

CDP

Nestlé - Climate Change 2018

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

- Nestlé is the world's largest food and beverage company. We have more than 2000 brands ranging from global icons to local favourites, and we are present in 189 countries around the world. Nestlé's purpose is enhancing quality of life and contributing to a healthier future. We want to help shape a better and healthier world. We also want to inspire people to live healthier lives. This is how we contribute to society while ensuring the long-term success of our company. Our values are reflected in the way we do business, always acting legally and honestly with respect both for our own people and those we do business with.
- Creating Shared Value remains the fundamental guiding principle for how Nestlé does business. CSV is the strategy tool that Nestlé uses to operationalise and manage all the actions it takes to ensure it creates value for shareholders and for society.
- Our focus areas are firmly embedded in our purpose of enhancing quality of life and contributing to a healthier future. Individuals and families, our communities and the planet as a whole are interconnected, and our efforts in each of these areas are supported through our 41 specific commitments, the vast majority of which have been reframed and feature objectives to 2020. These commitments will, in turn, enable us to meet our ambitions for 2030 in line with the timescale of the Sustainable Development Goals (SDGs): to help 50 million children live healthier lives; to help to improve 30 million livelihoods in communities directly connected to our business activities; and to strive for zero environmental impact in our operations.
- The Nestlé Corporate Business Principles rule the way we do business and form the basis of our culture and values. The 10 principles, which provide the foundations for our commitments and our Create Shared Values strategy, incorporate the 10 United Nations Global Compact's (UNGC) Principles and are divided into five areas - consumers, human rights and labour practices, our people, suppliers and customers, and the environment.
 1. Nutrition, Health & Wellness: Our core aim is to enhance the quality of consumers' lives every day, everywhere by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle. We express this via our corporate proposition Good Food, Good Life.
 2. Quality assurance and product safety: Everywhere in the world, the Nestlé name represents a promise to the consumer that the product is safe and of high standard.

3. Consumer communication: We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. We respect consumer privacy.
4. Human rights in our business activities: We fully support the UNGC guiding principles on human rights and labour and aim to provide an example of good human rights and labour practices throughout our business activities.
5. Leadership and personal responsibility: Our success is based on our people. We treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect our values, provide equal opportunities for their development and advancement, protect their privacy and do not tolerate any form of harassment or discrimination.
6. Safety and health at work: We are committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain.
7. Supplier and customer relations: We require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards. In the same way, we are committed to our own customers.
8. Agriculture and rural development: We contribute to improvements in agricultural production, the social and economic status of farmers, rural communities and in production systems to make them more environmentally sustainable.
9. Environmental sustainability: We commit ourselves to environmentally sustainable business practices. At all stages of the product life cycle we strive to use natural resources efficiently, favour the use of sustainably managed renewable resources, and target zero waste.
10. Water: We are committed to the sustainable use of water and continuous improvement in water management. We recognise that the world faces a growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

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

Brazil
Chile
China
France
Germany
India
Italy
Japan
Mexico
Pakistan
Philippines
Russian Federation
South Africa
Spain
United Kingdom of Great Britain and Northern Ireland
United States of America
Other, please specify (Rest of the world)

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

CHF

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C-AC0.6/C-FB0.6/C-PF0.6

(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?

	Relevance
Agriculture/Forestry	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Processing/Manufacturing	Direct operations only [Processing/manufacturing/Distribution only]
Distribution	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Consumption	Yes [Consumption only]

C-AC0.6b/C-FB0.6b/C-PF0.6b

(C-AC0.6b/C-FB0.6b/C-PF0.6b) Why are emissions from agricultural/forestry activities undertaken on your own land not relevant to your current CDP climate change disclosure?

Row 1

Primary reason

Do not own/manage land

Please explain

Nestlé is not owning nor managing directly any lands.

C-AC0.7/C-FB0.7/C-PF0.7

(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodity

Timber

% of revenue dependent on this agricultural commodity

More than 80%

Produced or sourced

Sourced

Please explain

Timber is used for all businesses for packaging.

Agricultural commodity

Other, please specify (Cocoa)

% of revenue dependent on this agricultural commodity

10-20%

Produced or sourced

Sourced

Please explain

Cocoa is a major ingredient used by the following sales categories: Confectionery (eg. Kitkat), powdered and liquid beverages (eg. Nesquik), and milk products and ice cream (eg. Mövenpick).

Agricultural commodity

Other, please specify (Coffee)

% of revenue dependent on this agricultural commodity

10-20%

Produced or sourced

Sourced

Please explain

Cocoa is a major ingredient used by the powdered and liquid beverages sales category (eg. Nescafé).

Agricultural commodity

Other, please specify (Dairy)

% of revenue dependent on this agricultural commodity

20-40%

Produced or sourced

Sourced

Please explain

Dairy is a major ingredient used by the following sales categories: Milk products and ice cream (eg.milkmaid), nutrition and health science (eg. NAN), and confectionery (eg. Cailler).

Agricultural commodity

Soy

% of revenue dependent on this agricultural commodity

10-20%

Produced or sourced

Sourced

Please explain

Soy is a major ingredient used by the petcare sales category (eg. Purina).

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Director on board	Members of the Board of Directors are selected based on sound criteria, including sustainability criteria. Several members have leadership experience in NGOs and the public sector. The Nomination and Sustainability Committee oversees environment on the board. The committee is chaired by Henri De Castries.
Chief Executive Officer (CEO)	The CEO chairs a subset of the Executive Board, the Nestlé in Society Board, which meets twice a year to set policy, set public commitments and track progress and ensure achievement against those; climate-change is one of the topic. CEO leads the development and implementation of Nestlé's sustainability and climate change objectives and strategies at Group level, while reverting to the Executive Board for input and confirmation.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>The Nomination and Sustainability Committee oversees environment, including climate change, on the Board of Directors. It meets at least twice a year and as frequently as necessary to fulfill its task. In 2017, it met 6 times. The Committee Chairman provides a detailed report of its meetings to the full Board of Directors at each meeting in a dedicated Chairman's session. The Executive Board's oversight of climate related issues covers both the risk related and GHG reduction strategies. The Chief Financial Officer is responsible for the financial risk related aspects and the Chief Operations Officer for GHG reduction. Climate is integrated into the company's enterprise risk management (ERM) process and discussed and reviewed at Board of Directors level as part of the Board's annual risk assessment. The setting of targets and public commitments on climate related issues forms part of our comprehensive "Nestlé in Society" approach to business strategy. The Nestlé in Society Board is chaired by our CEO and meets twice a year. It leads the strategic development and implementation of Creating Shared Value across our business, including for all commitments on the environment, objectives and strategies, and reverts to the Executive Board for input and confirmation. In both cases of risk management and climate targets, the work of the Board of Directors and of the Executive Board involves reviewing and guiding the strategy, policies and major plans of action including major capital expenditure, as well as oversight of the targets and public commitments. The annual budgeting and guiding the business plans is undertaken by individual Executive Board members (CFO, COO).</p>

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
<p>Chief Operating Officer (COO)</p> <p><i>The COO is responsible for ensuring operationalisation of the policies set in the Nestlé in Society Board and for reporting back on progress. He co-chairs the Environmental Sustainability Leadership Committee, part of the Nestlé in Society Board Governance structure. The COO is in particular responsible for Agriculture, Procurement, Manufacturing, Supply Chain, Quality Management, Health and Safety, Environmental Sustainability and Engineering. He is an Executive Board member and reports directly to Nestlé CEO.</i></p>	Both assessing and managing climate-related risks and opportunities	Half-yearly
<p>Chief Financial Officer (CFO)</p> <p><i>The CFO is responsible for risk management associated to climate-change and for raising issues to the Board. He is an Executive Board member and reports directly to Nestlé CEO.</i></p>	Both assessing and managing climate-related risks and opportunities	Half-yearly
Please select	<Not Applicable>	<Not Applicable>

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

During 2017, we put in place the new Environmental Leadership Committee. It was found that both the COO and CTO oversee areas in the company with the largest potential to make a positive impact on environmental sustainability which is why they were asked to co-chair the committee. Both the COO and the CTO report into our CEO and the committee itself reports on the topic of environmental sustainability into the Nestlé in Society Board (which then reports up in to Nestlé's Executive Board).

The committee is responsible, amongst other topics, for the assessment and management of climate-related risks and opportunities. The company is monitoring the progress on greenhouse gas emissions on a monthly basis through our global reporting system; the committee considers the latest data and analysis on any variance to come up with recommendations on operational changes. It proposes any changes related to Policies and targets that are then submitted to the Nestlé in Society Board. Members of the committee include the heads of environmental sustainability, corporate communications, global public affairs, marketing, corporate water, corporate agriculture, responsible sourcing, packaging, operations at Nestlé Waters, sustainability at Nespresso and manufacturing excellence.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Board/Executive board

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The short-term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the delivering of our Creating Shared Value (CSV) commitments. Quantitative and qualitative targets, set by the Board of Directors are used to determine the Nestlé Group performance. These include measures related to the Company's sustainability and its corporate social responsibility in line with our Creating Shared Value (CSV) strategy. These additional targets can include delivering on CSV commitments, which include GHG emissions reductions. More information at:

<https://www.nestle.ch/de/media/pressreleases/documents/corp-governance-report-2017-en.pdf>, pg 41.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The short-term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the reduction targets of GHG emissions (scope 1 and 2).

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Recognition (non-monetary)

Activity incentivized

Emissions reduction project

Comment

Recognition awards are given for outstanding energy consumption reduction projects that lead to air emission reduction, including GHG.

Who is entitled to benefit from these incentives?

Energy manager

Types of incentives

Recognition (non-monetary)

Activity incentivized

Energy reduction project

Comment

Recognition awards are given for outstanding energy consumption reduction projects that lead to air emission reduction, including GHG.

Who is entitled to benefit from these incentives?

Energy manager

Types of incentives

Other non-monetary reward

Activity incentivized

Efficiency project

Comment

Non-monetary rewards, based on star ratings, are given to energy champions that have outperformed energy, GHG and water savings as part of the Environmental Target Setting. An Environmental Target Setting Initiative is a thorough analysis of the energy and water conversion and usage in our factories aiming at issuing an action plan, validated by the Factory Management & Market Technical Management, unlocking the energy and water saving potential. The exercise lasts 10 days on-site and aims at: analysing the energy/water conversion and use in the factory; identifying and documenting energy/water saving opportunities and establishing an action plan together with the factory and Market with clear accountabilities and timing.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify (Training on Environmental Sustainability)

Comment

Recognition certificates are given to all employees who successfully undertake the e-learning on Environmental Sustainability at Nestlé. The course provides information on climate change and how Nestlé is meeting its commitment to sustainable business practices.

Who is entitled to benefit from these incentives?

Chief Procurement Officer (CPO)

Types of incentives

Monetary reward

Activity incentivized

Environmental criteria included in purchases

Comment

The Nestlé Supplier Code and Nestlé Responsible Sourcing Guidelines require suppliers to fulfill environmental requirements, including on Climate Change.

Who is entitled to benefit from these incentives?

Buyers/purchasers

Types of incentives

Monetary reward

Activity incentivized

Environmental criteria included in purchases

Comment

The Nestlé Supplier Code and Nestlé Responsible Sourcing Guidelines require suppliers to fulfill environmental requirements, including on Climate Change.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	Timescale reflecting Market Business Strategy planning cycle of 3 years.
Medium-term	3	5	Timescale reflecting the Materiality Matrix outlook time horizon.
Long-term	5	10	Timescale reflecting Group Business Strategy planning cycle of 10 years.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	>6 years	All geographical areas are considered: All Zones (Europe, Americas and Asia, Oceania and Africa), All Globally Managed Business (Nestlé Nutrition, Nestlé Health Science, Nestlé Skin Health, Nestlé Waters, Nespresso and specific JVs) and in all Markets (Nestlé is operating in 86 countries).

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Company level:

The Nestlé Group Enterprise Risk Management Framework (ERM) is used to identify and mitigate climate change risks and opportunities (CCRO) in order to minimize/seize their potential impact on the Group. A top-down assessment is performed once a year to understand the company's mega-risks, to allocate ownership to drive specific actions around them and take relevant steps to address them. Any identified CCRO are assessed in relation to their magnitude of impact and likelihood. The identification includes an assessment of external and internal environment in which the company operates. This may include business, social & physical, regulatory, reputational environment and key business drivers. To identify material CCRO at company level, we use a materiality process; opinion-leader reputation research; surveys involving sustainability experts and consumers; feedback from stakeholder convening; extensive media scan; internal business impact survey; and our corporate risk map. E.g. outcomes of stakeholder meeting are used to better understand potential gaps between internal and external perception on CCRO and their impact on reputation.

Based in part on a media and competitive scan, we identify global megatrends, assessed their relevance to our Creating Shared Value focus areas and economic, environmental and social issues, and prioritise issues on a materiality matrix based on level of stakeholder concern and level of potential impact on Nestlé. In 2017, climate change i.e. reducing greenhouse gas emissions and contributing to the mitigation of, and adaptation to, the negatives effects of climate change, remains a central concern; stakeholder interest in climate change adaptation is rising as the effects of climate change begin to make themselves felt, particularly in rural communities.

Asset level:

Site-specific assessments use ERM. The CCRO identification process includes use of structured techniques, e.g. flow-charting, system analysis, Fault tree studies or operational modelling, or more general techniques e.g. 'what-if' and scenario analysis. The identification of issues that may pose a risk/opportunity are documented, including the trigger effect, controls in place and their level of efficiency. This is supported by an expert team of engineers. Potential CCRO e.g. floods, droughts, interruption of supply caused by climate changes are assessed. The Nestlé Global Property Loss Prevention Program provides an in depth identification of our exposure to property risks around the world climate change risks. This enables us to form decisions about the future standards of prevention and protection.

Agricultural level

The RDF was designed in collaboration with key partners the Danish Institute for Human Rights, the Fair Labor Association (FLA), the Rainforest Alliance and Solidaridad. It has a broad focus and includes relevant development drivers at farm and community levels. It enables us to gain data, insights and information, including climate-related risks and opportunities at the farm level.

Product level

Life-cycle assessments (LCAs) analyse climate related risks and opportunities such as GHG emissions, freshwater consumption scarcity, non-biological ('abiotic') resource depletion, land use impact on biodiversity, and the impact on ecosphere and ecosystems quality throughout a product's entire life-cycle.

Our internal governance structure

The Board of Directors, the Chairman, the CEO and our Executive Board are responsible for the supervision and management of our role in society, and for ensuring we achieve our purpose and our ambitions. They are supported by a number of internal management bodies such as the Nestlé in Society Board, as detailed below. During 2017, we put in place new leadership committees (including an environmental leadership committee) to drive our ambitions and commitments and ensure alignment.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Please select	Compliance to existing regulation is a requirement for all our businesses. Any risk potentially resulting in a compliance breach should be included in the risk assessments at market and/or business level. Example, our factory Buk in Hungary in Europe could be impacted by current European Trading Scheme regulation as their capacity output is expected to reach 25MW.
Emerging regulation	Relevant, sometimes included	Where known, emerging regulation which impacts the business should be assessed in terms of impact and likelihood. Any risk potentially failing to meet new regulations should be included in the risk assessments at market and/or business level. Example, our ice-cream business might be impacted by future regulation around HFC.
Technology	Relevant, always included	Failure to effectively develop and adopt new technologies e.g. packaging formats, clean energies etc. may lead to the company falling behind competition, breaching regulations and fail to meet consumer expectations/new trends. A number of risks and opportunities identified are driven by and related to technology across the value chain. A number of risks related to our operational environmental impacts e.g. carbon tax, emissions, waste discharge etc. require development and investment in new technologies e.g. switch to renewable energy, zero water withdrawal technology, anaerobic digestion technology to reduce chemical usage and volume of waste etc. Additionally, in tackling the risk around food security, with rising populations and weather fluctuations amongst other things impacting the demands on the agricultural supply chain, technology is identified as a key enabler to equip the farming populations with the know-how and vision to improve their production systems in sustainable ways, economically, socially and environmentally.

	Relevance & inclusion	Please explain
Legal	Relevant, always included	Compliance to legal requirements is non-negotiable for Nestlé and therefore the expectation is for any areas where a legal breach where result, they must be captured in the risk assessments. This assessment is done part of our ISO 14001 Management system certified in all our factories.
Market	Relevant, always included	Given the growing concern with regards to sustainability of the earth's resources and the impact that humans have on the environment, there is increasing awareness and scrutiny from consumers and customers as to the impact of our products across the full value chain. Consumer behaviours/requirements may no longer be met by certain categories/product groups and key customers may also seek to re-evaluate their offerings in order to meet changing demands. These types of risks are captured in the risk assessment e.g. ethical sourcing, traceability of ingredients, organic raw and pack materials, sustainable packaging (e.g. bio-degradable, recyclability), waste generation etc.
Reputation	Relevant, sometimes included	In line with our purpose and values, maintaining and building trust with respect to our corporate name and our brands is critical to strategic success. Sustainability risks that may impact our corporate equity and brand equities are considered in the market and business risk assessments. We consider collective action and partnerships are key to contributing effectively and help to maximize what we can achieve. We work with the United Nations Global Compact (UNGC) which is a strategic initiative for businesses to committed to aligning their operations and strategies with 10 universally accepted principles covering human rights, labour, environment and anti-corruption. As a member of the UNGC's leadership platform, Nestlé continues to further its work towards advancing the integration of sustainability principles into our core business operations. We consider these multi-stakeholder groups crucial in the development of a standardised frameworks with common indicators, and were appropriate support.
Acute physical	Relevant, sometimes included	Assessments for origin-source materials are carried out using 2 key tools: the Rural Development Framework (RDF) and Response-Inducing Sustainability Evaluation (RISE). The RDF has a broad focus and includes relevant development drivers at farm and community level. RISE is more targeted at farm level assessing the sustainability of the agriculture and uses indicators such as economic viability, natural resources and quality of life. Both of these baselines continue to inform our work and our adaptation to shifting weather patterns, severity of extreme weather events e.g. floods, frosts, droughts etc. We completed new assessments in 2017 in our cocoa supply chain in Brazil, Ghana, and India. We also completed through TFT, baseline assessments in Malaysia, Indonesia, Cote d'Ivoire and Ghana.
Chronic physical	Relevant, sometimes included	Chronic physical risks are considered e.g. changes in precipitation patterns, extreme variability in weather patterns and rising mean temperatures which may affect when, where and what type of crops can be grown. This potentially can lead to reduced sales revenue/output, increased operating costs, increased capital costs (e.g. damage to facilities). Additionally, ensuring longer-term food security is a challenge as population growth leads to increases in consumption and pressure on natural capital including water, land, natural habitats. In terms of resource management, approximately one third of global food production is wasted or lost each year and would be the world's third-largest carbon emitter if it were a country (Food And Agriculture Organization). These global trends cut across our sphere of influence and span our entire value chain. The assessments are used to inform our priorities and actions on climate change adaptation, climate change mitigation and advocacy on climate policy.
Upstream	Relevant, always included	Investing in climate change adpatation and mitigation, as well as water stewardship, helps secure a more sustainable supply of resources for our business – thereby strengthening our business resilience - while improving our resource efficiency reduces costs. Assessments for origin-source materials are prioritized and through specialized sourcing programmes, such as our Nescafé Plan

	Relevance & inclusion	Please explain
		and Nespresso AAA program for coffee, our Cocoa Plan, and our TFT Rurality programme in palm oil, paper and pulp, we work with directly with farmers and growers. We provide training in agricultural practices and diversification, and supplying stronger, drought-resistant, higher-yielding plants to support productivity improvements and to improve resilience. Our recent (2018) decision to support the TCFD will further support our risk mitigation work in the upstream value chain.
Downstream	Relevant, sometimes included	We assess and optimize the environmental performance of our new and renovated products across the entire value chain, from farmer to consumer and beyond. The Life-cycle Assessments (LCAs) provide a clear understanding of the products's impacts including downstream impacts. Comprehensive LCAs are lengthy, expensive exercises. To drive efficiency and pragmatism, we co-developed a simplified eco-design tool, EcodEx (Eco-design for Sustainable Product Development and Innovation). This enables us to assess a product's environmental performance quickly, cost-effectively and early on in the product development process. EcodEx has now been deployed across our entire RD organisation, making us first in our sector to use such an eco-design tool at scale. EcodEx studies can be used as preliminary studies for a full LCA. From 2018 onwards, EcodEx will include a feature to evaluate groups of products and capture food loss and waste throughout the value chain. Based on these assessments, we prioritise our resources to reduce our environmental impacts of our products e.g. optimize packaging to minimize resource use; use more materials from sustainably managed renewable resources; support initiatives to recycle or recover energy from used packaging; use recycled materials wherever there is a clear environmental benefit; and reduce food loss and waste.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

During 2017, we put in place the new environmental leadership committee co-chaired by the Chief Operating Officer and the Chief Technology Officer. The committee is responsible, amongst other topics, for the assessment and management of climate-related risks and opportunities. The Environmental Leadership Committee reports on a bi-annual basis into the Nestlé in Society Board, chaired by Nestlé's Chief Executive Officer. The Nestlé in Society Board reports into Nestlé's Executive Board. Beyond our internal governance structure, we also take a wide more inclusive approach with external advice from the Creating Shared Value Council.

