition, Health and Wellness to consumers - How Nestlé manages its operations with respect to the environment, with particular focus on the availability and accessibility of water and the impact of climate change - Nestlé's approach to agricultural sourcing and supplier development - Operating as a responsible employer This is all coherent with the risk and opportunity analysis within Nestlé. Nestlé's priorities on climate change are to continue to: - Improve energy efficiency throughout its operations - Expand its usage of renewable energy - Reduce GHGs Nestlé is committed to being a leader in reducing greenhouse gas emissions: - In its own directly controlled operations - By helping those in its supply chain, mainly through Nestlé's Sustainable Agriculture Initiative - By helping its consumers, through innovative solutions Nestlé ultimate ambition is to offer products with the lowest environmental impact compared to alternative products including those made in the home. Nestlé energy efficiency efforts also translate into carbon reductions, though historically, Nestlé has reduced carbon more than energy due to a number of its factories switching to cleaner fossil fuels such as natural gas, and also renewable sources of energy. These efforts have led to a reduction in its direct GHG emissions by 3.1% from 2008 levels to 3.98 million tonnes of CO2eq, or 96.57 kg of CO2eq per tonne of product. This equates to a 0.74 million tonne (16%) reduction, or a 48% reduction per tonne of production, in the 10 years from 2000, during which its production volume increased by 63%. Indirect CO2 emissions from purchased energy remained stable at 3.0 million tonnes compared to 2008. Additional measures will help Nestlé to achieve at least a further 5% improvement in energy efficiency in each of Nestlé key product categories by 2015. In addition to initiatives such as the Sustainable Agriculture Initiative of the Food Industry (SAI-Platform), through which members engage with their suppliers and help them to improve their environmental performance, Nestlé also shares its strategy and results through participation in the Carbon Disclosure Project (CDP) since its creation. This policy of sharing environmental knowledge and best practice is best seen in the company's award-winning Greening the Supply Chain (GSC) programme in the Philippines, which has helped 182 business partners develop their own environmental management systems (EMS). Ahead of global negotiations about climate change held in Copenhagen in December 2009, The Prince of Wales' Corporate Leaders Group on Climate Change, of which Nestlé is a member, published a short statement calling for an ambitious, robust and equitable global deal on climate change that responds credibly to the scale and urgency of the crises facing the world today. The Communiqué, launched at the UN General Assembly Climate Summit in New York City in September, was signed by Nestlé's Chief Executive Officer Paul Bulcke. The statement calls for a global greenhouse gas emissions cap and countries to develop long-term reduction plans for 2013–2050 with interim targets. A similar call as been issued by CIAA, the European Food Industry Association, of which the Environmental Sustainability Committee is chaired by Nestlé. Nestlé is also a strategic partner of the University of Cambridge Programme for Sustainability Leadership.

Further Information

Please find enclosed the Copenhagen Communiqué on Climate Change.

Attachments

https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Strategy-Strategy/The Copenhagen Communiqué on Climate Change.pdf

Page: Strategy - Targets

9.2

Do you have a current emissions reduction target?

Yes

9.3

Please explain why not and forecast how your Scope 1 and Scope 2 emissions will change over the next 5 years. *(If you do not have a target)*

9.4

Please give details of the target(s) you are developing and when you expect to announce it/them. *(If you are in the process of developing a target)*

9.5

Please explain if you intend to set a new target. *(If you have had a target and the date for completing it fell within your reporting year, please answer questions 9.5 and 9.6)*

9.6

Please complete the table. *(If you have a current emissions reduction target or have a recently completed target)*

Target Type	Value of Target	Unit	Base year	Emissions in base year (metric tonnes CO2-e)	Target Year	GHGs and GHG sources to which the target applies	Target met?	Comment
Intensity target	6.50	% reduction from base year	2009	6975093.00000	2015	Scope 1 + 2	Target ongoing	Nestlé has established a specific target on GHG: Continue de-coupling of energy generation and CO2 emissions, i.e. greenhouse gas emissions at least -6.5%.
Other: Energy consumption per tonne of product	5.00	Other: % reduction by 2015	2009		2015	Scope 1 + 2	Target ongoing	Additional measures will help Nestlé to achieve at least a further 5% improvement in energy efficiency in each of its key product categories by 2015.
Other: Energy consumption per tonne of product	1.00	% reduction from base year	2008		2009	Scope 1 + 2	Yes	Nestlé overachieved its target on energy consumption

Target Type	Value of Target	Unit	Base year	Emissions in base year (metric tonnes CO2-e)	Target Year	GHGs and GHG sources to which the target applies	Target met?	Comment
								per tonne of product in 2009 (-2.3%).

Further Information

Please see Creating Shared Value Report, page 14: Improving Nestlé energy efficiency

Attachments

https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Strategy-Targets/Creating Shared Value Report 2009.pdf

Page: Strategy - Emission Reduction Activities

¿

Is question 9.7 relevant for your company?

Yes

9.7

Please use the table below to describe your company's actions to reduce its GHG emissions.

1. Actions - please describe	2. Annual energy saving	3. Annual energy savings - number	4. Annual energy saving - units	5. Annual emission reduction in metric tonnes CO2-e	6. Reduction - achieved or anticipated	7. Investment - number	8. Investment - currency	9. Monetary savings - number	10. Monetary savings - currency	11. Monetary savings	12. Timescale of actions & associated investments (if relevant)

1. Actions - please describe	2. Annual energy saving	3. Annual energy savings - number	4. Annual energy saving - units	5. Annual emission reduction in metric tonnes CO2-e	6. Reduction - achieved or anticipated	7. Investment - number	8. Investment - currency	9. Monetary savings - number	10. Monetary savings - currency	11. Monetary savings	12. Timescale of actions & associated investments (if relevant)
Implementation of 6 projects identified during Energy Target Setting done in 2009. (Final Cooler Heat Recovery, Recycling of cooling tower blowdown, Improvement of Power Factor, Steam flash recovery in decaffeinated plant, Steam line insulation, Steam trap maintenance) Toluca factory - Mexico	Anticipated	68000	Other: GJ	4800	Anticipated	15000000	MXN ($)	8890000	MXN ($)	Anticipated	Implementation is on-going. Savings are annual figures.
Replace all of the 320W & 400W lights by more efficient 220W T5 lighting system. Danville Buitoni factory - USA	Anticipated	5400	Other: GJ	900	Anticipated	229000	USD($)	113000	USD($)	Anticipated	Implementation is on-going. Savings are annual figures.
Install a spent coffee ground boiler to produce steam from waste biomass. Toluca factory - Mexico	Anticipated	600000	Other: GJ	33700	Anticipated	13000000	CHF	3700000	CHF	Anticipated	Implementation is on-going. Savings are annual figures.

1. Actions - please describe	2. Annual energy saving	3. Annual energy savings - number	4. Annual energy saving - units	5. Annual emission reduction in metric tonnes CO2-e	6. Reduction - achieved or anticipated	7. Investment - number	8. Investment - currency	9. Monetary savings - number	10. Monetary savings - currency	11. Monetary savings	12. Timescale of actions & associated investments (if relevant)
Install Variable drives on chillers and compressed air systems. Install a economizer on steam boiler. Chembong factory- Malaysia	Anticipated	12000	Other: GJ	1200	Anticipated	1100000	MYR	550000	MYR	Anticipated	Implementation is on-going. Savings are annual figures.
Instal a condenser for latent heat recovery in the flue gas of steam boilers. Biessenhofen factory - Germany	Anticipated	14500	Other: GJ	900	Anticipated	380000	EUR(€)	160000	EUR(€)	Anticipated	Implementation is on-going. Savings are annual figures.

9.8

Please explain why not.

9.9

Please provide any other information you consider necessary to describe your emission reduction activities.

In 2009, Nestlé has launched the Energy Target Setting Initiative. Teams of internal and external experts are sent to factories to identify energy/water and CO2 savings opportunities in the most energy-intensive manufacturing sites. Energy savings identified in 2009 amount to 1,000,000 GJ/year, corresponding to 74'000 t of CO2 emission avoidance. The implementation of these projects is ongoing. This initiative will be rolled out more widely in 2010 and the following years.

9.10

Do you engage with policy makers on possible responses to climate change including taxation, regulation and carbon trading?

Yes

9.11

Please describe.