In practice, Nestlé determines priorities concerning risks and opportunities based on the assessment of the materiality and priority based on combined analysis of likelihood and impact. Likelihood has six levels: almost certain, highly probable, probable, fairly likely, unlikely, almost impossible, coded as A, B, C, D, E, F. Four impact ranges are defined: major, significant, moderate, negligible, coded as 4, 3, 2, 1. In addition to threats (negative impact/contribution), we also analyse the impact of opportunities (positive impact/contribution). Assessed risks by likelihood and impact are reflected on a Heat Map, which determines the different levels of priorities the company will take to mitigate risks and enhance the opportunities, including climate change. For

example, all the risks coded (A,2), (A,3), (B,3), (C,3), (A,4), (B,4), (C,4), (D,4) are categorized as top priorities (high exposure) which are reported and concrete action plans to mitigate these threats must be in place.

An example of a transitional risk is the introduction of mandatory requirements for food manufactures to provide access to detailed and in-depth product environmental information – including carbon footprint - to interested stakeholders (e.g. by having a dedicated webpage, on-packaging information or in advertising) may lead to a significant operational costs increase. This considers the cost of conducting specific Life Cycle Assessment (LCA) studies critically reviewed by third parties for different product SKU. Furthermore, a transitionary risk of lack of harmonized, internationally accepted methodologies to assess the environmental performance of products, including GHG emissions, can generate significant costs for businesses, especially in case they need to use different methods or if they have to comply with different labelling and verification requirements for different countries and retailers. In France, a company would need to carry out an environmental assessment in line with the French method (BP X30-323); in the UK, it would need to apply the PAS 2050 or the WRI GHG Protocol; in Italy, it would need to join the governmental recognised carbon footprint scheme, and carry out yet another analysis. Governments such as France assessed the introduction of an obligation for producers to provide environmental data and information on specific aspects of the product. Greece, Thailand, China are considering to promote voluntary schemes and related tools emphasizing credible, substantiated environmental information. Nestlé has more than 10000 different products. New mandatory regulation on product environmental declaration can lead to increased costs. Providing consumers with accurate environmental information based on scientific evidence of a significant number of products will result in cost especially if the labels and methodologies are different between countries. So far, on its own initiative Nestlé has made life cycle analysis of its entire product category and by the end of 2017, we evaluated 7005 projects and 20 608 scenarios using eco-design tools, since the introduction of eco-design software a decade ago.

Physical risks are normally assessed at the site and/or Market level. The Nestlé Global Property Loss Prevention Program provides an in depth identification of our exposure to property risks including potential risks such as floods, droughts, storms, interruption of supply etc. This analysis supports the identification of risks e.g. in 2017, 43 sites have been classified as being exposed to High Flood Risk with a total potential loss of more than 1bn CHF, and helps in the decision-making process for future standards of prevention and protection, as well as preparation if an event occurs e.g. Flood emergency plans are in place on a case by case in Nestlé sites exposed to flooding.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

The introduction of mandatory requirements for food manufactures to provide access to detailed and in-depth product environmental information – including carbon footprint - to interested stakeholders (e.g. by having a dedicated webpage, on-packaging information or in advertising) may lead to a significant operational costs increase. This considers the cost of conducting specific Life Cycle Assessment (LCA) studies critically reviewed by third parties for different product SKU. Moreover, the lack of widely internationally accepted, science-based methodology to assess the environmental performance of products, including GHG emissions, can generate significant costs for businesses, especially in case they need to use different methods or if they have to comply with different labelling and verification requirements for different countries and retailers. In France, a company would need to carry out an environmental assessment in line with the French method (BP X30-323); in the UK, it would need to apply the PAS 2050 or the WRI GHG Protocol; in Italy, it would need to join the governmental recognised carbon footprint scheme, and carry out yet another analysis. Governments such as France assessed the introduction of an obligation for producers to provide environmental data and information on specific aspects of the product. Greece, Thailand, China are considering to promote voluntary schemes and related tools emphasizing credible, substantiated environmental information. Nestlé has more than 10000 different products. New mandatory regulation on product environmental declaration can lead to increased costs. Providing

consumers with accurate environmental information based on scientific evidence of a significant number of products will result in cost especially if the labels and methodologies are different between countries. So far, on its own initiative Nestlé has made life cycle analysis of its entire product category and by the end of 2017, we evaluated 7005 projects and 20 608 scenarios using eco-design tools, since the introduction of eco-design software a decade ago.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

High

Potential financial impact

400000000

Explanation of financial impact

Assuming that an ISO compliant LCA assessment with a third party reviewed costs CHF 40000 on average, and we communicate environmental information of 10000 products, we estimate that the potential financial implications of this risk amounts to around CHF 400 million in the 5-10 years' timeframe. This is based on an increase in cost.

Management method

The management methods include: i) To conduct GHG assessment faster, more efficient for every product development project, our multi-criteria eco-design tool – EcodEX, that covers both packaging and ingredients and can be applied to all product categories, is now used in all RD sites. By the end of 2017, we evaluated 7005 projects and 20 608 scenarios using eco-design tools, since the introduction of eco-design software a decade ago. ii) We advocate for international standards for assessment, databases and voluntary communication. In 2017, we continue to participate in the EU PEF pilot for water and Petfood to set up and validate the process of the development of category rules, including the development of performance benchmarks to test different compliance and verification systems, and communication vehicles. iii) We co-chair with the European Commission the European Food Sustainable Consumption Production Round Table and actively participate in the development and testing of the EU PEF methodology protocol, scientifically reliable and harmonised environmental assessment methodologies for food and drinks products. iv) We have early warning systems to scan potential risks. These actions could reduce the magnitude of the impact of the risk in CHF 200 million over 5-10 years' timeframe.

Cost of management

830000

Comment

The costs associated with these actions in 2017 were around CHF 830k CHF including: CHF 800k for roll out of EcodEx, *CHF 30k for the participation of EU Product Environmental Footprint experimentation in Petcare. This does not include the cost of conducting the assessments and the investments in improvements programmes.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Technology: Costs to transition to lower emissions technology

Type of financial impact driver

Technology: Capital investments in technology development

Company- specific description

A rapid phase down of high global warming potential HFCs (hydrofluorocarbons) will help to meet the goal of holding the increase in the global average temperature to well below 2°C above pre-industrial levels as set out in the Paris Climate Agreement. The new Regulation (EU) No 517/2014 strengthens existing measures on fluorinated greenhouse gases HFCs, perfluorocarbons (PFCs), and sulphur hexafluoride (SF6) and introduces a number of far-reaching changes that will reduce emissions significantly. The Regulation requires companies to report on production, import, export, feedstock use and destruction of fluorinated greenhouse gases and other greenhouse gases that contain fluorine. We, at Nestlé, support the development and use of safe and efficient natural refrigerant solutions for commercial applications and progressively phase out HFCs appliances. We have committed to expand the use of natural refrigerants, which do not harm the ozone layer and have a negligible impact on climate change, in our industrial refrigeration systems. This could lead to increased operational cost.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Potential financial impact

50000000

Explanation of financial impact

We estimate that the potential financial implications of the risk amounts to around CHF 50 million in the 5-10 years' timeframe. This takes into account investment needed to move directly to natural refrigerants wherever viable and whenever replacement is needed instead of using drop-in refrigerants or other high GWP refrigerants. The financial implication scale is minor to the company.

Management method

The management methods include: i) In 2017, we expanded the use of natural refrigerants by installing 58 new refrigeration systems. ii) Since 2016, every new horizontal chest freezer Nestlé buys to store ice cream use natural refrigerants rather than synthetic refrigerants, where legally permitted. These new freezers represent 70% of Nestlé's total spend on freezers. They also consume 50% less energy than earlier models and are more efficient for customers to run

Cost of management

75000000

Comment

We are phasing out synthetic refrigerants with high global warming and ozone depleting potential such as HFCs. The costs associated with these actions in 2017 were around CHF 3.7 million in order to replace them with natural alternatives in our industrial refrigeration systems. In 2017, our efforts with regards to natural refrigerants in commercial appliances has been recognized by the attribution of 2 awards. <http://www.shecco.com/articles/2017-07-17-winners-of-aa-awards/>
http://hydrocarbons21.com/articles/7868/accelerate_europe_announces_2017_award_winners

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

The first and the largest international cap and trade system to reduce industrial GHG emissions is the European Emission Trading Scheme (EU ETS), currently in Phase III and running until 2020. Nestlé has 16 factories participating in EU ETS, with a net positive

emissions balance at the beginning of Phase III. However, Nestlé will be required to purchase certificates for its factories emissions.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Low

Potential financial impact

2500000

Explanation of financial impact

Nestlé analysed financial implications for its factories in EU ETS Phase III. Assuming a CO2 price of 15 CHF/t in 2020, financial implication of the EU-ETS is estimated at a cumulated CHF 2 - 3m during Phase III, based on an increase in cost (increase in production and so in emissions compensated by standard efficiency measures, without major investments in emissions reduction), down from CHF 24-30m estimated during Phase II, due to CO2/t price decrease. The financial implication scale is minor to the company.

Management method

The management methods to reduce GHG emissions include: i) Improve energy efficiency; we have reduced by 3% our total energy consumption per tonne of product in 2017 compared to 2016. ii) Switch to cleaner fuels and invest in renewable sources. We have purchased 26% of our electricity from renewable sources in 2017; this is a 102% increase versus 2016 iii) With the help of our Energy Target Setting Programme, our plants use efficient technologies and apply best practices to optimise energy consumption; utilise sustainably-managed renewable energy sources, where economically viable; recover energy from by-products; and control and aim to eliminate emissions.

Cost of management

0

Comment

Cost of management has been evaluated as null; all investments made do have ROI of 4 years in average thus we consider that cost of management is null.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact driver

Increased capital costs (e.g., damage to facilities)

Company- specific description

The fifth assessment report by the Intergovernmental Panel on Climate Change (IPCC) states that warming of the climate system is unequivocal and that each of the last three decades has been successively warmer at the earth's surface than any preceding decade since 1850. The increased frequency of extreme weather events, such as storm surges and droughts, is consistent with the latest IPCC modelling. The damage to economic assets, such as industrial infrastructure, agriculture and key global supply chains, caused by such extreme weather events is becoming more evident, as is the fragility of the global logistics and mobility systems. Climate change may induce changes in natural resources and increase the occurrence and frequency of floods which can then affect our direct operations. We have identified 44 Nestlé factories with high flood hazard. Flood related losses have significantly increased over the past years. While the origin of the floods and the meteorological conditions that lead to flooding usually cannot be prevented, the effects of flooding and the extent of damage it can cause can be controlled or reduced. Flood exposures can be present almost anywhere. Whether a facility is located in a mountain valley, in a basin, along a lake, river, channel, ditch or adjacent to the sea, the potential of flooding needs to be considered. Flood sources can include heavy rain, melting snow, tropical cyclones (typhoons or hurricanes), and obstructed waterways due to water-borne debris or ice. These sources can lead to flash flooding, surface water overflow, riverine flooding, seiche (water level changes in lakes), tidal flooding, coastal storm surge, and tsunamis. This can lead to property damage and/or business interruption increasing the operational cost. For example, a recent flood in Philippines caused damage to the entire Nestlé factory complex (including damaged stocks and assets, rework stocks from the coffee production, labor cost during shutdown, damaged spare parts, recovery expenses and repair cost for the fence) and resulted in an estimated loss of CHF 2.8m.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

High

Potential financial impact

1000000000

Explanation of financial impact

We estimate that the potential financial implications due to floods affecting our operations, Property Damage and Business Interruption of the most exposed site is estimated at CHF 390m. In 2017, 43 sites have been classified as being exposed to High Flood Risk with a total potential loss of more than 1bn CHF. The financial implication scale is high to the company.

Management method

At Nestlé we take a comprehensive approach to assess and mitigate risk related to changes in physical climate parameters that could result in our operations disruptions. The management methods used include: i) In 2017, risk engineers experts inspected 241 Nestlé sites providing recommendations to improving standards of prevention to flooding, when relevant. ii) The Nestlé Global Property Loss Prevention Programme provides a consistent view of our exposure to property risks around the world to floods and storms, enabling us to make informed decisions about the future standards of prevention and protection throughout Nestlé sites when relevant. iii) Flood emergency plans are in place on a case by case in Nestlé sites exposed to flooding from any source.

Cost of management

1600000

Comment

The costs associated with these actions include the loss prevention programme and specialist engineers visiting the sites which amount to CHF 1.6 million in 2017. These costs include the sites visits and recommendations by specialists and exclude the cost of the implementation of the recommended measures.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Market: Increased cost of raw materials

Type of financial impact driver

Market: Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment)

Company- specific description

Changing temperatures and precipitations patterns may affect Nestlé's factories and assets and lead to decreased availability of critical raw materials in the supply chain, especially agricultural commodities. As Nestlé relies on raw material (coffee, sugar, cocoa, cereals etc.), this change may lead to the increased operational cost or even disrupt the business operations along the entire value chain of Nestlé.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Potential financial impact

1250000000

Explanation of financial impact

The potential financial impact due to mid-long term supply chain disruption or / interrupting process along the value chain due to climate change has been estimated at a very high level. The directional estimate is approximately CHF 1000 - 1500 million of revenue. This estimate is based on the Enterprise Risk Management Framework and is the result of the aggregation of individual "Top-Down" assessments of 37 Markets / Globally Managed Businesses, which have identified the decreased availability of raw materials in the supply chain due to changes in precipitations, droughts and other climatic changes over a 3 year outlook.

Management method

The management methods used include: i) Nestlé has developed an exposure related database where floods and other natural hazards exposures and actions plans are documented and continuously updated. ii) We have policies, processes and controls in place to mitigate such risks. Business continuity plans are in place. Nestlé commits to work with the Sustainable Agriculture Initiative Platform. In 2017, 95% of the direct procurement markets are covered by the Sustainable Agriculture Initiative at Nestlé programme. In Vietnam, for example, to address the groundwater scarcity, Nestlé's five-year partnership with the Swiss Agency for Development and Cooperation served more than 50k farmers to improve irrigation practices since 2011. iii) In 2017, Nestlé purchases our main raw materials directly from 685k small-scale suppliers. We encourage farmers to implement climate change adaptation and mitigation and promote farms' resilience to climate change through the NESCAFÉ Plan. v) As part of the Nestlé Cocoa Plan, we put our plant science expertise to work; in 2017, 2.3 million high-yield, disease-resistant plantlets were distributed to farmers through the Nestlé Cocoa Plan, and 30.9 million through the Nescafé Plan. These actions are expected to ensure the long term availability of raw materials and therefore reduce the magnitude of impact of the risk to lower over the 6-10 years' timeframe.

Cost of management

500000000

Comment

Cost of management : this figure represents the investment from 2014 to 2020 of Nespresso's The Positive Cup sustainability strategy, which enables sustainable consumption and production, supporting resilience of coffee farming communities and taking care of natural resources for the future. This investment includes the commitment of the Nespresso Sustainability Innovation Fund.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact driver

Increased capital costs (e.g., damage to facilities)

Company- specific description

The 5th Assessment report by the Intergovernmental Panel on Climate Change (IPCC) states that 'In urban areas, climate change is projected to increase risks for people, assets, economies and ecosystems, including risks from heat stress, storms and extreme precipitation, [...] and storm surges (very high confidence).' Severe thunderstorms are one of the primary causes of catastrophic loss. In 2017, the most affected region in terms of wind-related events were Asia (Typhoon Hato) and the Americas (Hurricane Irma). Storms pose a risk to Nestlé, as sites can be damaged and potentially production could be interrupted.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium-high

Potential financial impact

108000000

Explanation of financial impact

We estimate that the potential financial implications of the risk amounts to between CHF 60k and 108m. This assumes a Probable Maximum Loss (PML) for a site that has its property damaged and Business interruption of 12 months.

Management method

At Nestlé we take a comprehensive approach to assess and mitigate risk related to changes in physical climate parameters that could result in our operations disruptions. The management methods used include: i) In 2017, 35 sites were assessed as being highly exposed to storms. The method applied is a case by case evaluation of the critical sites to evaluate the Wind Hazard Level and both the structural and non-structural resilience. Recommendations are then provided by the experts including roofing improvements, and glazing and cladding wind design evaluation. ii) During 2017, experts visited 241 sites providing recommendations to improving standards of prevention.

Cost of management

1600000

Comment

The cost of the risk exposure assessment is the same as for the floods (CHF 1.6 million in 2017) as the specialist engineers visits are not specific to one risk in particular and takes into account a holistic view. This does not include the cost of the implementation of the recommended measures.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising mean temperatures

Type of financial impact driver

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

Company- specific description

Our long-term success depends on the water resources that supply our business operations and support the livelihoods of suppliers and consumers. Melting ice, rising sea levels, more frequent and severe droughts and floods are part of the environmental changes that face the food industry and make it more exposed to climate change than others. Indeed, Nestlé's key raw materials are sourced from nature and closely linked with the environment: a lack of water, combined with changing climate patterns, will impact vegetation distribution, abundance and yields, so we need to implement good management practices and

find new ways to reduce risks. Water crisis was identified as a top 3 risk in terms of impact in the WEF 2017 Global risks report. A significant decline in the quality and quantity of fresh water combines with increased competition among resource-intensive systems, such as food and energy production poses risk to business. Water shortages will impede supply of agricultural raw materials, disrupt manufacturing sites and unable consumers to prepare and enjoy products. In 2017, we have identified and prioritised 18 high-priority manufacturing facilities that are located in areas of severe water stress and/ or represent a significant portion of our annual water withdrawals.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium-high

Potential financial impact

175000000

Explanation of financial impact

We have estimated that the potential direct financial implication due to lack of water in a site is between CHF 150 -250 million. This would negatively impact our revenue due to potential business disruptions. This estimate assumes that the business interruption lasts more than 12 month and affects one site only.

Management method

At Nestlé we take a comprehensive approach to assess and mitigate risk related to changes in physical climate parameters that will result in water scarcity in different areas. The management methods used include: i) We have action-oriented dialogue with different stakeholders, from farmers to policymakers, to help formulate strategies aimed at addressing the water 'overdraft' e.g. we have played a leading role such as in the 2030 Water Resource Group; We have developed a global Water Stewardship Master Plan at a corporate level, and started to formulate local plans in Pakistan, California, Mexico, South Africa and India; ii) In 2017, 578 water-saving projects were run in our factories saving 5.4 million m³. There are now 5 factories with zero water technology implemented in Mexico, Brazil, USA and South Africa iii) In 2017, we continued to implement the Responsible Sourcing Guidelines for 12 of our key commodities and extension of our Water Guidelines for Suppliers of Agricultural Raw Materials. iv) In 2017, we implemented over 40 projects for improved water management in our agricultural supply chain for coffee, sugar, dairy and cereals. These actions are expected to create value for shareholders and society and reduce the magnitude of the impact of the risk to low over 10 years' timeframe.

Cost of management

29000000

Comment

The cost associated with these actions is estimated at CHF 29 million in 2017. This is the investment approved for spent for water-saving programmes in our factories. This does not include the cost of undertaking the Water Resource Reviews, nor the engagement and supply chain initiatives.

Identifier

Risk 8

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact driver

Reputation: Reduced revenue from decreased demand for goods/services

Company- specific description

According to our materiality assessment, climate change is considered as an issue of increasing concern to stakeholders. If stakeholders perceived that Nestlé is not living up to their expectations, this could lead to a loss in reputation thus decrease demand for our products. In 2016, we engaged SustainAbility, an independent think tank and strategic advisor, to re-assess Nestlé's material issues. Working together with Accenture for perspective on the commercial impact of material issues, they applied a structured method to quantify the relative materiality of the issues. The method allowed for greater precision in the scoring and ranking of our material issues than in previous years. The next materiality analysis will be conducted in 2018.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium-high

Potential financial impact

750000000

Explanation of financial impact

A negative local or global impact on Nestlé image / reputation / credibility could lead to longstanding negative impact on stakeholder relationships and a reduction of demand for our products. The financial implication of reputational loss due to inaction on climate change is complex to quantify from a financial impact perspective. A directional banding of approximately CHF500 - 1000 million revenue loss is estimated. Note this also includes the impact of changing consumer behaviour as it is difficult to separate from reputation. This estimate is based on assessments by our Markets and the time horizon considered in the assessments is 3 years.

Management method

The management methods include: i) Proactively engage and collaborate with stakeholders including regulators, customers, business partners, civil society organisations to define, implement and evaluate solutions to the complex climate change challenges we face. ii) We disclose in our website, integrated annual report pack and on-line Nestlé in Society reports, our activities to mitigation and adaptation. Our on-line Nestlé in Society reports 2017 is in line with GRI G4 guidelines. iii) Work actively with governments, trade bodies and NGOs to assess and test responsible approaches to provide environmental information, including to consumers. iv) Regular stakeholder convenings focus on issues specific to our company, including climate change and delivering our commitments. In 2017, representatives of NGOs, academia, government and international organizations attended our stakeholder convening in London. We proactively engage in activities that could either directly or indirectly influence policy on climate change through direct engagement, trade associations and funding research organizations including The Consumer Goods Forum, FoodDrinkEurope, WBCSD and the UNFCCC.

Cost of management

753000

Comment

The cost associated with these actions is estimated in CHF 753k in 2017. These costs include: *the organization of stakeholder convenings, *the publication of environmental case studies, *the preparation and writing of the Nestlé in Society report, *the identification of material issues and the assurance of information disclosed in the Nestlé in Society Report. This figure does not include the cost of improvement projects that result in GHG emission reduction in 2017.

Identifier

Risk 9

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Shifts in consumer preferences

Type of financial impact driver

Reputation: Reduced revenue from decreased demand for goods/services

Company- specific description

Changing consumer behaviour patterns towards products that are perceived as better for the environment than Nestlé products could result in a declining demand for products perceived GHG-intensive. Recent studies from Nielsen and Deloitte show that millennials are most willing to pay more for products and services seen as sustainable or coming from socially and environmentally responsible companies. Consumers would like to know if the food they eat is produced in an environmentally responsible way. They might request food manufacturers to disclose environmental performance of their products. The risk is that consumer's behaviour changes towards competitors companies that are perceived as products having lower carbon footprint than Nestlé. Consequently, this could lead to a potential reduction in the demand for our products. A Consumer Insight study by Data Monitor estimates that 47% of consumers are highly attentive to packaging information about how a product is manufactured.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

High

Potential financial impact

1250000000

Explanation of financial impact

A reduction of demand for our products due to consumer's perceptions that the Manufacturing of Nestle products might have an impact on the environment (e.g packaging, use of natural resources, non-recyclability of coffee pods) is complex to quantify from a financial impact perspective and challenging to separate the impact from the "Reputation" risk driver. The directional banding of approximately CHF1000 – 1500 million revenue loss estimation detailed under the "Reputation" risk driver also includes the impact of changing consumer behavior. This estimate is based on risks highlighted by 36 of our Markets in their risk assessments. The time horizon considered in the assessments is 3 years.

Management method

The management methods include: i) To further optimise the environmental performance of our products, we continued the development of EcodEX, a multi-criteria ecodesign tool that covers both packaging and ingredients in all product categories. ii) We continue to invest in new packaging options. E.g. replacing a triple layer of PE, aluminium and PET with a duplex structure in

Nescafé Creamy White soluble coffee packets saves Nestlé Philippines 188 tonnes of material a year. iii) To provide meaningful and accurate products' environmental performance to consumers, we launched a communication programme worldwide Nestlé Beyond the Label. E.g. Nestlé Professional created a tool that helps customers understand and compare the environmental performance with parameters such as: the type of coffee machine chosen and the type of cup used. iv) We implemented the automatic power-off function or stand-by mode to all Nespresso consumer machine. E.g., PIXIE, U and Inissia, three recent machines, automatically switch off after 9 minutes of inactivity, consuming 60% less energy than A-ranked. v) Engaging consumers. E.g. Nestlé Waters has established the Recycling Generation to encourage recycling behaviour change. These actions could reduce the magnitude of impact of the risk by reducing the financial implication by 50%.

Cost of management

835000

Comment

The costs associated with these actions in 2017 were around CHF 835k CHF including: CHF 800k for roll out of E codEx, *CHF 35k for the participation of EU Product Environmental Footprint experimentation in Petcare. This does not include the cost of conducting the assessments and the investments in improvements programmes.

Identifier

Risk 10

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Technology: Other

Type of financial impact driver

Other, please specify (Cost of food wastage in the supply chain)

Company- specific description

According to FAO, food waste is the third emitter of GHG globally after China and USA. The GHG emissions of food produced and not eaten are estimated to 3.3 Gtonnes of CO₂e. If 1/3 of the food produced is lost and wasted every year, then significant amounts of GHG emissions will be emitted annually that may exacerbate environmental challenges. When looking at milk losses in particular, FAO estimates that milk waste can makes up approximately up to 40-65% of total food waste some countries. For Nestlé, this poses a risk as milk losses can reduce the availability of milk supply to our collections points. In addition, milk losses contribute to the generation of Scope 3 GHGs. In the traditional networks, losses of milk are in the order of 16% - 27% according

to FAO. In the milk supply chain, we've provided cooling facilities to farmers in developing countries that have reduced milk losses. In Pakistan, in the district of Renala, we have more than halved the losses of milk between the cooling facilities and the factory. As stated by the FAO, the average global emissions from milk production, processing and transport is estimated to be 2.4 CO₂-eq. per kg of FPCM (fat and protein corrected milk) at farm gate. By implementing these initiatives, Nestlé saved more than 4.5 million CO₂e. Nestlé may face scarcity of raw materials and water, and threaten its food business, if no actions are taken.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Potential financial impact

40000000

Explanation of financial impact

The financial implication of food wastage in the supply chain, especially for milk, is estimated at CHF 40 million a year in increasing costs. The estimate is based on the cost incurred in storage tanks, chill centers and veterinary aid.

Management method

The management methods include: i) At RD stage, Nestlé developed high-yield, drought and disease resistant coffee and cocoa plants, to reduce farmers loss due to disease or climate-related issues; we initiated a research project in France to grow carrots more uniformly shaped to reduce waste in harvesting, and carrots with higher dry matter content to reduce waste in processing. ii) At agricultural stage, Nestlé provide technical advice and training to farmers. E.g. Our Grains Quality Improvement Project is working towards a 60% reduction in mycotoxin contamination levels in the cereal grains we source for our cereal brands in Central and West Africa. iii) We have developed creative solutions to help consumers use leftovers, e.g., doughs (pizzas, pasties, etc.) that can be filled with leftover food from the fridge. These methods can reduce food waste and GHG emissions and therefore the magnitude of the risk is eliminated in a 5 years' timeframe.

Cost of management

33000000

Comment

The costs are estimated at CHF 33 million in assistance to around 83 600 farmers. Of this, CHF 28.9 million was direct financial assistance such as investment loans, operational loans, advanced payments, subsidised interest rates and bank guarantees.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact driver

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description

New regulations and initiatives to provide environmental communication to consumers based on scientific evidence are expected in some countries (e.g. European Union, France, Belgium, Sweden, Germany, Greece, China, Thailand, Japan, Mexico). For example, a recent public EU consultation assessed the effectiveness of potential mandatory provision of environmental information to consumers in different patterns. Among consumers with high awareness of climate change, this represents an opportunity for Nestlé for its processed food considering that in general it has a better environmental performance as compared to equivalent home made products. For example, a Life Cycle Assessment (LCA) showed that a cup of soluble coffee has a better environmental performance than a cup of drip filter coffee. Demand could thus increase for Nestlé products due to the labelling regulations and standards. This could lead to an increased demand for our products. Nestlé has already conducted LCA for all its products categories and incorporated ecodesign tools at the earliest stage in the development of its new and renovated products.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Potential financial impact

645000000

Explanation of financial impact

The opportunities driven by product labelling regulations and standards can increase demand for existing products. The estimated financial implications of this opportunity could be circa between CHF 450-850 million per year, in increase in revenue. This assuming that this can result between 0.5-1% of sales increase.

Strategy to realize opportunity

To exploit this opportunity, our management methods include: i) We use the most efficient technologies to further optimise energy consumption. E.g. In 2017, we reduced our direct and indirect GHG emissions per tonne of product by 33% since 2007. ii) We participate in the development of harmonised methodologies to assess environmental performance. E.g. in 2017 we participated in the European Commission pilot to develop a common environmental footprint methodology for product categories. iii) We provide meaningful and accurate environmental information to consumers about our products, we launched a communication programme worldwide Nestlé Beyond the Label. E.g. We have worked closely with the Commission since 2014 to set up and validate the process of the development of category rules for packed water, coffee and pet food, including the development of performance benchmarks to test different compliance and verification systems, and communication vehicles. In 2017, we communicated the environmental performance of Purina ONE, Nestlé Waters Vittel bottled water and Nescafé to consumers and customers. Nestlé Professional created a tool that helps customers understand and compare the environmental impacts of different coffee machines.. iv) We systematically assess the environmental performance of our product categories. E.g. By the end of 2017, we evaluated 7005 projects and 20 608 scenarios using eco-design tools, since the introduction of eco-design software a decade ago.

Cost to realize opportunity

830000

Comment

The costs associated with these actions in 2017 were around CHF 830 kCHF including: CHF 800k for roll out of EcodEx, *CHF 30k for the participation of EU Product Environmental Footprint experimentation in Petcare. This does not include the cost of conducting the assessments and the investments in improvements programmes.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Type of financial impact driver

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description

Cap and trade schemes present incentives to cutting greenhouse gas emissions cost-effectively through energy efficiency projects in our factories which reduce GHG emission. In 2017, Nestlé had 17 factories in the European Union in Spain, Portugal, Germany, Hungary, Italy, UK and France participating in the European Trading Scheme. Nestlé has ended Phase II (end 2012) in a surplus position, which means Nestlé's sites generated less emission than allowances received. It represents an opportunity to reduce operational cost. The cost of allowances is expected to rise as demand increases and the amount of allowances available on the market decreases. The new technologies we are implementing and the experience acquired in cap and trade schemes in EU is an opportunity for other worldwide factories. This is also an opportunity of an additional competitive advantage in other countries may put in place GHG emissions reduction mechanisms (e.g. Australia-China).

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Low

Potential financial impact

2700000

Explanation of financial impact

Potential financial implications for Nestlé are estimated at CHF 2.4 - 3m by 2020, taken in account specific actions for CO2 emission reduction that are planned. This assumes that all planned efficiency measures are implemented and the carbon price increase to 15 € per t of CO2 by 2020. The financial implication scale is minor to the company.

Strategy to realize opportunity

increasing the use of renewable energy generated on-site: we have 22 factories that use coffee ground as a fuel and 27 factories that use wood. We have now 11 factories that generate as well some of their renewable energy from non-biomass sources, on-site. ii) - accelerating the procurement of renewable electricity : 26% of our electricity now comes from renewable sources, this is a 102% increase versus 2016. More than 400 000 tonnes of CO₂eq has been saved through increase in purchasing renewable electricity in 2017. 141 Nestlé factories use renewable electricity. In Brazil, where 100% of the electricity purchased comes from renewables sources in 2017, we will avoid the emission of around 50 000 tonnes of CO₂eq a year by using 100% renewable electricity; In 2017, Markets like Switzerland, Poland, Germany, Hungary and Italy are now purchasing 100% of their electricity from renewable sources.

Cost to realize opportunity

0

Comment

Cost to realize opportunity : 0 as all investments made do have a ROI of 4 years average.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of new technologies

Type of financial impact driver

Reduced operational costs (e.g., through use of lowest cost abatement)

Company- specific description

In 2016, 197 countries adopted an amendment to phase down HFCs under the Montreal Protocol in Kigali. Under the amendment, countries committed to cut the production and consumption of HFCs by more than 80 percent over the next 30 years. The ambitious phase down schedule will avoid more than 80 billion metric tons of carbon dioxide equivalent emissions by 2050—avoiding up to 0.5° Celsius warming by the end of the century—while continuing to protect the ozone layer. Also regulations to phase out HFCs have entry into force in for example US and the European Union. Companies that use already safe natural refrigerant alternatives for industrial refrigeration installations and have implemented new solutions to improve their performance will already comply with new regulations.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Potential financial impact

300000000

Explanation of financial impact

We estimate that the potential financial implications of the opportunity amounts to around CHF 300 million in the 5-10 years' timeframe. This will help reduce operation cost in the future as Nestlé has already invested that amount to use natural refrigerants in its industrial refrigeration installations and have implemented new solutions to improve their performance.

Strategy to realize opportunity

At Nestlé, we are fully committed to providing leadership on climate change. We have taken decisive steps in the area of refrigerants and achieved a broad expansion of the use of safe and natural refrigerants. We believe that business is part of the solution and that industry wide, collaborative efforts are pivotal to scale efforts and make lasting change. To exploit this opportunity, our management methods include: i) In 2017, we expanded the use of natural refrigerants by installing 58 new refrigeration systems in, for example, Japan, Cameroon, China, Pakistan, Indonesia, Hungary, France, Switzerland, UK, USA, Brazil, Colombia and Chile. ii) In 2017, we continued to operate carbon dioxide/ ammonia (CO₂/NH₃) cascades systems. This technology has become our standard worldwide for low temperature applications such as coffee freeze drying, frozen food manufacture and cold storage. iii) Our Nestlé global refrigeration experts contribute to transfer knowledge worldwide, facilitating the implementation of natural refrigeration systems. To overcome the barriers to wide-scale adoption of more climate-friendly refrigeration, we continue to work with major equipment suppliers and organizations to test and monitor different refrigerants in various applications.

Cost to realize opportunity

69300000

Comment

We are phasing out synthetic refrigerants with high global warming and ozone depleting potential such as HFCs, and in 2017 we have invested around CHF 3.7 million to replace them with natural alternatives in our industrial refrigeration systems.

Identifier

Opp4

Where in the value chain does the opportunity occur?

Supply Chain

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other

Type of financial impact driver

Increased production capacity, resulting in increased revenues

Company- specific description

Nestlé relies on agricultural raw materials (e.g. coffee, cocoa, milk, sugar, soy) and the changes in extreme temperatures may favour the growth of some of them by increasing their yield and extend their harvesting period. To secure long term supply of raw materials, we work to ensure the development of Nestlé's suppliers, and make significant contributions to helping small farmers, including women farmers. This presents a competitive opportunity to Nestlé. By helping farmers secure long term availability, farmers increase the output from their limited resources, and improve the quality of their product so they can receive a higher price. This is a win-win opportunity as this provides Nestlé with a reliable supply of high-quality raw materials. In northern Europe, for example, climate change is expected to bring sugar yield increases of around 1 t/ha, for the period 2021-2050 according to the Hadley climate change model. Considering that the global demand for sugar is expected to rise by 2020, and that land competition due to ethanol production made out of sugar canes may increase, new sourcing regions presents an opportunity as Nestlé will be able to source some from regions where it was impossible to grow before. This can result in a secure supply of raw materials and also a decrease in operational cost related to transportation.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

High

Potential financial impact

500000000

Explanation of financial impact

Climate change can result in increased production of key raw materials which can result in increased long term supply of key raw materials. Increasing supply of coffee, cocoa and other raw materials can represent a positive financial implication on our revenues of CHF 500 million. This was estimated considering revenues of those product categories and percentage of increase in supply if methods are in place to optimise the opportunity. The financial implication scale is minor to the company.

Strategy to realize opportunity

To exploit this opportunity, our management methods include: i) We employ technical advisors who train and consult on agricultural practices and farm business management practices to the farmers. E.g. In 2017, 431 000 farmers were trained through capacity-building programmes. ii) In 2017, we distributed 30.9m high yielding, disease-resistant coffee plantlets to farmers in order to help them increase the output of their limited resources and improve the quality of their product. We need to support local supplier so they can provide us with raw materials. This helps building prosperous local societies by providing employment, increasing skill levels and enabling technology transfer. iii) To find improved ways to control plant diseases. E.g. Nestlé produces coffee seedlings in a disease-free environment and supplies them to farmers to replace old, less productive, disease-prone coffee trees. These measures are expected to enhance the magnitude of the opportunity to high as well as this also results in the business growing.

Cost to realize opportunity

0

Comment

Identifier

Opp5

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Ability to diversify business activities

Type of financial impact driver

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description

Natural resources are constrained. Improving our efficiency, quality and productivity, translates into doing more with fewer resources and less waste. In particular, optimizing our packaging for the specific application including the use of recyclable and recycled materials improve the overall environmental performance of the product and result in cost savings

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-high

Potential financial impact

1400000000

Explanation of financial impact

We began optimizing packaging in 1991, ahead of our competitors; since then, we have avoided using 816'913 tonnes of packaging material and saved more than CHF 1.4 billion. We have also avoided more than 395'950 tonnes of CO₂eq – equivalent to 84'245 cars being taken off the road for one year.

Strategy to realize opportunity

To exploit this opportunity, our management methods include: i) A support by our Packaging Environmental Sustainability Network, comprising 10 core team members and 261 affiliates. The network provides scientific support, information and training on environmental sustainability. In 2017, it helped train 470 Nestlé employees on one or more of the key focus areas. ii) We improve the environmental performance of our packaging across their life cycle through our eco-design tools. Since 2008, we have evaluated more than 7'000 projects with 20'600 scenarios, covering packaging and product development. iii) We continually seek innovative approaches to packaging. In 2017 we avoided the use of 22'558 tons. With 103'652 t we have reached our 2017 target of reducing packaging material usage by 100'000 t between 2015 and 2017. We support the implementation of comprehensive recovery schemes combining the appropriate set of recovery options, including recycling to prevent our packaging from contaminating natural habitats. We engage with all partners along the supply chain, from raw material suppliers to consumers, governments and non-profit organisations to find adequate solutions with respect to local conditions. Examples of our engagement in 2017 include Nestlé India's participation in the Confederation of Indian Industry and the Indian Pollution Control Association and Nestlé Waters NA invested 6 Mn \$ toward recycling infrastructure across the USA.

Cost to realize opportunity

800000

Comment

Cost to realize opportunity: In 2017, the cost associated with the licenses and maintenance of Ecodesign tools to improve the environmental performance of our products amounted to CHF 800k.

Identifier

Opp6

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Type of financial impact driver

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description

Water is becoming increasingly scarce, and water is vital for feeding a growing world population and for the development of Nestlé. We are committed to the continual improvement of the environmental performance of our activities, products and services. Specific to our food and beverage business we focus on water preservation, natural resources efficiency, biodiversity conservation, air emissions reduction, climate change adaptation, and zero waste. Improving our efficiency, quality and productivity, translates into doing more with fewer resources and less waste. More specifically, our work in environmental sustainability provides opportunities to make cost savings by improving our resource use efficiency – including raw and packaging materials, energy and water – and by avoiding waste. So that Nestlé products will be also better for the environment along the value chain.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

125000000

Explanation of financial impact

The financial implications are estimated between CHF 100-150 million in a 10 years timeframe. This consider the estimated savings resulting from selected 500 environmental performance improvement projects implemented in the reporting year.

Strategy to realize opportunity

To exploit this opportunity, our management methods include: i) As stated in The Nestlé Policy on Environmental Sustainability we aim to use the most efficient technologies and apply best practices in order to further optimise energy and water consumption, minimise waste generation, utilise sustainably managed renewable energy sources, recover value from by-products and control and eliminate emissions, including greenhouse gases. ii) In 2017, Nestlé has reduced GHG per tonne of product by 33% since 2007. In 2017, we implemented environmental saving projects in our operations that led to aprox. GHG reduction of 500k tonne of

CO2 eq.. This is part of our commitment to reduce GHG emissions (Scope 1 and 2) per tonne of product in every product category to achieve an overall reduction of 35% in our manufacturing operations versus 2010 by 2020.

Cost to realize opportunity

38000000

Comment

The costs associated with these ETS measures are estimated at CHF 38 million in energy savings projects in our factories for 2017.

Identifier

Opp7

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact driver

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description

Consumer demand for information is increasing, but space on-pack is inherently limited. Over the years, we expanded the use of Quick Response (QR) codes displayed within our Nutritional Compass. These give people with smartphones easy access to online information, enabling them to go 'beyond the label'. However, with consumer behaviour evolving rapidly, and search engines becoming the number one entry point for product information requests, we are working on new ways to facilitate access to this content. We remain committed to making this information available online, and will continue to develop our network beyond the current 5000 microsites, providing online product information in 45 countries, for 100 brands.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Potential financial impact

400000000

Explanation of financial impact

According to the 2015 Nielsen Global Corporate Sustainability Report, sales of consumer goods from brands with a demonstrated commitment to sustainability have grown more than 4% globally, while those without grew less than 1%. Assuming that this opportunity could increase sales around 0.5%, we estimate the potential financial impact on CHF 350-450 million on revenue.