Ahead of global negotiations about climate change held in Copenhagen in December 2009, The Prince of Wales' Corporate Leaders Group on Climate Change, of which Nestlé is a member, published a short statement calling for an ambitious, robust and equitable global deal on climate change that responds credibly to the scale and urgency of the crises facing the world today. The Communiqué, launched at the UN General Assembly Climate Summit in New York City in September, was signed by Nestlé's Chief Executive Officer Paul Bulcke. The statement calls for a global greenhouse gas emissions cap and countries to develop long-term reduction plans for 2013–2050 with interim targets. A similar call as been issued by CIAA, the European Food Industry Association, of which the Environmental Sustainability Committee is chaired by Nestlé. Nestlé is also a strategic partner of the University of Cambridge Programme for Sustainability Leadership, which, through seminars, working groups and other programmes, helps business, government and civil society to understand and address critical global issues such as climate change, biodiversity loss and resource depletion. Similar engagement takes place at local level, for instance, Nestlé's policy of sharing environmental knowledge and best practice is best seen in the company's award-winning Greening the Supply Chain (GSC) programme in the Philippines, which has helped 182 business partners develop their own environmental management systems (EMS). Through GSC, Nestlé educates business partners on using EMS to improve environmental performance, visits them on-site to assess the environmental aspects and impacts of their operations, makes recommendations to minimise any negative impacts, and keeps them updated on environmental issues, regulations, technologies and best practice through a quarterly forum.

Further Information

Please find enclosed The Copenhagen Communiqué on Climate Change.

Attachments

https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Strategy-EmissionReductionActivities/The Copenhagen Communiqué on Climate Change.pdf

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: Emissions Boundary - (1 Jan 2009 - 31 Dec 2009)

10.1

Please indicate the category that describes the company, entities, or group for which Scope 1 and Scope 2 GHG emissions are reported.

Companies over which financial control is exercised per consolidated audited financial statements

10.2

Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions within this boundary which are not included in your disclosure?

Yes

10.3

Please complete the following table.

Source	Scope	Explain why the source is excluded
Head Offices	Scope 1 and 2	Nestlé has not implemented a system to track the emissions in the Head Offices yet. It will be incorporated in 2012.
R&D	Scope 1 and 2	Nestlé has not implemented a system to track the emissions in the R&D yet. It will be incorporated in 2012.
Distribution Centers	Scope 1 and 2	Nestlé has not implemented a system to track the emissions in the Distribution Centers yet. It will be incorporated in 2012.

Further Information

Attachments

Page: Methodology - (1 Jan 2009 - 31 Dec 2009)

11.1a

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions and/or describe the procedure you have used (in the text box in 11.1b below).

Please select the published methodologies that you use.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

11.1b

Please describe the procedure that you use.

Nestlé has developed an internal tool, based on the standard above, through which factories enter, in particular, their energy and refrigerants consumption data on a monthly basis and which calculates corresponding GHG emissions.

11.2

Please also provide the names of and links to any calculation tools used.

Please select the calculation tools used.
Other: Nestlé Environment & Safety Performance Tracking Tool

11.3

Please give the global warming potentials you have applied and their origin.

Gas	Reference	GWP
Carbon dioxide	IPCC Fourth Assessment Report (AR4 - 100 year)	1
CFC-11	Other: IPCC First Assessment Report	3500
CFC-12	Other: IPCC First Assessment Report	7300
Other: HC-R600A	IPCC Second Assessment Report (SAR - 100 year)	3
HCFC-141b	Other: IPCC First Assessment Report	440
HCFC-22	IPCC Second Assessment Report (SAR - 100 year)	1500
Other: HCFC-401A	IPCC Second Assessment Report (SAR - 100 year)	970
Other: HCFC-408A	IPCC Second Assessment Report (SAR - 100 year)	2650
HFC-125	Other: IPCC First Assessment Report	2500
HFC-134a	Other: Intergovernmental Panel on Climate Change supplementary report	1200
Other: HFC-404A	IPCC Third Assessment Report (TAR -	3784

Gas	Reference	GWP
	100 year)	
Other: HFC-407A	IPCC Third Assessment Report (TAR - 100 year)	1653
Other: HFC-410A	IPCC Third Assessment Report (TAR - 100 year)	1975
Other: HFC-417A	IPCC Second Assessment Report (SAR - 100 year)	1950
Other: HFC-507	IPCC Third Assessment Report (TAR - 100 year)	3850

11.4

Please give the emission factors you have applied and their origin.

Fuel/Material	Emission Factor	Unit	Reference
Anthracite	98.10	Other: kg/GJ	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Brown coal	101.10	Other: kg/GJ	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Coking coal	94.60	Other: kg/GJ	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Natural gas	56.10	Other:	2006 IPCC

Fuel/Material	Emission Factor	Unit	Reference
		kg/GJ	Guidelines for National Greenhouse Gas Inventories
Liquefied petroleum gas (LPG)	63.10	Other: kg/GJ	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Other: LFO	74.10	Other: kg/GJ	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Other: Diesel	74.10	Other: kg/GJ	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Other: Coal	94.60	Other: kg/GJ	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Other: HFO/Bunker Oil	77.40	Other: kg/GJ	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Wood or wood waste	112.00	Other: Kg/GJ	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Other: Other primary solid biomass fuels	100.00	Other: Kg/GJ	2006 IPCC Guidelines for National Greenhouse

Fuel/Material	Emission Factor	Unit	Reference
			Gas Inventories

Further Information

Attachments

Page: Emissions Scope 1 - (1 Jan 2009 - 31 Dec 2009)

12.1

Please give your total gross global Scope 1 GHG emissions in metric tonnes of CO2-e.