Strategy to realize opportunity

To exploit this opportunity, our management methods include: i) We assess the environmental performance of our products using eco-design tools. By the end of 2017, we evaluated 7005 projects and 20 608 scenarios using eco-design tools, since the introduction of eco-design software a decade ago. The use of LCA results to inform our consumers and other interested stakeholders. We also provide them with advice on how to avoid food waste and how to reuse, recycle or dispose of packaging. Many of our products highlight their environmental sustainability aspects stating ingredients, production methods and adherence to standards, including our Responsible Sourcing Guideline. ii) Our Environmental Target Setting programme is designed to help our factory teams improve water and energy efficiency, and reduce GHG emissions. To further improve our environmental performance, we have developed a web-based tool, Do It Yourself. This enables each of our sites to identify and adopt energy and water-saving opportunities that have already been successful elsewhere in the Group or are best-in-class solutions proposed by in-house experts. In 2017, 102 sites used the tool. iii) In 2017, We remain committed to making this information available online, and will continue to develop our network beyond the current 5000 microsites, providing online product information in 45 countries, for 100 brands. iv) In 2017, we published the Nestlé in Society report highlighting environmental sustainability.

Cost to realize opportunity

1200000

Comment

In 2017, the costs associated with these management methods is estimated at CHF 1.2million. These include the cost associated with the preparation of the Nestlé in Society report (400k CHF), co-development of ecodesign tools, roll out of EcodEx (800 kCHF), implementation of selected Environmental improvements projects implemented in our factories.

Identifier

Opp8

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact driver

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description

Based in part on a media and competitive scan, we identified that climate change mitigation remains a central concern for stakeholders and consumers. Consumers are more likely to take purchasing decisions linked to the environmental impacts of what they buy. Nestlé has been recognised as a company leader that cares for the environment. Our strong commitments to climate protection and resilience initiative will help building trustful partnerships with our customers, consumers and stakeholders. As Nestlé is taking leadership approach in climate change, this can result in an increase in reputation and increased demand for our products. By continuing to communicate our actions and performance on climate change (Nescafé plan and Nestlé Cocoa plan, Nestlé in society report) we will be able to take advantage of this opportunity. At the same time, our actions could impact our human resources management by recruiting competent employee engaged to our environmental commitments.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Potential financial impact

89791000000

Explanation of financial impact

Creating Shared Value is our way of delivering a long-term positive impact for shareholders and for society, through everything we do as company. Considering the fact that our total group sales was CHF 89.8 billion in 2017, the consequences of such an impact is considered significant.

Strategy to realize opportunity

To exploit this opportunity, our management methods include: i) In our operations we continue to identify and implement projects to improve our environmental impact by reducing non-renewable energy consumption, GHG emissions, avoiding waste and improving the environmental performance of our products. E.g.: In 2017, we reduced direct and indirect GHG emissions per tonne of product by 33% versus 2016. 19% of the total on-site energy consumption was coming from renewable sources. ii) We provide fact-based environmental information to consumers in 131 countries, enabling them to make informed choices and improve their own environmental impacts. In 2017, we published the Nestlé in Society report highlighting our commitment to climate change leadership. These measures are expected to increase the reputation that consumers have of Nestlé and therefore increase the magnitude of the impact.

Cost to realize opportunity

400000

Comment

The cost associated with the preparation of the Nestlé in Society report amounts to CHF 400k.

Identifier

Opp9

Where in the value chain does the opportunity occur?

Supply Chain

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other

Type of financial impact driver

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description

In order to further understand and reduce the waste occurring in our value chain, we initiated a milk loss and waste mapping exercise in Pakistan, applying the draft Food Loss and Waste Accounting and Reporting Standard. Reporting our data in conformance with the FLW Standard has been a valuable process that allowed us to identify quantities and destinations for each type of milk loss and waste along the value chain. The Pakistani dairy sector was chosen because of its complexity, the high volumes involved, and because it provided an opportunity to test the efficiency of our dairy hub model. In total, Nestlé processes 480 kilotonnes of milk a year, sourced mainly from traditional small farms but also some larger operations.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Potential financial impact

50000000

Explanation of financial impact

The financial implication due to avoided milk losses in Pakistan can be evaluated at around 50 million CHF per year. Note: The estimated benefits do not include the yield improvements. Farmers, milk traders are the major beneficiaries from this. Food manufacturer secures supply of milk at the right quality. This enhances the relationship with suppliers and the provision of right quantity of milk at the expected quality level.

Strategy to realize opportunity

Range of actions implemented that help to reduce food loss and waste along the dairy supply chain include: Provide adequate cooling, storage and transportation systems; Train farmers and share best practices amongst them on practices that help avoid pre-harvest losses and reduce post-harvest losses; Work with feed suppliers to improve feed quality that help avoid pre-harvest losses through yield improvement; Implement lean management and problem solving methodologies to identify, reduce and report losses. For each stage of the value chain, we analysed all potential causes of loss and waste. Losses and waste were quantified (either through direct observation or interviews with farmers, retailers, consumers, and others) and extrapolated across the value chain.

Cost to realize opportunity

40000000

Comment

The cost adds up to around CHF 40 million per year for the actions listed in the management method. This cost is borne by the food manufacturer.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	Our multi-criteria eco-design tool – EcodEX, that covers both packaging and ingredients and can be applied to all product categories. By the end of 2017, we evaluated 7005 projects and 20 608 scenarios using eco-design tools, since the introduction of eco-design software a decade ago.
Supply chain and/or value chain	Impacted	Coffee production in Vietnam relies on irrigation during the dry season, leading to numerous shallow wells running dry. This is posing threats to sustainability of Vietnamese Robusta coffee production and Nestlé's local coffee supply chain at large.
Adaptation and mitigation activities	Impacted	In 2017, we implemented environmental saving projects in our operations that led to aprox. GHG reduction of 500k tonne of CO2 eq..
Investment in R&D	Impacted	New regulations and initiatives to provide environmental communication to consumers based on scientific evidence are expected in some countries (e.g. European Union, France, Belgium, Sweden, Germany, Greece, China, Thailand, Japan, Mexico). For example, a

	Impact	Description
		recent public EU consultation assessed the effectiveness of potential mandatory provision of environmental information to consumers in different patterns. Among consumers with high awareness of climate change, this represents an opportunity for Nestlé for its processed food considering that in general it has a better environmental performance as compared to equivalent home made products. So far, on its own initiative Nestlé has made life cycle analysis of its entire product category and by the end of 2017. An ISO compliant LCA assessment with a third party reviewed costs CHF 40000 on average.
Operations	Impacted	Unusually heavy rain brought about by a low pressure area and the tail-end of a weather cold front, caused massive flooding in Cagayan de Oro City, Philippines. A production site was badly flooded causing damage of around CHF 2.9 million.
Other, please specify	Impacted	Peru, the "el niño" weather phenomenon had an estimated impact of CHF 5.9 million including logistics, production, fixed assets and sales.

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	In general, we integrate sustainable development into business activities. In order to help us to identify the issues that matter most to our business and stakeholders, and to better support our strategic decision-making and reporting, every 2 years we invite an independent third party conducts a formal materiality assessment. Issues of concern are evaluated to determine both risks and opportunities for our reputation, revenues and costs. Water stewardship, climate change, resource efficiency are examples of issues identified as having potential major impacts on our business. Our global presence gives us direct access to millions of individuals and families. We promote sustainable consumption and outline the environmental sustainability aspects of our food and beverages, such as stating ingredient sourcing, production methods and adherence to standards, through on-pack messaging. We generate and plan for additional revenues by providing consumers with more sustainable food and beverages recognizing our products must not only be tastier and healthier, but also better for the environment.
Operating costs	Impacted	Our 2030 ambition is to strive for zero environmental impact in our operations. To achieve this, we set clear commitments and objectives to use sustainably managed and renewable resources, operate more efficiently, generate less waste for disposal, improve water management and help preserve our forests, oceans and biodiversity. Our key areas of focus are: further reduction of GHG emissions along our value chain; reuse and recycle wherever possible; continued reduction of water withdrawals; and help increase access to safe water and sanitation. We continue to invest in our factories to comply with local regulation, but also to improve our resource efficiency which will reduce our costs over the long-term. Investments in technology in innovative technology, such as our "zero water" technology described in the "Capital expenditures/capital allocation", increases financial operating costs. There are social and environment benefits delivered over the longer term that are critical to the achievement of Nestlé's environmental ambition and reputation.
Capital expenditures / capital allocation	Impacted	Our Corporate Engineering department assesses internal requests to invest in new technology or equipment that will improve water use efficiency. We place a notional cost on water ranging from CHF 1 to CHF 5 per m3, depending on a factory's physical risk score in the Nestlé Combined Water Stress Index. It takes into account water availability and allows us to address the

	Relevance	Description
		following challenges: - Traditional payback may be long term or non-existent due to the low cost of water; and - Water savings deliver different benefits in different locations. This approach enables us to convert environmental and social benefits into a notional payback, helping us prioritise resource allocation. For example, our project to recycle water extracted from the processing of milk at our Moga factory in India has no financial payback, as the cost of well water in that location is almost nothing. However, when based on notional cost, the project will see payback in less than three years.
Acquisitions and divestments	Impacted	As part of our long-term value creation strategy, we are accelerating the repositioning of the portfolio with a clear focus on high-growth, high-margin categories. The criteria for acquisitions and divestments considers fit with strategy, attractive categories, ability to win and resource intensity. For example, in H1 2018 we announced a global coffee partnership with Starbucks to provide growth opportunities in retail and out-of-home. Starbucks is a purpose-led company like Nestlé, and we share common commitments to premium quality, excellence in innovation, as well as the same values and commitment to responsible sourcing and sustainability. Other recent acquisitions reflects the consumer's growing expectations with regards to responsible social and environmental practices along with our Nutrition Health and Wellness strategic dimension e.g. Atrium Innovations (a global leader in nutritional health products), Sweet Earth (plant-based protein products), Chameleon Cold-Brew (ethically sourced cold coffee).
Access to capital	Not impacted	Given our value creation model and the integration of sustainable development into all our business activities, along with our public commitments to sustainability, we do not foresee barriers to access capital to fund our future strategic requirements. Our recent (2018) decision to support the TCFD responds to the increasing interest from investors on climate change and on TCFD.
Assets	Impacted	We understand that some of our assets are impacted by climate-change (water-stressed areas, extreme events) and we take some actions to mitigate those, e.g. zero water factories.
Liabilities	Not evaluated	
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b)

(C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b) Indicate whether your organization has developed a low-carbon transition plan to support the long-term business strategy.

Yes

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

i) How the business strategy has been influenced:

During 2017, three factors, one internal and two external factors have been fundamental in further influencing our business objectives and strategy. The first is the progress being made in our factories to reduce GHG emissions and convert to renewable energy. This is inevitably turning attention to other areas where we can focus our efforts. Last years' analysis of our Scope 3 emissions, as part of efforts to set a Science Based Target for our scope 3 emissions, together with the requests from investors regarding the recommendations of the Task Force on Climate Financial Disclosure (TCFD) are the two external factors that are influencing our business strategy on climate.

We have in the past concentrated much of our activities on emission reduction and risk mitigation/adaptation within our direct operations (manufacturing and supply chain) where we have more direct control over decision making. This has led to significant reductions in GHG emissions over the last 15 years. More recently a commitment to increase our use of renewable energy is driving significant GHG reduction. During 2017 we completed an analysis of our scope 3 emissions, setting a baseline and understanding the reduction since 2014 (reported last year), and setting a science based reduction to 2020. During 2017 we defined the priority areas of focus for these efforts on GHG emissions on the upstream value chain – this is potentially the most significant business decision in terms of future GHG emissions. We defined these as deforestation, dairy, plant based proteins, soil health (to increase carbon content), and food loss and waste. In 2017 we began work in our responsible sourcing programme to focus upon soil health. We also made progress on plant based proteins: Winiary Kaszotto was launched in Poland as a meal kit with grains. We launched Garden Gourmet Vegane Filet across Europe as meat free alternatives. Also in 2017, the acquisition of Sweet Earth by Nestlé USA brings a wide range of quality vegetarian frozen foods to the portfolio.

Whilst working on these issues will deliver a range of beneficial outcomes (eg stopping deforestation will preserve biodiversity as well as reduce carbon emissions), the ability to also drive significant progress on climate was a clear factor in defining the approach we take. Again to take deforestation as an example, our policy and programmatic approach focusses on high carbon forests. We were the first manufacturing company to commit to this in 2010.

Our recent (2018) decision to support the TCFD will also extend our risk mitigation work to the upstream value chain. This is extending the scope of risk assessment process.

ii) Aspects of climate change that have influenced the strategy

- Regulation aspects: Since we operate in different parts of the world, we take into account the relevant regulatory aspect. E.g. In Europe the EU Cap and Trade scheme, where Nestlé will be required to purchase certificates for its emissions from concerned factories during EU-ETS Phase III impacting the costs in factories participating in the scheme and affect their competitiveness among other Nestlé's factories. The active cost related to EU-ETS has been integrated in the business strategy.
- Physical aspects: change in temperature extremes, water availability, and need for climate change adaptation. E.g. some of our factory sites are located in vulnerable areas, like China, India and Mexico. Physical aspects have triggered the business strategy to have contingency plans, assessments and prevention measures for potential interruptions on business operations. Investment in zero water factories in Mexico, South Africa and USA are all part of this response. Investing in coffee and cocoa plant varieties that are more tolerant to wider climatic extremes consistent with climate change is also an example of how climate change has influenced our strategy.
- Reputation aspects: While climate change mitigation remains a central concern, stakeholder interest in climate change adaptation is rising as the effects of climate change begin to make themselves felt. It is part of Nestlé's business strategy to actively manage its reputation with regard to climate change as consumer's perception on Nestlé's efforts can influence market share and share value. During 2016-17 we have seen increasing interest from investors on climate change, especially following the work of TCFD. This is influencing our strategy.

iii) Short term strategy components that have been influenced by climate change

- Constantly adjusting the scope of our targets on climate change, i.e. reduction of GHG emissions beyond factories, moving to natural refrigerants, setting Scope 3 targets
- Actions and decisions taken as a result of incorporating GHG emissions into product design for new and renovated products (which have a 3-5 year product life)
- Actions with farmers and suppliers as part of our responsible sourcing programme to (eg) reduce deforestation, increase soil carbon. These actions typically take 1-3 years to deliver results.

iv) Long term strategy components that have been influenced by climate change

- Setting 2030 ambition to strive for zero environmental impact in our operations.

- Incorporating GHG reduction and adaptation efforts along the value stream, including product design, procurement, manufacturing and packaging, logistics, consumption to support our long-term strategy to have a positive reputation with regard to climate change. Operationalising these strategies (as mentioned in the previous section) delivers the shorter term action.
- Engaging with governments, farmers and other stakeholders to contribute via vulnerability assessments, action plans and strategies, especially for climate adaptation and risk mitigation. This corresponds to strategic business targets to secure our value chain.
- Identifying practical adaptation actions and agricultural systems that can be implemented at farm level and provide technical assistance to farmers through our agronomists.
- Including enhanced resilience to climate change in our R&D programs. For example, Nestlé is also propagating and distributing coffee plant varieties that produce more beans and have a greater resistance to drought and certain diseases. E.g. The plantlets are particularly resistant to leaf rust, which has had a significant impact on Colombian coffee production over the past few years as a result of increasing temperatures and excessive rainfall.

v) How the Paris Agreement has influenced the business strategy

In the lead up to the Paris Agreement we made a series of commitment brokered by CDP. We have subsequently set science-based 2020 GHG emission reduction targets in line with the Paris Agreement, and as highlighted above we are giving more attention to land based emissions, again in line with the Paris Agreement.

C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e

(C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e) Disclose details of your organization's low-carbon transition plan.

Long-term ambition: by 2030 strive for zero environmental impact in our operations.

i) We will continue to target the reduction of GHG emissions from our direct operations. The emphasis at factories will be on energy efficiency and on increasing the share of energy derived from sustainably-managed renewable sources. We adopted evidence-based GHG emissions reduction targets on scope 1 and 2 (by 2020 -35% scope 1 and 2 emissions per ton of product vs 2010) that will help limit global warming to below 2°C, aided by the 'Mind the Science, Mind the Gap' methodology. As a member of RE100, we aim to procure 100% of our electricity from renewable sources within the shortest practical timescale. In 2017, 25.7% of our electricity came from renewable sources, this is a 102% increase versus 2016.

ii) After many years of work on energy reduction at our factories, and as the number of factories deriving their energy from renewable energy, we do however see fewer opportunities for significant GHG reduction from our factories. Our future focus on GHG emissions reductions will therefore shift to our value chains (Scope 3). Our Scope 3 work will focus upon deforestation, food loss & waste, soil health and increasing the use of plant based protein.

iii) Deforestation: We have a comprehensive strategy in place to tackle deforestation associated with agricultural commodities. The strategy includes protection for high carbon soils and forests. We aim to remove commodity-driven deforestation from all supply chains; Five categories of raw material are central to our "no deforestation" commitment as they are considered to have the highest impact on deforestation and forest stewardship: palm oil, soya, cattle, paper packaging and cocoa. In February 2018, we published an update on our progress towards eliminating deforestation in 5 of our key commodity supply chains. This update is based on risk mapping combined with 3rd party verification on the ground, and/or by satellite, using our traceability data back to farms as a foundation. 63% of Top 5 [deforestation related] category volume is Free From Deforestation. The findings of the supply chain mapping combined with risk assessments allow us to prioritize suppliers and regions in which to conduct sustainability work and encourage suppliers to work on traceability / forest management action plans to address any risks identified.

iv) Food waste in our supply chain: We have made good progress at our factory level, and in our dairy supply chains to ensure that Food waste and post-harvest losses are minimized. This is fully embedded in our Nestlé Responsible Sourcing Guidelines. We are currently revising our strategy which will be focusing on key commodities based on high nutrition content and high pre-processing losses for smallholders. By 2020, we aim to make date labels understandable to our consumers to reduce food waste at consumption stage.

v) Soil Health: As mentioned under deforestation, high carbon soils are a particular focus of our work on palm oil (in particular). Our work on other crops, especially cereals and sugar also focusses upon soil health which will lead to increasing carbon content of soils, better fertilizer practices and lower nutrient run-off.

vi) Plant based proteins: Nestlé is increasing its portfolio of vegetarian and flexitarian choices, in line with modern health trends. We launched Garden of Eatin' Gourmet Veggie Filet across Europe as meat free alternatives. The acquisition of Sweet Earth by Nestlé USA brings a wide range of quality vegetarian frozen foods to the portfolio. Coffee Mates natural bliss brought to market a number of all-natural plant-based innovations and flavours, including almond milk and coconut milk. We are part of the Protein Challenge 2040, which brings together a group of companies and civil society organisations to promote a more balanced approach to how we derive our proteins and we contributed to a recent report launched by FAIRR 'Plant Based Profits'.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

Our current understanding of the different climate related scenario analyses indicates that through to 2030 there are unlikely to be substantive differences in climate under the different climate scenarios. Any differences under the different scenarios are only apparent further into the future. In addition, investors are only assessing the performance (and risks) of Nestlé on a very short term basis.

This disconnect therefore between the time horizons of investors, the time line of normal business strategies and the differentiation of the different climate scenarios therefore means that the use of different scenarios is not likely to influence business strategy over the time horizon of our business plans nor the time horizon of investors.

To further understand climate risks, it is our intention to undertake a climate scenario analysis during 2018 in order to refine our approach. Based upon the outcomes of the analysis we will determine how best to implement the findings from it. This will happen during 2019.

C4. Targets and performance

C4.1

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

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

% reduction from base year

12

Base year

2014

Start year

2016

Base year emissions covered by target (metric tons CO2e)

7662007

Target year

2020

Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)

97

Target status

Underway

Please explain

Absolute target on direct and indirect GHG emissions supported by our on-going 2020 GHG intensity target of 35% versus 2010 (see intensity target Int1). The science-based Sectoral Decarbonization approach was used to establish the target. We reported that target to CDP in 2017 and are reporting progress against the same target in 2018.

Target reference number

Abs 2

Scope

Other, please specify (Scope 1+2(market-based)+3)

% emissions in Scope

100

% reduction from base year

50

Base year

2010

Start year

2016

Base year emissions covered by target (metric tons CO2e)

118214006

Target year

2050

Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)

8

Target status

Underway

Please explain

The 2050 long term goal on scope 1+2+3 reflects Nestlé's commitment to help lead the global transition to a low-carbon economy in line with the global agreement achieved at COP21. The level of ambition is aligned with the 2°C pathway of the IPPC 5th Assessment report. We reported that target to CDP in 2017 and are reporting progress against the same target in 2018.

Target reference number

Abs 3

Scope

Other, please specify (Scope 3)

% emissions in Scope

100

% reduction from base year

8

Base year

2014

Start year

2016

Base year emissions covered by target (metric tons CO2e)

111228768

Target year

2020

Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)

48

Target status

Underway

Please explain

This is an interim milestone for scope 3 emissions to support progress towards the 2050 long term goal (Abs2), in line with the 2°C pathway. We reported that target to CDP in 2017 and are reporting progress against the same target in 2018.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

% reduction from baseline year

35

Metric

Metric tons CO2e per metric ton of product

Base year

2010

Start year

2016

Normalized baseline year emissions covered by target (metric tons CO2e)

0.16

Target year

2020

Is this a science-based target?

Yes, this target has been approved as science-based by the Science Based Targets initiative

% achieved (emissions)

76

Target status

Underway

Please explain

Our 2020 commitment on GHG emissions was established using the science-based Sectoral Decarbonization Approach methodology, and requires that we reduce direct and indirect GHG emissions per tonne of product in every product category to achieve an overall reduction of 35% in our manufacturing operations versus 2010. We reported that target to CDP in 2017 and are reporting progress against the same target in 2018.

% change anticipated in absolute Scope 1+2 emissions

3

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 2

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

% reduction from baseline year

5

Metric

Metric tons CO₂e per metric ton of product

Base year

2016

Start year

2017

Normalized baseline year emissions covered by target (metric tons CO₂e)

0.127

Target year

2017

Is this a science-based target?

No, but we are reporting another target that is science-based

% achieved (emissions)

100

Target status

Expired

Please explain

Nestlé established an annual intensity reduction target on direct and indirect GHG emissions of 5% from 2016 to 2017, aligned with the level of decarbonization required by the 2020 intensity target (Int1). Our emissions per tonne of product declined by 7.1% from 2016 to 2017, therefore we have exceeded our target of reducing emissions per tonne of product by 5%.

% change anticipated in absolute Scope 1+2 emissions**% change anticipated in absolute Scope 3 emissions**

-5.3

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**Target**

Other, please specify (Renewable electricity purchase)

KPI – Metric numerator

Renewable electricity purchased (MWh)

KPI – Metric denominator (intensity targets only)

Total electricity purchased (MWh)

Base year

2015

Start year

2015

Target year**KPI in baseline year**

8

KPI in target year

100

% achieved in reporting year

26

Target Status

Underway

Please explain

Nestlé joined RE100 in 2014, thereby committing to having a strategy to procure 100% of electricity from renewable sources within the shortest practical timescale.

Part of emissions target

This target is to support the achievement of emissions targets that include scope 2 emissions.

Is this target part of an overarching initiative?

RE100

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	213	
To be implemented*	331	866786
Implementation commenced*	520	160507
Implemented*	172	348663

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Not to be implemented	214	

C4.3b

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

Activity type

Energy efficiency: Processes

Description of activity

Other, please specify (Energy savings)

Estimated annual CO2e savings (metric tonnes CO2e)

19000

Scope

Scope 1

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

2314000

Investment required (unit currency – as specified in CC0.4)

4056000

Payback period

1-3 years

Estimated lifetime of the initiative

Ongoing

Comment

"The Nestlé Energy Target Setting aims to reduce our Scope 1 and 2 emissions. An Energy Target Setting (ETS) is a thorough analysis of the energy and GHG emissions in our sites aiming at issuing an action plan, validated by the Factory Management & Market Technical Management, unlocking the energy and water saving potential. The exercise lasts 10 days on-site and aims at: • Analysing the energy/water conversion and use in the factory • Identifying and documenting energy/water saving opportunities •

Establishing an action plan together with the factory and Market with clear accountabilities and timing. ETS aims at issuing a roadmap of energy improvement projects covering building, industrial services and processes. Examples of energy - and CO₂eq-saving projects implemented in 2017 include: in March 2017, the Yinlu Hubei factory – our biggest water user and third-highest consumer of energy in the Greater China Region – sought to explore energy- and water-saving opportunities. We identified possible annual energy savings of 168 000 GJ, 745 000 m³ of water withdrawal reductions and a fall of 19 000 tonnes of CO₂ emissions through the recovery and reuse of water and heat. The 45 ETS projects built into the action plan are expected to save the factory CHF 2.3 million."

Activity type

Low-carbon energy purchase

Description of activity

Other, please specify (Renewable electricity)

Estimated annual CO₂e savings (metric tonnes CO₂e)

314000

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

0

Investment required (unit currency – as specified in CC0.4)

Payback period

Please select

Estimated lifetime of the initiative

Ongoing

Comment

"25.7% of our electricity now comes from renewable sources, this is a 102% increase versus 2016. More than 400 000 tonnes of CO₂eq has been saved through increase in purchasing renewable electricity in 2017. As a member of RE100, we aim to procure 100% of our electricity from renewable sources within the shortest practical timescale. At the current state, this initiative comes with an additionnal cost."

Activity type

Other, please specify (Transportation fleet)

Description of activity

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

3358

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

111375

Investment required (unit currency – as specified in CC0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

6-10 years

Comment

" In the US, Nestle Waters North America's ReadyRefresh fleet transformation strategy has focused on four key objectives, while supporting Nestlé's global commitment to lower its greenhouse gas emissions. These are: leverage alternative fuels such as liquefied petroleum gas to reduce the dependency on diesel fuel, upgrade the entire fleet to the new ReadyRefresh national brand, develop a fleet replacement plan that reduces the average age of Nestlé Waters' vehicles, and integrate safety and compliance standards to reduce risks. This not only creates a diverse fleet with multiple vehicle types to attract and retain employees, it also supports more efficient route-to-market strategies. Total savings of switching 22 vehicles from diesel to propane in 2017: 3358 tons of CO2 equivalent. The company now operates nearly 600 of these alternatively fueled trucks, which make up about 30 percent of the total North American fleet. Nestlé Waters is now achieving acquisition savings of up to CHF 7-10,000 per vehicle (8 year life cycle) and up to CHF 4,000 per year in savings through the use of alternative fuels to diesel fuel. "

Activity type

Other, please specify (Transportation fleet)

Description of activity

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

3000

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

0

Investment required (unit currency – as specified in CC0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

"Increasing the vehicle load fill is a very effective lever to reduce costs of transportation and improve the environmental performance. Nestlé Malaysia, Singapore and Brunei started to maximize transportation and warehouse utilization to change the height of the pallets. They decided to double stack small pallets to reach this goal. Initially pallets were 1.6 m heights, but based on the double stacking, two pallets of 1.2 m each are stacked. This results in maximization of the utilization of the space available in the trucks and in the warehouses. Therefore, the number of transportations decreases, the CO2e too, while improving the handling productivity. They expect to reduce annually by 24000 trips and by 3000 tons of CO2. "

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	"Compliance is the foundation of how we do business and a non-negotiable requirement for everything we do. In addition to complying with laws, regulations and internal requirements, Nestlé has a strong set of values and principles that we apply across all the countries where we operate. Our overriding objective is to ensure that our investments are beneficial both for our shareholders and the countries where we do business. The Nestlé Environmental Requirements are mandatory across our plants. "

Method	Comment
Employee engagement	"In addition to Environmental Sustainability managers, there are energy management functional roles at different levels that also contribute to drive investment in emission reduction activities. Business Technical manager sets market energy and emissions savings objectives for each Market in line with Corporate targets. The Market Chief Engineer defines the energy and emissions saving objectives for the factories and supports them together with the Market Environmental Sustainability manager. The Industrial services engineer directly supports the factory. At a factory level, the factory engineer is responsible and drives the energy conservation program that monitors utilities consumption and implements projects targeting energy use reduction and cost savings. The factory engineer is also responsible for establishing the factory specific Energy performance Indicators (EPIs) and monitor and analyses of EPIs together with the factory Environmental Sustainability manager and the line managers. "
Internal price on carbon	"We currently use carbon pricing as a tool to manage the risks and opportunities to our operations currently participating in EU-ETS. This helps us prioritize and schedule capital investment decisions. At the end of EU-ETS Phase II in 2016, Nestlé analysed financial implications for its factories participating to EU-ETS Phase III. "
Lower return on investment (ROI) specification	"The energy and other related sustainability projects are assessed separately using various parameters, such as energy savings in absolute GJ, absolute CO2 emission avoidance, absolute water savings and ROI. Longer payback are accepted for emissions reduction activities (up to 5 years) "
Marginal abatement cost curve	"All these abatement projects assessed for our factories are benchmarked considering the marginal cost of energy reduction. (GJ saved per CHF invested) and they are used to prioritize the projects. Monetary reward and incentives are linked to attainment of energy savings, thus of GHG reduction targets. "
Partnering with governments on technology development	"We work with governments and technology development such as development of low grade temperature. We also work with major equipment suppliers and international organisations to continuously test and monitor different refrigerants in various applications. We are in collaboration with suppliers to explore alternative refrigeration options (e.g. Partnership with TwinBird) "
Other	"Setting strict targets and public commitments. "

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

"Packaging source optimisation programme. By optimizing the weight and volume of our packaging materials, emissions are avoided. We began optimising packaging in 1991, since then, we have avoided using 816 913 tonnes of packaging material and saved almost CHF 1.4 billion. In the last five years, we have avoided more than 395 350 tonnes of CO₂eq. "

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Scope 3 emissions assessment)

% revenue from low carbon product(s) in the reporting year**Comment**

"Other: The methodology used to assess the avoided emissions in the last five year is the one used to assess our Scope 3 emissions - Cat.1 Sub-category Packaging Material. The amount of packaging purchased is multiplied by the emission factor of the assigned datasets. The results are aggregated to obtain the GHG emissions associated. EcoInvent v2.2 was used, 78% of Packaging material have been considered and further extrapolated to account for total packaging material purchased. High resolution of packaging materials, using recycled materials where data is available (paper, cardboard, solid board, glass, Al, steel, PET). "

Level of aggregation

Group of products

Description of product/Group of products

Drip filter vs soluble coffee; A scientifically reviewed LCA compared the environmental performance of spray dried coffee Nescafé with other alternatives (i.e drip filter coffee). The study concluded that by enjoying a cup of coffee NESCAFÉ instead of a cup of drip filter coffee, 16.2 gCO₂e are saved through the entire value chain. NESCAFÉ uses less energy and emits less GHG emissions than drip filter coffee along the value chain. An estimate of 2 810 000 tonne of CO₂e were avoided in 2017 by drinking NESCAFÉ instead of drip filter coffee. We assume that 5500 cups of Nescafe coffee are consumed every second worldwide.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Life cycle assessment)

% revenue from low carbon product(s) in the reporting year**Comment**

Other: The comparison between spray dried soluble coffee and alternatives LCA has been published in a scientific paper called "Life cycle assessment of spray dried soluble coffee and comparison with alternatives (drip filter and capsule espresso)" by Sébastien Humbert et al, Journal of Cleaner Production Volume 17, Issue 15, October 2009, Pages 1351-1358.

Level of aggregation

Product

Description of product/Group of products

"Efficient coffee machine and better coffee extraction. This specifically refers to our new NESCAFÉ Milano 2 MTS 130 machine. The GHG emissions of a cup of coffee made by NESCAFÉ Milano are lower than cup of coffee made by the fresh brew of roasted generic coffee machine. Operating machines consume energy including when they are inactive (stand-by). Therefore, our coffee machine design has incorporated an efficient stand-by function, which can save energy consumption. Through saving energy, the GHG emissions are reduced. Scope 1 and Scope 2 emissions were avoided by a third party. "

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Life cycle assessment)

% revenue from low carbon product(s) in the reporting year

Comment

"Other: In 2016, a new LCA analysis was conducted entitled: Comparative LCA of a cup of espresso: soluble "Ispirazione Italiana" coffee vs. roast and ground coffee. Comprehensive ISO- and Nestlé GI-compliant project. The study compared the environmental performance of a 40ml espresso served by a range of different machines of the Milano range with the new Ispirazione Italiana coffee vs conventional roast and ground coffee, served by a reference machine. It was conducted according to the requirements of ISO 14040 and 14044 for a comparative assertion, using an assumption of an out-of-home consumption in Europe. The calculation assumed that 60 coffees are prepared per machine per day in the default scenario, without sugar and/or cream. The GWP taken from IPCC using 100 years horizon are: 1 for CO₂; 25 for CH₄ and 298 for N₂O. The difference in terms of carbon footprint for a cup of coffee is 22 g of CO₂eq between a conventional R&G machine and Ispirazione Italiana in Milano MTS130 machine. The LCA assessment with the Milano 2 MTS 130 solution shows a 21% reduction of greenhouse gas emissions compared to roast & ground from a generic machine. The reason is a better extraction yield during soluble coffee manufacturing. Given the fact that the green coffee is modelled in the same way for R&G and Ispirazione Italiana soluble (55% from Colombia and 45% from Brazil), the impact of this stage is directly proportional to the amount of green coffee beans per espresso: 9.20 g green beans/cup for R&G vs. 5.97g green beans/cup for Ispirazione Italiana, which allows using about 35% less green coffee per cup. The Machine idle power

and use stage consumption of Milano 2 MTS 130 is also lower than the generic machine, thus avoiding GHG emissions (28.6Wh/cup for R&G vs 24.7 Wh/cup with new solution). "

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2017

Base year end

December 31 2017

Base year emissions (metric tons CO2e)

3532062

Comment

Scope 2 (location-based)

Base year start

January 1 2017

Base year end

December 31 2017

Base year emissions (metric tons CO2e)

3639042

Comment

Scope 2 (market-based)

Base year start

January 1 2017

Base year end

December 31 2017

Base year emissions (metric tons CO2e)

3008356

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

3532062

End-year of reporting period

<Not Applicable>

Comment

Row 2

Gross global Scope 1 emissions (metric tons CO2e)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

<Not Applicable>

Row 3

Gross global Scope 1 emissions (metric tons CO2e)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

<Not Applicable>

Row 4

Gross global Scope 1 emissions (metric tons CO2e)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

<Not Applicable>

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Row 1

Scope 2, location-based

3639042

Scope 2, market-based (if applicable)

3008356

End-year of reporting period

<Not Applicable>

Comment

Row 2

Scope 2, location-based

<Not Applicable>

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

<Not Applicable>

Row 3

Scope 2, location-based

<Not Applicable>

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

<Not Applicable>

Row 4

Scope 2, location-based

<Not Applicable>

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

<Not Applicable>

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Head offices and regional offices

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why the source is excluded

"While emissions from office activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our manufacturing activities. "

Source

"R&D "

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why the source is excluded

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

Source

Some recently acquired factories

Relevance of Scope 1 emissions from this source

Emissions excluded due to recent acquisition

Relevance of location-based Scope 2 emissions from this source

Emissions excluded due to recent acquisition

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions excluded due to recent acquisition

Explain why the source is excluded

"Some recent acquisitions have not yet been implemented into the reporting system to track their emissions. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. "

Source

"Distribution centers and transportation "

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why the source is excluded

"All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated together with the outsourced activities as a whole and are therefore included in our scope 3 emissions disclosure. "

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.**Purchased goods and services****Evaluation status**

Relevant, calculated

Metric tonnes CO2e

74970939

Emissions calculation methodology

"The amount of materials purchased is multiplied by the emission factor of the assigned datasets. The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: World Food LCA Database (v.3.0; v.3.3), ecoinvent v.3.3, Agribalyse, Agrifootprint, and Nestlé internal LCA databases. For selected raw ingredients, the input data was disaggregated so as to consider best practices (coffee, cacao, soy, palm oil) or regions (milk sourced from specific countries). In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors. A contribution analysis was performed to identify the largest contributors to the overall results. In the case of packaging materials, it was necessary to apply an extrapolation factor of 27%, to account for the total purchases. For services, Input/Output modelling was used, whereby the expenditure in CHF was linked to the respective GHG emissions of the types of services purchased. "

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

92

Explanation

Coverage: Raw materials: 100% of inputs considered Packaging materials: 78% of inputs considered Finished and semi-finished goods: 100% of inputs considered Services: 100% of services purchased.

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

505162

Emissions calculation methodology

"Input/Output modelling was used, whereby the expenditure in CHF was linked to the respective GHG emissions of the types of fixed assets and consumables purchased. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors. A contribution analysis was performed to identify the largest contributors to the overall results. "

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

100

Explanation

Coverage: Fixed assets and consumables : 100%

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

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1288498

Emissions calculation methodology

"The amount of fuels and electricity purchased is multiplied by their respective emission factors. The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: ecoinvent v.3.3 for fossil fuels and wood; DEFRA (2017) for electricity generation, transformation and distribution, and losses. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors. A contribution analysis was performed to identify the largest contributors to the overall results. "

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

100

Explanation

Coverage: Fuels and electricity purchased : 100%

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2177629

Emissions calculation methodology

"Three default distances were used to estimate the contribution to the overall GHG emissions coming from upstream transportation and distribution. The total amount of materials purchased was allocated to three market sizes, and multiplied by default distances representing these as follows: a) 20% of materials purchased by small sized markets; distance travelled: 200 km by road transport b) 30% of materials purchased by medium sized markets; distance travelled: 300 km by road transport c) 50% of materials purchased by large sized markets; distance travelled: 1500 km by road transport. The sources of emission factors are: ecoinvent v.3.3 for road transport. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors. "

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

0

Explanation

Coverage: Percentage of emissions calculated using primary data: 0% The quality of the primary data used is high. Secondary data is used for distance travelled and mode of transport. As a result, the emissions data can be considered of low quality.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

127839

Emissions calculation methodology

"Transport from the factories to the disposal facilities was considered for materials going to landfill, incineration, composting and other disposal methods (35 km travelled by road transport). The amount of waste materials is multiplied by the emission factor of the assigned datasets. The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: ecoinvent v.3.3. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors. A contribution analysis was performed to identify the largest contributors to the overall results. "

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

100

Explanation

Coverage: Percentage of emissions calculated using primary data: 100% The quality of the primary data used is high. Secondary data (assumptions) are taken to estimate transport emissions. The emission factors are secondary data, but are not geographically representative (no differentiation of efficiencies or variation in EOL methods per country). As a result, the quality of the calculated results can be qualified as intermediate.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

190174

Emissions calculation methodology

"The travel distances were separated into two categories: short haul (< 3500 km or 5 h flight) and long haul (> 3500 km or 5 h flight). According to Nestlé Travel Policy, short haul distances are travelled for normal employees in economy class, whereas long haul distances are travelled in business class. Top level managers and VIPs have a different allocation: short haul is travelled in business class and long haul in first class. The data provided does not allow for a differentiation of classes booked. For the model, a base situation is assumed, assuming economy and business class. Therefore, the emissions associated to business travel are multiplied by a factor of 2.2 (DEFRA, 2016) to account for the additional space taken up by business class in a plane. The sources of emission factors are: ecoinvent v.3.3 for air travel. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors. "

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

85

Explanation

"- Air travel: As input to the calculations, the global report from BCD travel agency for Nestlé was considered. It details all trips taken and distances travelled and covers 85% of air travel. Emission factors for air travel were multiplied by the distances travelled in 2017. - Car rental: The data reported in 2016 are repeated for 2017 due to a lack of primary data to prepare the

calculations. The report from the rental agencies for Europe and USA was considered. The data used covered 98% of reported car rental. "

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

638608

Emissions calculation methodology

"The average distance commuted in total (20.6 km, one way; 41.2 km return) was multiplied by the number of employees and the annual number of working days (230). The total distance travelled was then assigned to the 5 sub-categories of commuting as follows: a) Driving own car: 55% b) Car sharing: 5% (assuming 2 persons in the car) c) Riding a motorbike: 5% d) Taking the bus: 13% e) Taking the train: 7% The source of emission factors is ecoinvent v.3.3. In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors. "

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

85

Explanation

"As input to the calculations, the total number of employees working in Nestlé in 2017 was considered. Commuting was sub-divided into 5 sub-categories depending on the most used means of transportation; a mean commuting distance of 20.6 km was also considered (IBM, 2011 - Frustration Rising: IBM 2011 Commuter Pain Survey). The data covers 85% of commuting options. Emission factors for road transport (personal vehicle, motorbike) and public transport (bus, train) from ecoinvent v.3.3 were used. "

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

Our standard business model and operation is such that we normally operate our own assets. Upstream leased assets have a negligible contribution to our mission.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3183674

Emissions calculation methodology

1. Data used 2016 data, as 2017 data is not yet available. For transport with own fleet, the reported fuel consumption is converted into CO2 emission using DEFRA emission factors. For outsourced transportation, we use as primary data information per transportation lane (distance, number of shipments, transport vehicle, tonnage transported) collected per market/business. For outsourced road transport, the fuel consumption is estimated using average fuel consumption per vehicle type for the reported transport distance, which is then converted into CO2 emission using DEFRA factors. For nonroad transport (always outsourced), the transportation volume is calculated in tonne.kms, which are then converted to CO2 emission using standard DEFRA factors. For warehousing, basic data is number of pallet spaces in markets or business per warehouse type (ambient, refrigerated, chilled, frozen). 2. Methodology Per reporting market, the CO2 emissions for transportation are summed up and shown with the following KPIs: absolute CO2 emissions, CO2 effectiveness (kg CO2e per tonne sold), CO2 efficiency (g CO2e per tonne.km), average distribution distance, breakdown to transport modes based on tonne.km transported (road, combined, rail, sea, air). The data of the reporting markets is aggregated separately for water and nonwater businesses. The global CO2e emissions for transportation are extrapolated to the complete sold volume, using separately the average CO2 effectiveness for non water business and for water business. For warehousing, the total energy consumption (assumption "electricity only") is estimated based on the number of pallet spaces multiplied with an average energy consumption per pallet per year, different per warehouse type (based on a separate reporting, which is done for the globally 100 biggest warehouses used by Nestlé). The electricity consumption is converted into indirect CO2 emission using country specific indirect CO2e emission factors. Extrapolation to global level for warehousing by applying the average CO2 emission per tonne of product to the remaining volume of products sold. 3. Quality The quality of the primary data is average to high. However, as only 40% of the global distributed volume is reported and considering a wide variation of CO2 effectiveness across different countries, the extrapolation to global volume is considered average.