3976158

¿

Is question 12.2 relevant to your company?

Yes

12.2

Please break down your total gross global Scope 1 emissions in metric tonnes CO2-e by country/region.

Country	Scope 1 Metric tonnes CO2-e
United States of America	940121
France	213311
Germany	105297

Country	Scope 1 Metric tonnes CO2-e
Brazil	201253
United Kingdom	187576
Italy	83026
Mexico	223848
Spain	151529
Canada	21198
Australia	40070
Russia	57104
China	189282
Japan	105579
Philippines	156636
Switzerland	47420
Rest of world	1252908

12.3

Please explain why not.

12.4

Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 1 emissions by business division. (Only data for the current reporting year requested.)

Business Division	Scope 1 Metric tonnes CO2-e
Cereal Partners Worldwide	75647
Dairy Partners America	148481
Nespresso	3533
Nestlé Nutrition	231282
Nestlé Waters	146050

Business Division	Scope 1 Metric tonnes CO2-e
Purina PetCare	716977
Nestlé Professional	16620
Other Nestlé Food	2637568

12.5

Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 1 emissions by facility. (Only data for the current reporting year requested.)

Facilities	Scope 1 Metric tonnes CO2-e
Shuangcheng Factory	118602
Bloomfield Factory	109917
Girona Factory	97605
Cagayan de Oro Factory	81981
King William Factory	80240
Moga Factory	79656
Estcourt Factory	71638
Toluca Factory	65752
Fremont Factory	56870
Freehold Factory	55111
Dieppe Factory	52912
Lagos de Moreno Factory	52899
Himeji Factory	50074
Kejayan Factory	48239
Davenport Factory	47208
Kabirwala Factory	45635

Facilities	Scope 1 Metric tonnes CO2-e
Cabuyao Factory	45569
Shimada Factory	45168
Hayes Factory	42577
Atlanta Factory	42370
Rest of the factories	2686135

¿

Is question 12.6 relevant to your company?

Yes

12.6

Please break down your total gross global Scope 1 emissions by GHG type. (Only data for the current reporting year requested.)

GHG Type	Scope 1 Emissions (Metric tonnes)	Scope 1 Emissions (Metric tonnes CO2-e)
CO2	3945667.00	3945667
HFCs	14.40	30491

12.7

Please explain why not.

¿

Is question 12.8 relevant to your company?

Yes

12.8

Please give the total amount of fuel in MWh that your organization has consumed during the reporting year.

17214139

12.9

Please explain why not.

¿

Is question 12.10 relevant to your company?

Yes

12.10

Please complete the table by breaking down the total figure by fuel type.

Fuels	MWh
Anthracite	100852.00
Brown coal	149335.00
Butane	36478.00
Other: Cocoa	20407.00
Other: Coffee	918933.00
Gas/Diesel oil	586003.00
Other: Hard Coal	938875.00
Other: HFO Bunke	2877333.00
Other: LoFO	357425.00
Other: LoPG	302853.00

Fuels	MWh
Liquefied petroleum gas (LPG)	28054.00
Natural gas	10071917.00
Propane	76258.00
Wood or wood waste	749394.00

12.11

Please explain why not.

12.12

Please estimate the level of uncertainty of the total gross global Scope 1 figure that you have supplied in answer to question 12.1 and specify the sources of uncertainty in your data gathering, handling, and calculations.

Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
More than 2% but less than or equal to 5%	Published Emissions Factors	For scope 1 GHG emissions are calculated with emission factors for fuels. These factors are either provided by the supplier or are local default

Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
		values. The use of default values may introduce uncertainty in the calculation of GHG emissions

Further Information

Attachments

Page: Emissions Scope 2 - (1 Jan 2009 - 31 Dec 2009)

13.1

Please give your total gross global Scope 2 GHG emissions in metric tonnes of CO2-e.

2998935

¿

Is question 13.2 relevant to your company?

Yes

13.2

Please break down your total gross global Scope 2 emissions in metric tonnes of CO2-e by country/region.