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

40

Explanation

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Most of our products are sold for direct consumption, which therefore does not involve further industrial processing. Processing of sold products have a negligible contribution to our emissions.

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

Explanation

Most of our products are sold for direct consumption, which therefore does not involve further industrial processing. Processing of sold products have a negligible contribution to our emissions.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

19927128

Emissions calculation methodology

"One to three representative products (brands) per branch were selected for this calculation. Packaging contributing to approximately 90% of the packaging mass per product was categorized into the following types: aluminum, cardboard, glass, paper and plastic. The remaining 10% were modelled as plastic waste. The waste treatment processes were based on global averages. Additionally, loss rates for these food products were included. "

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

100

Explanation

As input to the calculations, sales figures by product category and country were used to calculate the number of products sold (same initial data used for Category 11). The GHGs emission factors used are taken from ecoinvent 3.3, using IPCC 2013, GWP100 (secondary data).

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

3273812

Emissions calculation methodology

As input to the calculations, sales figures by product category and country were used to calculate the number of products sold (same initial data used for Category 11). The GHGs emission factors used are taken from ecoinvent 3.3, using IPCC 2013, GWP100 (secondary data).

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

0

Explanation

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

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

Explanation

Our standard business model and operation is such that we normally operate our own assets. Downstream leased assets have a negligible contribution to our emissions.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

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

Explanation

Our standard business model and operation is such that we normally do not have any Franchises. Franchises have a negligible contribution to our emissions.

Investments

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

642542

Emissions calculation methodology

"Two approaches were followed: a) Direct reporting on Scope 1 & 2 GHG emissions by companies: Data reported by L'Oréal and Aguas CCU was multiplied by the share of Nestlé investments, in order to obtain the Nestlé share of emissions that are accounted within Nestlé's Scope 3. In the case of Clover Waters, data reported by Clover Industries Ltd was multiplied by an economic factor (25%), which accounts for the revenues coming from its Clover Waters division. This value was then multiplied by the share of Nestlé investments, in order to obtain the Nestlé share of emissions that are accounted within Nestlé's Scope 3. In the case of Lactalis, data reported for Danone's Scope 1 & 2 was taken as a proxy of its emissions, given that both operate in the dairy sector.

The emissions reported by Danone were divided by its revenues, to obtain a factor of [tons CO2-eq / EUR]. This factor was then multiplied by Lactalis' revenues in year 2015. This value was then multiplied by the share of Nestlé investments, in order to obtain the Nestlé share of emissions that are accounted within Nestlé's Scope 3. b) Input/Output modelling: The investments in CHF made by Nestlé were linked to the respective GHG emissions of the sectors wherein these were made. In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors. "

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

100

Explanation

"As input to the calculations, the investments made by Nestlé in various companies were considered, as well as the percentage of ultimate capital shareholdings by Nestlé in these companies. In the case of L'Oréal, Aguas CCU and Clover Waters, data reported directly by the companies on their Scope 1& 2 assessments was considered. In the case of Lactalis, data reported by Danone on its Scope 1& 2 emissions was taken as a proxy. "

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

The categories already disclosed on cover the majority of our emissions.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

The categories already disclosed on cover the majority of our emissions.

C-AC6.6/C-FB6.6/C-PF6.6

(C-AC6.6/C-FB6.6/C-PF6.6) Can you breakdown your Scope 3 emissions by relevant business activity areas?

Yes

C-AC6.6a/C-FB6.6a/C-PF6.6a

(C-AC6.6a/C-FB6.6a/C-PF6.6a) Disclose your Scope 3 emissions for each of your relevant business activity areas.

Activity

Consumption

Scope 3 category

Use of sold products

Emissions (metric tons CO2e)

19927128

Please explain

"One to three representative products (brands) per branch were selected for this calculation. Packaging contributing to approximately 90% of the packaging mass per product was categorized into the following types: aluminum, cardboard, glass, paper and plastic. The remaining 10% were modelled as plastic waste. The waste treatment processes were based on global averages. Additionally, loss rates for these food products were included. 100% of emissions calculated using data obtained from suppliers or value chain partners. As input to the calculations, sales figures by product category and country were used to calculate the number of products sold (same initial data used for Category 11). The GHGs emission factors used are taken from ecoinvent 3.3, using IPCC 2013, GWP100 (secondary data). "

Activity

Consumption

Scope 3 category

End of life treatment of sold products

Emissions (metric tons CO2e)

3273812

Please explain

As input to the calculations, sales figures by product category and country were used to calculate the number of products sold (same initial data used for Category 11). The GHGs emission factors used are taken from ecoinvent 3.3, using IPCC 2013, GWP100 (secondary data).

Activity

Agriculture/Forestry

Scope 3 category

Please select

Emissions (metric tons CO2e)

74970940

Please explain

"The amount of materials purchased is multiplied by the emission factor of the assigned datasets. The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: World Food LCA Database (v.3.0; v.3.3), ecoinvent v.3.3, Agribalyse, Agrifootprint, and Nestlé internal LCA databases. For selected raw ingredients, the input data was disaggregated so as to consider best practices (coffee, cacao, soy, palm oil) or regions (milk sourced from specific countries). In all cases, the results are calculated using the IPCC 2013 GWP 100 characterization factors. A contribution analysis was performed to identify the largest contributors to the overall results. In the case of packaging materials, it was necessary to apply an extrapolation factor of 27%, to account for the total purchases. For services, Input/Output modelling was used, whereby the expenditure in CHF was linked to the respective GHG emissions of the types of services purchased.

Coverage: Raw materials: 100% of inputs considered Packaging materials: 78% of inputs considered Finished and semi-finished goods: 100% of inputs considered Services: 100% of services purchased. "

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C-AC6.8/C-FB6.8/C-PF6.8

(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?

No

C-AC6.9/C-FB6.9/C-PF6.9

(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?

Agricultural commodities

Soy

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

As input to the calculations, the amounts of soy purchased as a raw material. The input data was disaggregated so as to consider best practices (responsible sourcing).

Agricultural commodities

Timber

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

As input to the calculations, the amounts of paper/carton/wood part of packaging material. The input data was disaggregated so as to consider best practices (responsible sourcing) and to account for recycled materials where data is available .

Agricultural commodities

Other (Cocoa)

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

As input to the calculations, the amounts of cocoa purchased as a raw material. The input data was disaggregated so as to consider best practices (responsible sourcing).

Agricultural commodities

Other (Coffee)

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

As input to the calculations, the amounts of coffee purchased as a raw material. The input data was disaggregated so as to consider best practices (responsible sourcing).

Agricultural commodities

Other (Dairy)

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

As input to the calculations, the amounts of dairy purchased as a raw material. The input data was disaggregated so as to consider best practices (responsible sourcing).

C-AC6.9a/C-FB6.9a/C-PF6.9a

(C-AC6.9a/C-FB6.9a/C-PF6.9a) Report your greenhouse gas emissions figure(s) for your disclosing commodity(ies), explain your methodology, and include any exclusions.

Cattle products

Reporting emissions by

<Not Applicable>

Emissions (metric tons CO2e)

<Not Applicable>

Denominator: unit of production

<Not Applicable>

Change from last reporting year

<Not Applicable>

Please explain

<Not Applicable>

Cotton

Reporting emissions by

<Not Applicable>

Emissions (metric tons CO2e)

<Not Applicable>

Denominator: unit of production

<Not Applicable>

Change from last reporting year

<Not Applicable>

Please explain

<Not Applicable>

Fish and seafood from aquaculture

Reporting emissions by

<Not Applicable>

Emissions (metric tons CO2e)

<Not Applicable>

Denominator: unit of production

<Not Applicable>

Change from last reporting year

<Not Applicable>

Please explain

<Not Applicable>

Palm Oil

Reporting emissions by

<Not Applicable>

Emissions (metric tons CO2e)

<Not Applicable>

Denominator: unit of production

<Not Applicable>

Change from last reporting year

<Not Applicable>

Please explain

<Not Applicable>

Rice

Reporting emissions by

<Not Applicable>

Emissions (metric tons CO2e)

<Not Applicable>

Denominator: unit of production

<Not Applicable>

Change from last reporting year

<Not Applicable>

Please explain

<Not Applicable>

Soy

Reporting emissions by

Total

Emissions (metric tons CO2e)

685241

Denominator: unit of production

<Not Applicable>

Change from last reporting year

About the same

Please explain

Explanation of change from last reporting year : - Conversion factors used to bring data in the Input/Output model from 2002 values to 2017 (currency exchange, efficiency factors). - The impact assessment method was updated to IPCC 2013 GWP 100. Methodology: "The amount of materials purchased is multiplied by the emission factor of the assigned datasets. The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: World Food LCA Database (v.3.1), ecoinvent v.2.2 and v.3.2, Agribalyse, Agrifootprint, and Nestlé internal LCA databases. For selected raw ingredients, the input data was disaggregated so as to consider best practices (coffee, cacao, soy, palm oil) or regions (milk sourced from specific countries). In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors. A contribution analysis was performed to identify the largest contributors to the overall results. In the case of packaging materials, it was necessary to apply an extrapolation factor of 27%, to account for the total purchases. For services, Input/Output modelling was used, whereby the expenditure in CHF was linked to the respective GHG emissions of the types of services purchased. "

Sugar

Reporting emissions by

<Not Applicable>

Emissions (metric tons CO2e)

<Not Applicable>

Denominator: unit of production

<Not Applicable>

Change from last reporting year

<Not Applicable>

Please explain

<Not Applicable>

Timber

Reporting emissions by

Total

Emissions (metric tons CO2e)

422404

Denominator: unit of production

<Not Applicable>

Change from last reporting year

About the same

Please explain

No major change from last reporting year.

Tobacco

Reporting emissions by

<Not Applicable>

Emissions (metric tons CO2e)

<Not Applicable>

Denominator: unit of production

<Not Applicable>

Change from last reporting year

<Not Applicable>

Please explain

<Not Applicable>

Wheat

Reporting emissions by

<Not Applicable>

Emissions (metric tons CO2e)

<Not Applicable>

Denominator: unit of production

<Not Applicable>

Change from last reporting year

<Not Applicable>

Please explain

<Not Applicable>

Rubber**Reporting emissions by**

<Not Applicable>

Emissions (metric tons CO2e)

<Not Applicable>

Denominator: unit of production

<Not Applicable>

Change from last reporting year

<Not Applicable>

Please explain

<Not Applicable>

Other**Reporting emissions by**

Total

Emissions (metric tons CO2e)

32439718

Denominator: unit of production

<Not Applicable>

Change from last reporting year

Lower

Please explain

Other includes coffee, cocoa and dairy. Explanation of change from last reporting year : strong increase in responsible sourcing raw materials and data granularity by region for dairy supply. Methodology : "The amount of materials purchased is multiplied by the emission factor of the assigned datasets. The results are aggregated to obtain the GHG emissions associated to the respective categories and sub-categories. The sources of emission factors are: World Food LCA Database (v.3.1), ecoinvent v.2.2 and v.3.2, Agribalyse, Agrifootprint, and Nestlé internal LCA databases. For selected raw ingredients, the input data was disaggregated so as to consider best practices (coffee, cacao, soy, palm oil) or regions (milk sourced from specific countries). In all cases, the results are calculated using the IPCC 2007 GWP 100 characterization factors. A contribution analysis was performed to identify the

largest contributors to the overall results. In the case of packaging materials, it was necessary to apply an extrapolation factor of 27%, to account for the total purchases. For services, Input/Output modelling was used, whereby the expenditure in CHF was linked to the respective GHG emissions of the types of services purchased. "

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000071

Metric numerator (Gross global combined Scope 1 and 2 emissions)

6387013

Metric denominator

unit total revenue

Metric denominator: Unit total

89791000000

Scope 2 figure used

Market-based

% change from previous year

7.5

Direction of change

Decreased

Reason for change

"A 7.5% decrease of our GHG emissions (Scope 1 & 2) per unit of revenue was achieved thanks to our emissions reduction activities. As explained in 4.3b under ""Emissions reductions activities"", we aim to use the most efficient technologies and apply best practices in order to further optimise energy, utilise sustainably managed renewable energy sources, recover value from by-products and control and eliminate emissions, including greenhouse gases. Our environmental reporting is based on operational control. We had to adapt the environmental reporting scope specifically for this question to align with the financial reporting scope. A recent change in our accounting rules now requires to exclude joint ventures, which is why emissions related to our joint ventures must be removed from the environmental reporting scope as explained above. After performing all these adaptations, we have a decrease in CO2e emissions of 7.5% per unit of revenue."

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	3457104	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	1691	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	3184	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	70030	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify (Natural Refrigerants)	53	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	718828
China	264926
India	199152
South Africa	158478
Mexico	154939

Country/Region	Scope 1 emissions (metric tons CO2e)
Spain	147327
Brazil	145971
Philippines	142807
France	137256
Pakistan	127836
United Kingdom of Great Britain and Northern Ireland	126201
Russian Federation	81857
Japan	78896
Germany	72441
Italy	70352
Chile	67431
Other, please specify (Rest of the world)	837364

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By facility

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Cereal Partners Worldwide	83535
Nestlé Skin Health	4188
Nespresso	6604
Nestlé Waters	128335

Business division	Scope 1 emissions (metric ton CO2e)
Other Nestlé Food	3309400

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
1	98340	41.9878	2.793
2	77528	24.738217	118.14
3	68377	31.42	73.58
4	66811	40.042454	-85.740477
5	66275	36.875363	-89.871318
6	64116	-29.007802	29.870603
7	61693	30.821252	75.150604
8	58363	8.475003	124.730444
9	53492	40.259088	-74.275648
10	53391	30.37212	71.883432
11	52089	34.896607	134.734424
12	51948	37.687157	-77.013762
13	49404	12.141711	76.659936
14	42993	-7.708246	112.861328
15	42730	32.297333	118.315949
16	41076	6.502305	3.091294
17	40969	19.289575	-99.617103
18	38836	-34.145319	22.10495
19	38474	45.6435	38.9487
20	37676	21.358774	-101.926002

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Rest of facilities	2427481		2018CDP_7_3b.xlsx

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Milk products and Ice cream	1042918
Powdered and Liquid Beverages	861498
PetCare	542403
Nutrition and Health Science	386444
Prepared dishes and cooking aids	305332
Confectionary	265132
Water	128335

C-AC7.4/C-FB7.4/C-PF7.4

(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?

Partially

C-AC7.4b/C-FB7.4b/C-PF7.4b

(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.

Activity

Processing/Manufacturing

Emissions category

<Not Applicable>

Emissions (metric tons CO2e)

3532062

Methodology

Default emissions factor

Please explain

"Includes fuel-and-energy-related activities (direct energy consumption) in our factories. Some recent acquisitions have not yet been implemented into the reporting system to track their emissions. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. "

Activity

Distribution

Emissions category

<Not Applicable>

Emissions (metric tons CO2e)

0

Methodology

Empirical models

Please explain

The majority of our transportation and distribution activities are outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low- carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United States of America	1268087	1156067	2431051	300588
China	430935	442969	750286	18403
India	126270	143994	159633	1813
South Africa	94859	94913	103949	0
Mexico	141184	71311	273981	138246
Spain	26909	6560	109995	82387
Brazil	55604	2614	408090	393392
Philippines	112525	66744	195017	56256
France	33700	28011	525903	0
Pakistan	8405	8580	20205	0
United Kingdom of Great Britain and Northern Ireland	121763	24769	272640	207830
Russian Federation	84956	121932	200746	0
Japan	47304	34436	82699	0
Germany	113667	6466	251970	220432
Italy	32692	0	95311	95311
Chile	49116	40187	103436	5270
Other, please specify (Rest of the world)	891066	758803	1992272	370383

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By facility

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Cereal Partners Worldwide	89624	60413
Nespresso	1175	134
Nestlé Skin Health	4212	742
Nestlé Waters	571328	512674
Other Nestlé Food	2972703	2434393

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
1	4341	0
2	49640	53512
3	4597	4693
4	90313	99576
5	27798	0
6	26386	26402
7	29980	34581
8	31393	26170
9	24994	27600
10	0	0
11	7262	5287
12	13375	14856
13	28453	31449

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
14	36077	33616
15	23339	25160
16	0	0
17	22397	10020
18	14816	14825
19	30996	45108
20	17975	7895
Other s	3154910	2547606

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Confectionary	423586	328851
Milk products and Ice cream	719129	631637
Nutrition and Health Science	313234	239117
PetCare	492631	340386
Powdered and Liquid Beverages	670193	579318
Prepared dishes and cooking aids	448942	376372
Water	571327	512675

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	399295	Decreased	5.65	Scope 2 emissions decreased by 5.7% compared to previous year inventory. This decrease is due to renewable electricity purchased increased in 2017, resulting in a decrease in absolute GHG emissions. Data used for the calculation: in 2017, renewable electricity purchased amounted to 25% of all electricity purchased while in 2016 only 12% of the electricity came from renewable sources. Therefore, by using country specific emission factors for grid electricity, we were able to calculate the emissions avoided linked to the additional electricity purchased from renewable sources, 399 295 tons of CO2eq. This yielded to a decrease of 399 295 tons of CO2e, therefore we arrived at -5.7% through $(399\,295 / 7\,064\,163) * 100 = -5.65\%$
Other emissions reduction activities	70555	Decreased	1	"Excluding Acquisitions and Change in renewable energy consumption, we reduced our absolute emissions by 70 555 tons of CO2 eq. In 2017. Indeed, if Nestlé had produced its 2017 production volume with the same carbon intensity as in 2016, it would have emitted 7.0 million tonnes CO2e in 2017; but as a result of our emission reduction activities, we emitted 6.5 million tonnes CO2e, 500 000 tonnes CO2 avoided of which 399 295 tons of CO2 eq. are linked to Change in renewable electricity purchased, this leads to 70 555 tons of CO2eq remaining linked to Other initiatives therefore we arrived at -5.7% through $(70\,555 / 7\,064\,163) * 100 = -1.0\%$. Our ETS (Energy Target Setting) programme is designed to help our factory teams improve water and energy efficiency, and reduce GHG emissions. For example, in March 2017, the Yinlu Hubei factory – our biggest water user and third-highest consumer of energy in the Greater China Region – sought to explore energy- and water-saving opportunities. We identified possible annual energy savings of 168 000 GJ, 745 000 m3 of water withdrawal reductions and a fall of 19 000 tonnes of CO2 emissions through the recovery and reuse of water and heat."
Divestment	93633	Decreased	0.41	"In October 2016, Nestlé and R&R successfully launched a new joint-venture brand in the ice-cream, frozen food and chilled dairy sector, Froneri. Froneri combines Nestlé and R&R's ice-cream activities in Europe, the Middle East (excluding Israel), Argentina, Australia, Brazil, the Philippines and South Africa. It also incorporates Nestlé's European frozen food business (excluding pizza and retail frozen food in Italy), as well as its chilled dairy business in the Philippines. The joint-venture Froneri (18 factories) creation amongst other entities divestiture/acquisitions resulted in a 0.41% decrease in 2017 emissions compared to 2016. "
Acquisitions		<Not Applicable>		

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Mergers		<Not Applicable>		
Change in output	24814	Decreased	0.35	If no measures had been introduced, decreased production volume of 2.0 million in 2017 compared to 2016 would have yielded only to a 0.35% decrease of emissions.
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

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

Market-based

C8. Energy

C8.1

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

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

C8.2

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

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	2054380	15170668	17225048
Consumption of purchased or acquired electricity	<Not Applicable>	1890311	5475884	7366195
Consumption of purchased or acquired heat	<Not Applicable>	0	30807	30807
Consumption of purchased or acquired steam	<Not Applicable>	0	580182	580182
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	4122	<Not Applicable>	4122
Total energy consumption	<Not Applicable>	3948813	21257541	25206354

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Anthracite Coal

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

693907

MWh fuel consumed for the self-generation of electricity

69391

MWh fuel consumed for self-generation of heat

138781

MWh fuel consumed for self-generation of steam

485735

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

610363

MWh fuel consumed for the self-generation of electricity

61036

MWh fuel consumed for self-generation of heat

122073

MWh fuel consumed for self-generation of steam

427254

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Lignite Coal

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

140099

MWh fuel consumed for the self-generation of electricity

14010

MWh fuel consumed for self-generation of heat

28020

MWh fuel consumed for self-generation of steam

98069

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

93837

MWh fuel consumed for the self-generation of electricity

9384

MWh fuel consumed for self-generation of heat

18767

MWh fuel consumed for self-generation of steam

65686

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Other, please specify (LPG (liquid))

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

515282

MWh fuel consumed for the self-generation of electricity

51528

MWh fuel consumed for self-generation of heat

103056

MWh fuel consumed for self-generation of steam

360697

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

11540595

MWh fuel consumed for the self-generation of electricity

619891

MWh fuel consumed for self-generation of heat

1239782

MWh fuel consumed for self-generation of steam

4339237

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

5341685

Fuels (excluding feedstocks)

Residual Fuel Oil

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

1576585

MWh fuel consumed for the self-generation of electricity

157659

MWh fuel consumed for self-generation of heat

315317

MWh fuel consumed for self-generation of steam

1103609

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Biogas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

5708

MWh fuel consumed for the self-generation of electricity

571

MWh fuel consumed for self-generation of heat

1142

MWh fuel consumed for self-generation of steam

3995

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Landfill Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

33184

MWh fuel consumed for the self-generation of electricity

3318

MWh fuel consumed for self-generation of heat

6637

MWh fuel consumed for self-generation of steam

23229

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Wood

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

1112341

MWh fuel consumed for the self-generation of electricity

111234

MWh fuel consumed for self-generation of heat

222468

MWh fuel consumed for self-generation of steam

778639

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Other, please specify (Coffe grounds)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

903142

MWh fuel consumed for the self-generation of electricity

90315

MWh fuel consumed for self-generation of heat

180629

MWh fuel consumed for self-generation of steam

632203

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Acetylene

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Agricultural Waste

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Alternative Kiln Fuel (Wastes)

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Animal Fat

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Animal/Bone Meal

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Anthracite Coal

Emission factor

0.09897

Unit

metric tons CO₂e per GJ

Emission factor source

GHG Protocol Calculation Tools - derived from IPCC 2006 (Anthracite)

Comment

Asphalt

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Aviation Gasoline**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Bagasse**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Bamboo**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Basic Oxygen Furnace Gas (LD Gas)

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Biodiesel

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Biodiesel Tallow

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Biodiesel Waste Cooking Oil

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Bioethanol

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Biogas

Emission factor

0.05465

Unit

metric tons CO₂e per GJ

Emission factor source

GHG Protocol Calculation Tools - derived from IPCC 2006 (Landfill Gas - LHV / NCV)

Comment

Biogasoline

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Biomass Municipal Waste

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Biomethane

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Bitumen

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Bituminous Coal

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Black Liquor

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Blast Furnace Gas

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Brown Coal Briquettes (BKB)

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Burning Oil**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Butane**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Butylene**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Charcoal**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Coal

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Coal Tar

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Coke

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Coke Oven Gas

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Coking Coal

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Compressed Natural Gas (CNG)

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Condensate

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Crude Oil

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Crude Oil Extra Heavy

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Crude Oil Heavy

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Crude Oil Light

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Diesel

Emission factor

0.07434

Unit

metric tons CO₂e per GJ

Emission factor source

GHG Protocol Calculation Tools - derived from IPCC 2006 (Gas/Diesel Oil)

Comment

Distillate Oil

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Dried Sewage Sludge

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Ethane

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Ethylene

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Fuel Gas

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Fuel Oil Number 1

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Fuel Oil Number 2

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Fuel Oil Number 4

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Fuel Oil Number 5

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Fuel Oil Number 6

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Gas Coke

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Gas Oil

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Gas Works Gas

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

GCI Coal

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

General Municipal Waste

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Grass

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Hardwood

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Heavy Gas Oil

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Hydrogen

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Industrial Wastes

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Isobutane

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Isobutylene

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Jet Gasoline

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Jet Kerosene

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Kerosene

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Landfill Gas

Emission factor

0.05465

Unit

metric tons CO₂e per GJ

Emission factor source

GHG Protocol Calculation Tools - derived from IPCC 2006 (Landfill Gas - LHV / NCV)

Comment

Light Distillate

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Lignite Coal

Emission factor

0.09817

Unit

metric tons CO₂e per GJ

Emission factor source

IPCC 2006 (Brown Coal Briquettes)

Comment

Liquefied Natural Gas (LNG)

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Liquefied Petroleum Gas (LPG)

Emission factor

0.06315

Unit

metric tons CO₂e per GJ

Emission factor source

IPCC 2006 (LPG Gaseous - LHV / NCV)

Comment

Liquid Biofuel

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Lubricants

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Marine Fuel Oil

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Marine Gas Oil

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Metallurgical Coal

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Methane

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Motor Gasoline

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Naphtha

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Natural Gas**Emission factor**

0.05615

Unit

metric tons CO₂e per GJ

Emission factor source

IPCC 2006 (Natural Gas - LHV / NCV)

Comment**Natural Gas Liquids (NGL)****Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Natural Gasoline**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Non-Biomass Municipal Waste**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Non-Biomass Waste

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Oil Sands

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Oil Shale

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Orimulsion**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Other Petroleum Gas**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Paraffin Waxes**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Patent Fuel**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

PCI Coal

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Peat

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Pentanes Plus

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Petrochemical Feedstocks

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Petrol**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Petroleum Coke**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Petroleum Products**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Pitch

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Plastics

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Primary Solid Biomass

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Propane Gas

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Propane Liquid

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Propylene

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Refinery Feedstocks

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Refinery Gas**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Refinery Oil**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Residual Fuel Oil**Emission factor**

0.07764

Unit

metric tons CO₂e per GJ

Emission factor source

Set using Greenhouse Gas Protocol Stationary Combustion Tool for 'Residual Fuel Oil' (NCV - Manufacturing)

Comment**Road Oil****Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

SBP

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Shale Oil

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Sludge Gas

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Softwood**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Solid Biomass Waste**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Special Naphtha**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Still Gas**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Straw

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Subbituminous Coal

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Sulphite Lyes

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Tar

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Tar Sands

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Thermal Coal

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Thermal Coal Commercial

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Thermal Coal Domestic

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Thermal Coal Industrial

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Tires

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Town Gas

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Unfinished Oils

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Vegetable Oil

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Waste Oils

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Waste Paper and Card

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Waste Plastics

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Waste Tires

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

White Spirit

Emission factor

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Wood**Emission factor**

0.11954

Unit

metric tons CO₂e per GJ

Emission factor source

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

Comment**Wood Chips****Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Wood Logs**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Wood Pellets**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Wood Waste**Emission factor**

<Not Applicable>

Unit

<Not Applicable>

Emission factor source

<Not Applicable>

Comment

<Not Applicable>

Other**Emission factor**

0.10166

Unit

metric tons CO2e per GJ

Emission factor source

GHG Protocol Calculation Tools - derived from IPCC 2006 (Other Primary Solid Biomass Fuels - LHV / NCV)

Comment

Coffee grounds

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1241361	1192459	206242	206242
Heat	2376672	2376672	545564	545564
Steam	8573665	8318354	4108756	4108756
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Power Purchase Agreement (PPA) with energy attribute certificates

Low-carbon technology type

Solar PV

Wind

MWh consumed associated with low-carbon electricity, heat, steam or cooling

145329

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

"Nestlé has a power purchase agreement with CISAGAMESA, allowing approximately 85% of the total electricity consumed by Nestlé factories in Mexico to be supplied by wind power. The power purchase agreement entered into force in 2012 and started to deliver its environmental benefits since July 2012. A Purina site in the US has a direct power purchase agreement with a hydro project. A site in India has a direct PPA with a solar farm."

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Other low-carbon technology, please specify (Mix)

MWh consumed associated with low-carbon electricity, heat, steam or cooling

636129

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

United States, Germany, Philippines, Netherlands, Portugal, Sweden, Slovakia, Austria consumed renewable electricity.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), not supported by energy attribute certificates

Low-carbon technology type

Other low-carbon technology, please specify (Mix)

MWh consumed associated with low-carbon electricity, heat, steam or cooling

422237

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

"Nestlé Guatemala and Nestlé Panama consumed electricity generated from hydro power. Nestlé Brazil covers 100% of its electricity consumption with green power; the origin of the electricity in the trades is guaranteed by Brazil's National Electrical Energy Agency. A site in China consumed electricity generated from a hydro power."

Basis for applying a low-carbon emission factor

Energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Other low-carbon technology, please specify (Mix)

MWh consumed associated with low-carbon electricity, heat, steam or cooling

686616

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

Nestlé Spain, Nestlé Italy, all sites in Switzerland, Poland, Hungary, Czech Republic and a Nestlé Waters factory in Greece cover their electricity consumption with Guarantees of Origin. Nestlé UK purchases GO to power its sites on renewable electricity, and will move to direct PPA once the wind farm they have commissioned will come on line in 2018.

C9. Additional metrics

C9.1

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

Description

Waste

Metric value

62880

Metric numerator

tons

Metric denominator (intensity metric only)

% change from previous year

41.5

Direction of change

Decreased

Please explain

"We reduced our waste for disposal by 41.5% in 2017 compared to 2016, to 63 ktonnes; this is a 83.4% reduction compared to 2007. At the end of 2017, 253 (2016:220) Nestlé factories achieved zero waste for disposal. By 2020, our objective is to achieve zero waste for disposal in all our sites. This means that eventually, no waste generated in our factory will go to landfill or be incinerated without energy or other resources being recovered from the process. "

Description

Other, please specify (B-Products)

Metric value

1662355

Metric numerator

tons

Metric denominator (intensity metric only)

% change from previous year

0.3

Direction of change

Increased

Please explain

Description

Other, please specify (Packaging optimization)

Metric value

22986

Metric numerator

tons saved

Metric denominator (intensity metric only)**% change from previous year**

2

Direction of change

Increased

Please explain

"By optimizing the weight and volume of our packaging materials, emissions are avoided. We began optimising packaging in 1991, since then, we have avoided using 816 913 tonnes of packaging material and saved almost CHF 1.4 billion. In the last five years, we have avoided more than 395 350 tonnes of CO₂eq. "

Description

Energy use

Metric value

1.63

Metric numerator

GJ

Metric denominator (intensity metric only)

Tons of product

% change from previous year

2

Direction of change

Decreased

Please explain

"Our ETS (Energy Target Setting) programme is designed to help our factory teams improve water and energy efficiency, and reduce GHG emissions. For example, in March 2017, the Yinlu Hubei factory – our biggest water user and third-highest consumer of energy in the Greater China Region – sought to explore energy- and water-saving opportunities. We identified possible annual energy savings of 168 000 GJ, 745 000 m3 of water withdrawal reductions and a fall of 19 000 tonnes of CO2 emissions through the recovery and reuse of water and heat. The 45 projects built into the action plan are expected to save the factory CHF 2.3 million."

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Nestle CDP Verification statement 2018_v1.0.pdf](#)

Page/ section reference

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Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Nestle CDP Verification statement 2018_v1.0.pdf](#)

Page/ section reference

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Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- all relevant categories

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

[Nestle CDP Verification statement 2018 v1.0.pdf](#)

Page/section reference

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Relevant standard

ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Change in Scope 1 emissions against a base year (not target related)	Limited assurance, standard ISO 14064-3	This was part of the assurance of Nestlé's 2017 annual report.
C4. Targets and performance	Change in Scope 2 emissions against a base year (not target related)	Limited assurance, standard ISO 14064-3	This was part of the assurance of Nestlé's 2017 annual report.
C4. Targets and performance	Progress against emissions reduction target	Limited assurance, standard ISO 14064-3	This was part of the assurance of Nestlé's 2017 annual report.
C5. Emissions performance	Other, please specify (Base year emissions)	Limited assurance, standard ISO 14064-3	This was part of the assurance of Nestlé's 2017 annual report.
C6. Emissions data	Change in Scope 1 emissions against a base year (not target related)	Limited assurance, standard ISO 14064-3	This was part of the assurance of Nestlé's 2017 annual report.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

EU ETS

C11.1b

(C11.1b) Complete the following table for each of the emissions trading systems in which you participate.

Alberta SGER

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO₂e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Australia ERF Safeguard Mechanism

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

BC GGIRCA

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Beijing pilot ETS

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

California CaT

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

China national ETS**% of Scope 1 emissions covered by the ETS**

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO₂e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Chongqing pilot ETS**% of Scope 1 emissions covered by the ETS**

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

EU ETS**% of Scope 1 emissions covered by the ETS**

100

Period start date

January 1 2017

Period end date

December 31 2017

Allowances allocated

223574

Allowances purchased

125311

Verified emissions in metric tons CO2e

336100

Details of ownership

Facilities we own and operate

Comment

This includes 16 factories in scope.

Fujian pilot ETS**% of Scope 1 emissions covered by the ETS**

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Guangdong pilot ETS

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Hubei pilot ETS

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Kazakhstan ETS**% of Scope 1 emissions covered by the ETS**

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Korea ETS**% of Scope 1 emissions covered by the ETS**

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Massachusetts state ETS**% of Scope 1 emissions covered by the ETS**

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

New Zealand ETS**% of Scope 1 emissions covered by the ETS**

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO₂e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Ontario CaT**% of Scope 1 emissions covered by the ETS**

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO₂e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Québec CaT

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

RGGI

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Saitama ETS

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Shanghai pilot ETS

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Shenzhen pilot ETS

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO₂e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Switzerland ETS

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO₂e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Tianjin pilot ETS

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO₂e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Tokyo CaT

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Washington CAR

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Other ETS, please specify

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Other ETS, please specify

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Other ETS, please specify

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Other ETS, please specify

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO2e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Other ETS, please specify

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO₂e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

Other ETS, please specify

% of Scope 1 emissions covered by the ETS

<Not Applicable>

Period start date

<Not Applicable>

Period end date

<Not Applicable>

Allowances allocated

<Not Applicable>

Allowances purchased

<Not Applicable>

Verified emissions in metric tons CO₂e

<Not Applicable>

Details of ownership

<Not Applicable>

Comment

<Not Applicable>

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

"Our strategy for complying with the EU ETS includes 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 as well as solar and wind energy. In cases when those measures may not provide the amount of reductions necessary to comply with regulations, our strategy includes the purchase of carbon credits. Nestlé EU-ETS strategy is to remain compliant considering the following action plan: 1. Facilities which might face a credit deficit submitted an action plan to fulfil their EU-ETS allowances. 2. Evolution of CO2 emissions and progress on the corresponding action plans set by facilities are 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. At the end of 2017, 16 Nestlé factories were participating and considered in scope of the EU ETS Phase III. The situation on emissions and allowances of each factory is closely monitored and analysed by Environmental Managers in each country on a monthly basis. "

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.**Objective for implementing an internal carbon price**

Navigate GHG regulations

Change internal behavior

Drive energy efficiency

Drive low-carbon investment

Identify and seize low-carbon opportunities

GHG Scope

Scope 1

Application

We currently use carbon pricing as a tool to assess and manage the risks and opportunities to our current operations participating in EU-ETS Phase III. This helps us guide capital investment decisions for those 16 factories.

Actual price(s) used (Currency /metric ton)

16

Variance of price(s) used

Static

Type of internal carbon price

Shadow price

Impact & implication

"Nestlé analysed financial implications for its factories in EU ETS Phase III. Assuming a CO2 price of 16 CHF/t in 2020, financial implication of the EU-ETS is estimated at a cumulated CHF 2-3m during Phase III, based on an increase in cost (increase in production and so in emissions compensated by standard efficiency measures, without major investments in emissions reduction), down from CHF 24-30m estimated during Phase II, due to CO2/t price decrease. The financial implication scale is minor to the company. "

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

0

% total procurement spend (direct and indirect)

95

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

For Nestlé, Suppliers 1) Engagement method: i) the Nestlé Responsible Sourcing Audit Programme which requests key vendors to demonstrate compliance with Nestlé's environmental standards through independent third party audits; ii) the Nestlé Responsible Sourcing & Traceability Programme which implements transparency in our extended supply chains back to the farm or feedstock, by implementing our commitments on climate change or no deforestation. The Nestlé Responsible Sourcing Guidelines of milk and dairy production drive improvements in GHG mitigating by the promotion of energy-efficiency, use of renewable energy, as well as establishment of bio-digesters where required. The no deforestation programme focusses upon the key commodities responsible for deforestation – palm oil, soya, and pulp and paper. There is also limited deforestation in our cocoa supply chain that we are also working to eliminate. Our work on sugar and cereals is now focusing upon soil health. iii) the Nestlé Farmer Connect Programme which provides technical assistance on sustainable production methods. For example, for coffee we work with 4C working with farmers and promoting the use of renewable energy and energy conservation, as well as soil health and conservation. 2) The strategy for prioritizing engagements takes into consideration both Tier 1 suppliers and extended value chain and key raw materials. i) The Nestlé Responsible Sourcing Audit Programme focuses on covering all Tier 1 suppliers. ii) The Nestlé Responsible Sourcing Traceability programme: establishes transparent supply chains back to the origin and develop suppliers that meet our commitments and policies. It focuses on 12 raw material categories that have been selected as a result of a sustainability risk assessment of significant material spend categories. All these categories having a major impact on GHG emissions and reductions (cattle, poultry, palm oil, soybean, cereals, dairy, eggs etc) iii) Direct from farmer –The strategy covers our main agricultural raw ingredients: milk, cocoa and coffee. Our recent (2018) decision to support the TCFD will further support our risk mitigation work in the upstream value chain.

Impact of engagement, including measures of success

Measures of success Engagement is a tool to drive the outcomes we are after. Our measure of success is more focused upon the final outcome, and includes: i) % of the total volume sourced from audited and compliant Tier 1 suppliers. In 2017, 57% of total volume was sourced from suppliers compliant with the Nestlé Supplier Code: ii) % of volume traceable and compliant with Nestlé RSGs: As of early 2018 we started reporting upon the levels of our sourcing that is deforestation free. At the end of 2017, 63% of purchased volumes of our 12 key commodities are free of deforestation. We intend to continue reporting on this metric and

develop others to cover the other scope 3 priorities such as soil health. iii) Number of farmers trained: In 2017, 431000 farmers were trained through capacity-building programmes. 118 426 coffee farmers were provided with technical assistance. 186 358 tonnes of cocoa sourced through the Nestlé Cocoa Plan while our 2017 objective was to source 150 000 tonnes of cocoa through the Nestlé Cocoa Plan. In Nespresso, the impact of our engagement with suppliers have led to: -75'811 farmers trained in good agricultural practices. Our emphasis was on helping them grow safe, high-quality raw materials, using training designed to produce effective impacts; -Nespresso measures the impact of engagement via a yearly supplier review process as well as the monitoring of defined objectives and indicators. The adoption of practices is independently reviewed by members of the Sustainable Agricultural Network (SAN) via a Monitoring and Evaluation Tool and audits are carried out as part of VSS certification processes (Rainforest Alliance, Fairtrade). For the carbon operations (3 countries out of the 5 where Agroforestry is deployed), audits are carried to certify the projects against Verified Carbon Standard (VCS; in Colombia) and against Ecocert – Reforestation solidaire Standard (in Guatemala and Ethiopia). The independent organization, Ecocert, certified the 3 carbon projects are operated and managed to allow the sequestration of eq Co2 volumes over the projects' duration. The carbon credits generated in Colombia are registered in the VCS registry (<http://verra.org/project/vcs-program/registry-system/>) while the carbon credits generated under the Ecocert - Reforestation Solidaire are registered in the IPI platform registry.

Comment

For more information on Nestlé Responsible Sourcing Programme, please see: <http://www.nestle.com/csv/rural-development-responsible-sourcing>

C12.1b

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

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

We engage with customers on GHG and climate change strategies through meetings, consultations. For example, we engage with Walmart to provide our input to the Sustainability Category Profile. Nestlé Professional LCA communication tool was updated to help customers choose the best coffee machines in terms of GHG emissions and energy consumption. We also engage with our

customers through CDP supplier platform where we provide detailed information on the GHG emissions of our products and proposed collective areas of opportunities for the reduction of GHG emissions.

Impact of engagement, including measures of success

The strategy for prioritizing engagement is based on materiality analysis and the results of LCA of our products, including coffee, bottled water and petcare. For CDP supply chain we prioritize based on the requests received. In 2017, we continued to engage with all customers that requested us specific information on GHG through the CDP supplier programme.

C12.1c

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

Other partners in the value chain:

Consumers

- 1) Engagement method: We help consumers make informed choices through credible, substantiated communication. We use relevant contact points such as digital, packaging and point-of-sale to inform consumers of action they can take when using our products and handling used packaging. We use Twitter and other social media to listen and respond to consumers on environmental issues that matter to them. We support and shape the development of environmental communication best practices and standards, working in collaboration with industry, government and public forums.
- 2) The strategy for prioritizing engagement is based on the results of life cycle analysis of main products categories which show that the consumer use phase is significant. For example, a recent LCA of the new Nescafé Milano 2 MTS130 machine helped us identify that the consumer phase has a share of the GHG emissions due to the cup washing and machine cleaning. The NESCAFÉ Plan focuses on responsible consumption.