Country	Metric tonnes CO2-e
United States of America	1182061
France	39783
Germany	97536
Brazil	55200
United Kingdom	122517
Italy	83285
Mexico	116154
Spain	44404
Canada	43762
Australia	157796
Russia	48125
China	124396
Japan	17788
Philippines	11836
Switzerland	3369
Rest of world	850924

13.3

Please explain why not.

13.4

Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 2 emissions by business division. (Only data for the current reporting year requested.)

Business division name	Metric tonnes CO2-e
Cereal Partners Worldwide	78504
Dairy Partners	33837

Business division name	Metric tonnes CO2-e
America	
Nespresso	572
Nestlé Nutrition	133425
Nestlé Waters	598872
Purina PetCare	420864
Nestlé Professional	20630
Other Nestlé Food	1712232

13.5

Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 2 emissions by facility. (Only data for the current reporting year requested.)

Facility name	Metric tonnes CO2-e
Gaffney Factory	53587
Hollis Factory	49028
Anderson Factory	46709
Laurel Factory	45638
East London Factory	45065
Springville Factory	42455
Bakersfield Factory	40628
Shuangcheng Factory	36463
Hawkins Factory	33706
Davenport Factory	32427
Freehold Factory	31529
Atlanta Factory	31015
Moga Factory	30573
Mecosta Factory	30029

Facility name	Metric tonnes CO2-e
Campbellfield Factory	29595
Sterling Factory	29400
Allentown 2 Factory	29311
Mulgrave Factory	28634
Solon Factory	28536
Zephyrhills Factory	27899

¿

Is question 13.6 relevant to your company?

Yes

13.6

How much electricity, heat, steam, and cooling in MWh has your organization purchased for its own consumption during the reporting year?

Please supply data for these energy types.	MWh
Electricity	6290695
Heat	384516
Steam	50584
Cooling	0

13.7

Please explain why not.

13.8

Please estimate the level of uncertainty of the total gross global Scope 2 figure that you have supplied in answer to question 13.1 and specify the sources of uncertainty in your data gathering, handling, and calculations.

Uncertainty range	Main sources of uncertainty in your data	Please expand on the uncertainty in your data.
More than 2% but less than or equal to 5%	Published Emissions Factors	For scope 2 GHG emissions are calculated with emission factors corresponding to the electricity that is bought. These factors are either provided by the supplier or are local default values. The use of default values may introduce uncertainty in the calculation of GHG emissions.

Further Information

Attachments

Page: Emissions Scope 2 Contractual

14.1

Do you consider that the grid average factors used to report Scope 2 emissions in question 13 reflect the contractual arrangements you have with electricity suppliers?

Yes

14.2

You may report a total contractual Scope 2 figure in response to this question. Please provide your total global contractual Scope 2 GHG emissions figure in metric tonnes CO2-e.

14.3

Explain the origin of the alternative figure including information about the emission factors used and the tariffs.

14.4

Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?

No

14.5

Please provide details including the number and type of certificates.

Type of certificate	Number of certificates	Comments

Further Information

Attachments

Page: Emissions Scope 3

¿

Is question 15.1 relevant to your company?

Yes

15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization.

Sources of Scope 3 emissions	Metric tonnes of CO2-e	Methodology	If you cannot provide a figure for a relevant source of Scope 3 emissions, please describe the emissions.
Transportation & distribution of sold products	2160000	The total distance driven by trucks for distribution was calculated based on the overall tonnage of products distributed to customers, an average load of trucks, an estimated avergae distance for complete distribution and an estimate for	

Sources of Scope 3 emissions	Metric tonnes of CO2-e	Methodology	If you cannot provide a figure for a relevant source of Scope 3 emissions, please describe the emissions.
		empty running of the trucks. A truck uses in average 35 litres of diesel per 100 km, resulting into a total fuel consumption of 920 mio litres of diesel. Using an emission factor of 2.63 kg CO2 / liter of diesel, this generates a total of 2.416 mio tonnes of CO2. These figures were cross-checked with two other top-down approaches: analysing the distribution costs lead to an estimated fuel consumption of 966 mio litres of diesel and 2.54 mio tonnes of CO2 (5% more than first	

Sources of Scope 3 emissions	Metric tonnes of CO2-e	Methodology	If you cannot provide a figure for a relevant source of Scope 3 emissions, please describe the emissions.
		calculation). Calculating the CO2-emissions based shipped tonne.kms and average CO2-emission of 72 g CO2/tonne.km gives an estimate of total 2,36 mio tonnes of CO2-emissions (2% smaller than first calculation). Nestlé estimates that about 10% of its transports are done with trucks owned by Nestlé, leading to the rounded estimates of 300 mio km driven by its fleet, generating about 250000 tonnes of CO2. The	

Sources of Scope 3 emissions	Metric tonnes of CO2-e	Methodology	If you cannot provide a figure for a relevant source of Scope 3 emissions, please describe the emissions.
		major part of transport (90% of its transports) are however done by external carriers.	
Other: Total products value chain	48825651	Based on LCAs made on its different product categories, manufacturing operations represent between 10% and 20% of total GHG emissions along the entire product life cycle. On this basis Scope 3 emissions are estimated as representing about 7 times scope 1 + scope 2 GHGs emissions	

15.2

Please explain why not.

Further Information

Transport and Distribution: As part of Nestlé efforts to reduce emissions associated with the vehicles Nestlé operates, Nestlé has instigated a project to reduce the environmental impact of its fleet of passenger cars and light commercial vehicles. Its initial focus has been on its European operations, which currently covers 44% of its worldwide fleet of such cars (14 000 vehicles). Through this “green fleet” scheme, which was awarded second prize in the International Green Fleet Award 2009 in November, Nestlé has reduced CO2 emissions by 17% from 167 g/km per vehicle as at end 2007 to 158 g/km in mid-2009, against a target of 130 g/km by the end of 2012. This has come through supplier rationalisation (a shortlist of fewer car manufacturers and lease partners) and amendments to tender policies to ensure choices are restricted to the best cost/engine size/emissions combinations. In parallel, a safe driver training programme will focus on economical driving techniques and road safety. Other green fleet initiatives, with local cultural and financial adaptations, are also being instigated in other regions, with policy decisions to be made at a local level. In North America, its green fleet initiative is expected to decrease CO2 emissions as much as 15% through restricting choice and limiting engine size, while in Mexico, Brazil and Asia-Pacific, opportunites are currently being evaluated and recommendations submitted to senior management. Operating units are also being encouraged to consider the use of pool cars and, whenever possible, vehicles fuelled by alternative energy sources. Intermodal transport solutions: Overall transport accounts for approximately 20% of global CO2 emissions. As part of the Nestlé Waters transport policy to reduce the effect of its transport on the environment, Nestlé aims to use alternative transport modes wherever possible. In its French and Belgian market, for instance 50% of the bottles leaving its factories in 2008 were transported by train or “ferroutage” (an intermodal combination of truck and train, depending on the railway network available). The bottles are placed in containers which in turn are placed on specially adapted wagons. With 60 000 fewer trucks on the roads, its French business saved 12 million litres of fuel and reduced transport-related greenhouse gas emissions by a third in 2008. After Nestlé Waters Germany put the distribution of its German supply of S. Pellegrino sparkling water – 3200 trucks a year – out to tender in March 2009, a third of the volume was shifted to an intermodal (road and rail) solution. Operations started in May and are expected to reduce CO2 emissions by approximately 2000 tonnes a year. Sustainable distribution in action: Over the last two years, Nestlé US ice-cream business Dreyer’s has undertaken a number of sustainable distribution initiatives to decrease the impact of its operations on the environment. By maximising the number of cases carried per truck, and using APAL load technology in three of its largest manufacturing facilities to maximise trailer container weight and maintain even weight distribution, Dreyer’s has saved 1558 shipments, 1177 million miles and 136 000 tonnes of carbon. A pilot regional backhauling scheme, avoiding empty miles by carrying freight on return journeys for other Nestlé brands in the United States, aims to achieve savings of 624 shipments, 97 240 miles and 143 tonnes of CO2.

Attachments

Page: Emissions 7

16.1

Does the use of your goods and/or services enable GHG emissions to be avoided by a third party?

Yes

16.2

Please provide details including the anticipated timescale over which the emissions are avoided, in which sector of the economy they might help to avoid emissions and their potential to avoid emissions.

In general, Nestlé ultimate ambition is to offer products with the lowest environmental impact compared to alternative products including those made in the home. Nestlé in order to optimise the environmental performance of its products, not only consider the environmental impacts of its manufacturing operations but also those associated with the other steps in the value chain. Nestlé therefore apply a life cycle approach, systematically assessing its product categories from farm to fork and beyond. Nestlé has been conducting Life Cycle Assessments (LCAs) to determine the environmental impacts of its major product categories including their packaging. This process, which considers production of agricultural raw materials, animal husbandry, processing, packaging, transportation, distribution, consumption and end-of-life, enables Nestlé to identify the risks and opportunities beyond its factories, and to work with its stakeholders to define and implement improvements. - Life Cycle Assessment of Nescafé Classic: The LCA of Nescafé Classic and a comparison with alternatives (drip filter and capsule espresso), as published in the Journal of Cleaner Production, found that approximately 50% of environmental impact occurs during the use phase. The study showed that overall, Nescafé Classic uses less energy and has a lower environmental footprint than drip filter coffee or capsule espresso coffee, particularly during the cultivation, treatment and delivery stages as it requires less green coffee per cup than for one cup of the two alternatives. The study resulted in four recommendations: * Raise consumers' awareness regarding ways to improve efficiency during use, such as not boiling more water than is actually needed * Promote lower impact green coffee production methods, such as limiting the use of fertilisers * Optimise energy consumption when processing * Rethink packaging, eg by using lighter weight jars. For example, if consumers only boiled the required amount of water for each of the 4100 cups of NESCAFE consumed each second, this would save twice the energy consumed by all NESCAFE factories over the course of a year. Implementing these recommendations will help consumers to lower their own, individual environmental footprints of eating (and drinking). Nestlé ambition is to further assist consumers of our other products in reducing their own environmental footprints through continuing to quantify the environmental impacts of its products and identifying ways in which Nestlé broader supply chain and Nestlé consumers can contribute to reducing these impacts. This life cycle assessment (LCA) specifically uses foreground data obtained directly from coffee manufacturers and suppliers. Other impact categories are screened using the IMPACT 2002þ impact assessment method. The overall LCA results for a 1 dl cup of spray dried soluble coffee amounts approximately to 1 MJ of primary non-renewable energy consumption, to emissions of 0.07 kg of CO2-eq, and between 3 and 10 l of non-turbined water use, depending on whether or not the coffee cultivation is irrigated and wet treated. When considering turbined water, use can be up to 400 l of water per cup. Pouch – and to a lesser extent metal can packaging alternatives – show lower environmental burdens than glass or sticks. On average, about one half of the environmental footprint occurs at a life cycle stage under the control of the coffee producer or its suppliers (i.e., during cultivation, treatment, processing, packaging up to distribution, along with advertising) and the other half at a stage controlled by the user (shopping, appliances manufacturing, use and waste disposal). Key environmental parameters of spray dried soluble coffee are the amount of extra water boiled and the efficiency of cup cleaning during use phase, whether the coffee is irrigated or not, as well as the type and amount of fertilizer used in the coffee field. The packaging contributes to 10% of the overall life cycle impacts.

¿

Is question 17.1 relevant to your company?

Yes

17.1

Please provide your total carbon dioxide emissions in metric tonnes CO2 from the combustion of biologically sequestered carbon i.e. carbon dioxide emissions from burning biomass/biofuels.

666196

17.2

Please explain why not.

Further Information

Please find enclosed the Life cycle assessment of spray dried soluble coffee and comparison with alternatives -Peer review-

Attachments

https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Other1/Coffee LCA.pdf

Page: Emissions 8

18.1a

Please describe a financial intensity measurement for the reporting year for your gross combined Scope 1 and Scope 2 emissions.

If you do not consider a financial intensity measurement to be relevant to your company, select "Not relevant" in column 5 and explain why in column 6.

Figure for Scope 1 and Scope 2 emissions	GHG units	Multiple of currency unit	Currency unit	Financial intensity metrics	Please explain if not relevant. Alternatively provide any contextual details that you consider relevant to understand the units or figures you have provided.
64.81	Metric tonnes CO2-e	Million	CHF	Revenue	Combine Scope 1 + Scope 2: 6975093 metric tonnes CO2eq Total group sales (Turnover): 107618 CHF million
36.95	Metric	Million	CHF	Revenue	Scope 1:

Figure for Scope 1 and Scope 2 emissions	GHG units	Multiple of currency unit	Currency unit	Financial intensity metrics	Please explain if not relevant. Alternatively provide any contextual details that you consider relevant to understand the units or figures you have provided.
	tonnes CO2-e				Emissions: 3976158 metric tonnes CO2eq Total group sales (Turnover): 107618 CHF million
27.87	Metric tonnes CO2-e	Million	CHF	Revenue	Scope 2: Emissions: 2998935 metric tonnes CO2eq Total Nestlé sales (Turnover): 107618 CHF million

18.1b

Please describe an activity-related intensity measurement for the reporting year for your gross combined Scope 1 and Scope 2 emissions.

Oil and gas sector companies are also asked to report activity-related intensity metrics in answer to table O&G1.3.

If you do not consider an activity-related intensity measurement to be relevant to your company, select "Not relevant" in column 3 and explain why in column 4.

Figure for Scope 1 and Scope 2 emissions	GHG units	Activity-related metrics	Please explain if not relevant. Alternatively provide any contextual details that you consider relevant to understand the units or figures you have provided.
169.42	Kilograms CO2-e	per tonne of output	Combine Scope 1 + Scope 2: 169.42 kg CO2eq per tonne of (product) output
96.60	Kilograms CO2-e	per tonne of output	Scope 1: 96.6 kg CO2eq per tonne of (product) output
72.80	Kilograms CO2-e	per tonne of output	Scope 2: 72.8 kg CO2eq per tonne of (product) output

19.1

Do the absolute emissions (Scope 1 and Scope 2 combined) for the reporting year vary significantly compared to the previous year?

No

19.2

Please explain why they have varied and why the variation is significant.

20.1A

Please complete the following table indicating the percentage of reported emissions that have been verified/assured and attach the relevant statement.

Scope 1 (Q12.1)	Scope 2 (Q13.1)	Scope 3 (Q15.1)
More than 80% but less than or equal to 100%	More than 80% but less than or equal to 100%	More than 0% but less than or equal to 20%

20.1B

I have attached an external verification statement that covers the following scopes:

Scope 1
Scope 2
Scope 3

Further Information

Please find enclosed: - External Verification statement (Independent Assurance Statement) - Life cycle assessment of spray dried soluble coffee and comparison with alternatives - Peer review

Attachments

https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Other2/Independent Assurance Statement.pdf
https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Other2/Coffee LCA.pdf

Page: Emissions 9 Trading

21.1

Do you participate in any emission trading schemes?

Yes

21.2

Please complete the following table for each of the emission trading schemes in which you participate.

Scheme name	Period for which data is supplied.	Allowances allocated	Allowances purchased	Verified emissions - number	Verified emissions - units	Details of ownership
European Union ETS	Tue 01 Jan 2008 - Thu 31 Dec 2009	1139938	0	1004085	Metric tonnes CO2	Facilities we own and operate

21.3

What is your strategy for complying with the schemes in which you participate or anticipate participating?

EU-ETS process: 24 Nestlé factories are participating in the EU ETS Phase II. The situation on emissions and allowances of each factory is closely managed and analysed by Environmental Manager in each country on a monthly basis. The information is sent to Nestlé Corporate on a quarterly basis, where a multifunctional team (Engineering, Environmental Sustainability, Group Risk Services, Commodity Purshasing, Finance and Zone Europe) analyse the information received and take decision on specific action plans. The result of the meeting and the established action plans are communicated to different countries and factories involved in the scheme. Nestlé EU-ETS strategy is to remain net seller of allowances. We have therefore developed the following action plan: 1. Facilities which might face a deficit submitted an action plan before the end of 2008 in order to fulfil their EU-ETS allowances before the end of 2012. 2. Evolution of CO2 emissions and progress on the corresponding action plans set by facilities are analysed on a quarterly basis. 3. Potential climate projects in emerging markets are continuously identified to create Certified Emission Reductions (CER) since these CERs could offset potential deficits of Nestlé facilities in Europe or be traded on the Carbon credit market and create additional revenues for Nestlé.

21.4

Has your company originated any project-based carbon credits or purchased any within the reporting period?

No

21.5

Please complete the following table.

Credit origination or credit purchase?	Project identification	URL link to project documentation	Verified to which standard?	Number of credits (metric tonnes of CO2-e)	Credits retired?	Purpose e.g. compliance

Further Information

Nestlé Graneros NESCAFE facility was the first overall to establish the UNCCC methodology related to fuel shift from coal to gas then used in other similar projects.

Attachments

Module: Climate Change Communications

Page: Communications 1

22.1

Have you published information about your company's response to climate change/GHG emissions in other places than in your CDP response?

Yes

22.2

In your Annual Reports or other mainstream filing? *(If so, please attach your latest publication(s).)*

Yes

22.3

Through voluntary communications such as CSR reports? *(If so, please attach your latest publication(s).)*

Yes

Further Information

Please find enclosed: - Creating Shared Value Report 2009 - Annual Report 2009 (page 14) More information can be found in: www2.nestle.com/CSV/Pages/CSV.aspx

Attachments

https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Communications/Annual report 2009.pdf
https://www.cdproject.net/Sites/2010/42/12942/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Communications/Creating Shared Value Report 2009.pdf

CDP 2010 Investor CDP 2010 Information Request