Other stakeholders

- i) Methods of Engagement: Communication on the topic of environmental sustainability is an increasingly important part of our corporate communication strategy involving media relations and engagement with nongovernmental organisations, special interest groups, governments and public authorities. Our Nestlé in Society website features our activities on environmental sustainability and water.
- ii) A strategic priority for us is to engage stakeholders and develop key partnerships. Our proactive engagement with stakeholders on environmental topics includes regular external stakeholder convenings and meetings. We also seek to nurture constructive relations with organisations critical of the Company's environmental performance.

iii) We measure success with the numbers of stakeholder's convenings and meetings. The strategy for prioritizing engagement; we encourage our businesses to identify the stakeholders that are most important to their business at a national level. Our engagement at the global level is coordinated centrally, through the CSV Forum and stakeholder convenings. These stakeholder events inform our materiality process. Measure of success: Our objectives in 2017 were to understand stakeholder expectations and concerns; report back on previous convenings; and stimulate fresh thinking and prioritise key actions on our newly articulated purpose and ambitions. The convenings, which were facilitated by SustainAbility, were attended by more than 60 external expert stakeholders from multi-lateral agencies, non-governmental organisations (NGOs), industry associations, government representatives, farmer associations, academics, investors and social entrepreneurs. The convenings were also attended by Nestlé staff from its headquarters and the host country. The stakeholders were drawn from a wide range of NGOs, academic centres, governmental and intergovernmental organisations, think tanks, consultancies and social enterprises working in Nestlé's areas of impact: Individuals and families, communities, and the planet

C-AC12.2/C-FB12.2/C-PF12.2

(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?

Yes

C-AC12.2a/C-FB12.2a/C-PF12.2a

(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.

Management practice reference number

MP1

Management practice

Diversifying farmer income

Description of management practice

Increasing crop yields in a sustainable way through SAIN programme (Sustainable Agriculture Initiative at Nestlé).

Your role in the implementation

Knowledge sharing

Explanation of how you encourage implementation

SAIN is a toolkit we use to promote good agricultural practices, improve standards and provide farmers with technical assistance and support, adapted to local contexts. Training activities help farmers improve their yields, meaning they can sell more produce and increase their income. This helps them to support their families and grow their businesses, while also meeting our highest sourcing standards. We also help farmers – especially women – to develop alternative income streams, further boosting their income. We give particular support to young farmers. To nurture the development of the next generation of farmers, SAIN builds on agripreneurship – a fast-track programme that accelerates the development of capable and willing farmers to grow their farming skills, competences and business management.

Climate change related benefit

Increasing resilience to climate change (adaptation)

Comment

Management practice reference number

MP2

Management practice

Efficient equipment use

Description of management practice

Through the Sustainable Agriculture Initiative at Nestlé (SAIN), we address water issues and promote remediation measures. Our regional workshops train farmers on key water management challenges, including drought and flooding resilience, wastewater and organic waste treatment, and sustainable agricultural intensification methods.

Your role in the implementation

Knowledge sharing

Explanation of how you encourage implementation

We are currently implementing water management action plans for coffee, sugar, dairy, rice and cereals in water-stressed areas. The farms, plantations and mills in these supply chains need to comply with the terms of our Responsible Sourcing Guideline (RSG), and take action to mitigate their impact on local water sources. Through one collaboration, Manos al Agua, we are empowering Colombian coffee farmers to manage water and address the risks to coffee production associated with climate change. Focused on the social, environmental and economic benefits of intelligent water management, the five-year project includes stakeholders like the Colombian government, the national coffee growers' federation (FNC) and the Netherlands Enterprise Agency, along with Nespresso and Nescafé. In partnership with experts from the national coffee research centre (Cenicafé) and the University of Wageningen in the Netherlands, the programme directly benefits 11 000 Colombian coffee-growing families and around 500 000 people who rely on local watersheds.

Climate change related benefit

Increasing resilience to climate change (adaptation)

Comment

C-AC12.2b/C-FB12.2b/C-PF12.2b

(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?

Yes

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

Funding research organizations

Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Environmental assessment of F&B,incl GHG)	Support	The European Commission launched a three-year pilot to develop a common environmental footprint methodology for 25 product categories and two business sectors. All three Nestlé applications to co-lead the development of Product Environmental Footprint Category Rules (PEFCR) were selected by the European Commission: Nestlé Waters for packaged water; Nespresso and Nescafé for coffee; and Nestlé Purina for pet food. This project objectives are to set up and validate the process of the development of PEFCRs, including the development of performance benchmarks to test different compliance and verification systems, and communication vehicles. In 2017, we conducted a pilot study to determine how	We support several initiatives around the world to establish scientifically reliable and uniform environmental assessment methodologies and communication tools, such as the European Food Sustainable Consumption and Production Round Table – an initiative that is co-chaired by the European Commission and food supply chain partners and supported by the UN Environment Programme (UNEP) and the European Environment Agency. Our desire to create a more sustainable world requires understanding, collaboration and action at many levels by governments, companies, brands and consumers. This drive also comes from consumers themselves, who want to understand the environmental impacts of their

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
		to engage individuals and families about sustainable purchasing decisions. We began by assessing the environmental impacts of our premium pet food, Purina ONE, with a focus on climate change, water resources and land use. A second phase focused on communicating results, which we tested using Purina ONE and Nestlé Waters Vittel bottled water.	choices. We advocate favouring the development of a harmonized assessment methodology which has positive effects on tackling climate change. To define robust criteria for the provision of comprehensive environmental information including GHG emissions. This helps getting better information and understanding on climate change and helps therefore addressing the consequences of climate change. We advocate for harmonised and scientifically reliable methodology for food and drink products as well as suitable communication channels for consumers and other stakeholders.
Other, please specify (No deforestation)	Support	Nestlé believes that improving the sustainability of our raw materials will create shared value across the supply chain from local communities all the way through to consumers. The shared value will include inter alia maintenance and restoration of ecosystem services, improved farm economics, and stronger relations between the different actors in the supply chain. It has therefore produced a commitment on forests in order to describe its commitments to both tackle deforestation and improve the standard of forest stewardship, through the responsible purchasing of products from forests and forested landscapes. We have taken a proactive role in tackling deforestation, particularly in the responsible sourcing of palm oil, through our work to drive traceability, our work directly with suppliers and our support for the goal of the Consumer Goods Forum (CGF) to mobilise resources within our respective businesses to help achieve zero net deforestation by 2020. We also assisted the CGF in setting up the Tropical Forest Alliance 2020, a public-private partnership between the CGF and the governments of the USA, United Kingdom, Norway, the Netherlands and others that aims to reduce tropical deforestation associated with key global commodities. Nestlé has also backed the New York Declaration on Forests, whose vision is to halt and reverse the loss of forests, and participated in various conferences and events to raise awareness, seek solutions and develop collaborative efforts across different sectors to tackle deforestation in key locations such as Africa, South East Asia and Latin America. In 2014, we endorsed CDP	In our own Commitment on Deforestation and Forest Stewardship, we pledge that our products will not be associated with deforestation. This covers all the raw materials we use to make our products, and also packaging. Our Responsible Sourcing Guideline Framework for Forest-Based Materials has been developed to help procurement staff and suppliers implement our commitment. Five categories of raw material are central to our 'no deforestation' commitment, as they are considered to have the highest impact on deforestation and forest stewardship: palm oil, soya, cocoa, cattle and pulp and paper. Our approach to the challenge remains the same for all five: to work with suppliers and partners to map our supply chains back to the origin, then assess and develop our suppliers against our Responsible Sourcing Guideline. Other commodities including dairy products, coffee and cassava are also problematic in some places, and are being tackled accordingly country by country.

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
		climate change initiatives including the commitment to remove commodity-driven deforestation from all supply chains by 2020. In early 2017 we were a signatory to a cocoa industry initiative to tackle deforestation in west Africa. Related geographies: worldwide.	
Other, please specify (Air emissions reduction)	Support	Nestlé signed the Trillion Tonne Communiqué, which calls on governments: Set a timeline for achieving net zero emissions to keep cumulative emissions below one trillion tonnes of carbon from manmade CO2 Design a credible strategy to transform the energy system that matches our net zero ambitions. Create a plan for fossil fuels, especially coal. We will only be able to continue to use them if the emissions can be captured and stored.	As a signer of the Trillion Tonne Communiqué, we calls on governments to create a plan for fossil fuels, especially coal. We have identified air emissions reduction as a key focus area of The Nestlé Policy on Environmental Sustainability.
Other, please specify (No deforestation)	Support	Nestlé has endorsed CDP's six climate action initiatives, thereby committing to: • Adopt evidence-based GHG emissions reduction targets that will help limit global warming to below 2°C, aided by the 'Mind the Science, Mind the Gap' methodology developed by CDP, UN Global Compact, the World Resources Institute and the WWF; • Having a strategy to procure 100% of electricity from renewable sources within the shortest practical timescale; • Removing commodity-driven deforestation from all supply chains; • Providing climate change information in mainstream corporate filings; • Responsibly engaging policy makers on climate change policy; and • Putting a price on carbon.	Nestlé is committed to provide climate change leadership. Nestlé is continuously making efforts to improve the environmental performance of its operations in order to preserve natural resources and to be successful in the long term. Over the last 10 years, we have already made real progress, reducing direct GHG emissions per tonne of product by 39% while increasing production by 46%. We are on track to achieve our science-based 2020 objective, as we have reduced GHG emissions (Scopes 1 and 2) per tonne of product in every product category achieving an overall reduction of 22% in our manufacturing operations versus 2010.
Other, please specify (Food Loss and Waste reduction)	Support	In 2016, our CEO, Paul Bulcke, joined Champions 12.3, a coalition of government, industry and NGO influencers dedicated to accelerating progress towards halving food waste by 2030. Nestlé is indeed committed to further playing its part in helping to reduce food loss and waste to help contribute to a resource-efficient circular economy. This will allow us to secure our agricultural supplies while having a positive impact on society. We therefore engage with US EPA, EU Commission, UNEP/FAO.	As a company, we have played a leadership role with the CGF to adopt the public resolution of halving food waste from their members' own operations by 2025, five years ahead of UN SDG 12.3. To overcome one of the major challenges to measure food loss and waste, we steered the development of a major global and recognised protocol, the Food Loss and Waste Protocol (FLW Protocol) to coherently measure food loss and waste throughout the food chain. The Protocol, which was created on behalf of the CGF and together with the WRI, UNEP, FAO, the WBCSD, the EC and WRAP, was launched at the Global Green Growth Forum, held in Copenhagen, Denmark, in June 2016.

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Climate Change)	Support	<p>Nestlé is also one of 81 companies to sign the American Business Act on Climate pledge. The signatories are demonstrating their support for action on climate change and the conclusion of a climate change agreement in Paris that takes a strong step forward toward a low-carbon, sustainable future. By signing the American Business Act on Climate pledge, these companies are:</p> <ul style="list-style-type: none"> • Voicing support for a strong Paris outcome. The pledge recognizes those countries that have already put forward climate targets, and voices support for a strong outcome in the Paris climate negotiations. • Demonstrating an ongoing commitment to climate action. As part of this initiative, each company is announcing significant pledges to reduce their emissions, increase low-carbon investments, deploy more clean energy, and take other actions to build more sustainable businesses and tackle climate change. These pledges include ambitious, company-specific goals such as: <ul style="list-style-type: none"> o Reducing emissions by as much as 50 percent, o Reducing water usage by as much as 80 percent, o Achieving zero waste-to-landfill, o Purchasing 100 percent renewable energy, and o Pursuing zero net deforestation in supply chains. • Setting an example for their peers. Today's announcements builds on the launch of the American Business Act on Climate Pledge in July. This fall, the Obama Administration will release a third round of pledges, with a goal of mobilizing many more companies to join the American Business Act on Climate Pledge. Related geographies: US 	Nestlé has set ambitious targets for climate action, including target in reducing GHG emissions, energy consumption and water withdrawal per tonne of product, aiming to achieve zero waste for disposal by 2020 at our sites.
Energy efficiency	Support	<p>Nestlé USA is a signatory of Ceres and its BICEP (Business for Innovative Climate & Energy Policy) coalition that urges federal policymakers to take action on climate change, asserting that a bold response to the climate challenge is "one of America's greatest economic opportunities of the 21st century." CERES public declaration calls to combat climate change, use less electricity, drive more efficient car, choosing clean energy and inventing new technologies. BICEP was founded on the belief that the energy and climate challenges facing the United States present vast opportunities, along with urgent risks, for U.S. businesses. A rapid transition to a 21st century, low-carbon</p>	<p>We Nestlé, as a member of BICEP, seek long-term prosperity for our businesses, our economy, and the countries and communities in which we operate. We work in every state and our products and services are in the homes and impact the lives of Americans across the country. As individual companies, we have taken strong steps to reduce our emissions and become more energy efficient, but we recognize that the U.S. must act boldly and swiftly to enact effective energy and climate policies to address the challenges and seize the opportunities we face. Only the market certainty provided by clear policies will spur development of an efficient clean energy economy at the</p>

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
		economy will create new jobs and stimulate economic growth while stabilizing our planet's fragile climate. Related geographies: US	necessary scale, and allow the U.S. to remain globally competitive. We, Nestlé propose to: i) continue to target the reduction of GHG emissions from its direct operations. The emphasis at the factories will be on energy efficiency and to increase the amount of energy derived from sustainably-managed renewable sources. ii) Extend the scope of its GHG reduction efforts along the value chain, including sourcing of raw materials, manufacturing, packaging, distribution, and consumer use and beyond. iii) Identify the reduction potential and put in place programmes for the different GHGs, particularly CO2, methane, NOx and F-Gases. iv) Further reduction in waste in the supply chain. v) Implement a strategy to tackle deforestation associated with its procurement of agricultural commodities. The strategy includes protection for high carbon soils and forests.
Adaptation or resilience	Support	The United Nations Framework Convention on Climate Change (UNFCCC) commits all Parties to formulate, implement, publish and update adaptation measures, as well as to cooperate on adaptation. It provides for a variety of support mechanisms for the implementation of adaptation measures in developing countries. We are a partner of the UNFCCC Adaptation Private Sector Initiative, which seeks to share innovative solutions to climate change adaptation. Nestlé has been invited to share details of the agricultural assistance it is providing as part of the UNFCCC Private Sector Initiative, a long-term project that aims to encourage businesses to contribute in a sustainable and profitable way to an effective response to climate change. We provided UNFCCC with a case study on climate change adaptation.	Increasingly, we are engaging with policymakers to catalyse and support business contributions to climate change adaptation for more resilient communities and societies – both to support their livelihoods and the environment, and to reduce the risk to the long-term supply of materials for our business. We are especially committed to helping farmers to adapt to climate impacts so they can continue to grow crops in the face of changing patterns of agricultural production. Our work to help cocoa and coffee farmers adapt to environmental challenges has been recognised as an example of best practice by the United Nations Framework Convention on Climate Change. In 2017, we continue to implement agroforestry practices to increase the resilience of Nespresso coffee supply chain while positively impacting natural capital and creating additional economic value.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

FoodDrinkEurope

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Food and Drink manufacturers are committed to contributing fully to the policy objectives in the field of climate change and are undertaking a wide range of activities and investments to cut greenhouse gas emissions and energy use, as well as to consider adaptation measures. Position: An increase in the EU's greenhouse gas emissions reduction commitment beyond 20% by 2020 should be taken if other developed nations agree to take the same action and if developing countries agree to accept similar measures based on their respective capabilities. FoodDrinkEurope supports long-term emission reduction targets based on impact assessments leading up to a low carbon economy by 2050. Energy efficiency should be seen as an important driver for both climate change mitigation and competitiveness. Promotion of energy efficient technologies, such as Combined Heat and Power, is needed. Resource efficiency plays a key role in tackling climate change. Food and drink manufacturers are increasingly acting as bio-refineries often contributing to renewable energy production.

How have you, or are you attempting to, influence the position?

Nestlé is a member of the Board. We actively engage in the Environmental Sustainability Committee of FoodDrinkEurope, which represents the European food and drink industry. Our focus 2018 lies very much on the implementation of the EU Waste Package and the EU Plastics Strategy. Both legislative packages will trigger very important changes in the sustainable design and end-of-life management of our packaging. In line with the Nestlé Global Plastics Packaging Commitments we are working on a more circular and resource-efficient way to produce and use our packaging products. Currently the Environmental Sustainability Committee drafts a "Sustainable Packaging Manifesto" to outline our vision of future packaging innovation and challenges. In parallel, Nestlé continued its contribution to the "Every Meal Matters" FoodDrinkEurope campaign with a video testimony on how we work with the Banco Alimentare (food bank) in Italy shared on FoodDrinkEurope online assets. We will also contribute to the reporting exercise initiated by FoodDrinkEurope on Food Waste and Losses. Our progress in this area will be published throughout 2019.

Trade association

WBCSD

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The World Business Council for Sustainable Development (WBCSD) is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. It is involved in a number of key processes and dialogues around the world, particularly the United Nations Framework Convention on Climate Change. Its mission is to accelerate the transition to a sustainable world by making more sustainable businesses more successful. Its position regarding climate and energy is to accelerate the development of low-carbon technology solutions to stay below the 2°C ceiling. Its position regarding water is to ensure safe access to water, sanitation and hygiene (WASH) in the workplace. WBCSD vision 2050 must have include: Incorporating the costs of externalities, starting with carbon, ecosystem services and water, into the structure of the marketplace; Doubling agricultural output without increasing the amount of land or water used; Halting deforestation and increasing yields from planted forests; Halving carbon emissions worldwide (based on 2005 levels) by 2050 through a shift to low-carbon energy systems; Improved demand-side energy efficiency, and providing universal access to low-carbon mobility.

How have you, or are you attempting to, influence the position?

Nestlé is a member of the WBCSD and Magdi Batato, Executive Vice President of Operations, represents Nestlé in the WBCSD Council. We actively support the LCTPi work through the RE100 initiative as well as the low carbon freight action. With a solid framework and clear agenda, LCTPi is a unique, action-oriented program that brings together companies and partners to accelerate the development of low-carbon technology solutions to stay below the 2°C ceiling. We also support the WBCSD's pledge to ensure safe access to water, sanitation and hygiene (WASH) in the workplace. Nestlé has supported the WBCSD in its aim to reach 50 signatory companies. To date, 47 signatories have adopted the WASH Pledge, representing 2.4 million employees in Europe, the United States, Africa, Asia and the Middle East. Internally, we are committed to achieving and maintaining WASH for all our employees. In 2017 an estimated 100% of employees had access to WASH; We remain in the process of continuing self-assessments across our facilities, identifying and correcting gaps through action plans.

Trade association

European Food Sustainable Consumption and Production Round Table

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The European Food Sustainable Consumption and Production Round Table objectives are centred around three main topics in the management of environmental sustainability along the European food chain: -Identification of scientifically reliable and uniform environmental assessment methodologies for food and drink products, including product category specifications where relevant, considering their significant impacts across the entire product life-cycle; -Identification of suitable communication tools to consumers and other stakeholders, looking at all channels and means of communication; -Promotion of and reporting on

continuous environmental improvement along the entire food supply chain and engaging in an open dialogue with its stakeholders. We actively participate in the consultations and steering meetings.

How have you, or are you attempting to, influence the position?

We, Nestlé, co-chair together with the European Commission the steering committee on behalf of the food sector. We support its position. We also support and shape the development of communications best practice and standards, working in collaboration with industry and government, and leading forums such as the European Food Sustainable Consumption and Production Round Table and FoodDrinkEurope.

Trade association

UN Global Compact

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

A global strategic policy initiative. It encourages businesses globally to adopt more sustainable responsible policies. In addition to its core environmental principles, the UN Global Compact is focusing on two of the most critical — and related — environmental issues of this century: climate change and water sustainability. In this regard, participants are encouraged to join the following engagement platforms: • Caring for Climate: The Global Business Leadership Platform – a voluntary and complementary action platform for companies seeking to demonstrate leadership on climate change. Caring for Climate demonstrates how committed business leaders can advance practical solutions, shape public opinion and government attitudes. • The CEO Water Mandate – a policy framework to assist companies in the development, implementation and disclosure of comprehensive water policies and practices — in partnership with civil society, UN agencies, specialized institutes, and public authorities.

How have you, or are you attempting to, influence the position?

Nestlé provides Communication on Progress towards UNGC goals and principles through our comprehensive yearly Nestlé in Society report, which describes the company's efforts implementing the Advanced criteria. We also provide relevant information through our Annual Report, Consolidated Financial Statements and our website, nestle.com. As a founding member of UNGC LEAD, a group of companies leading the way to a new era of sustainability. We also report progress against additional criteria of the Blueprint for Corporate Sustainability Leadership, a document designed to improve corporate sustainability performance. Nestlé's own Corporate Business Principles incorporate the UNGC's Ten Principles and we reflect the basic concepts of fairness, honesty and respect for people and the environment in all of our business actions.

Trade association

SAI Platform

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Sustainable Agriculture Initiative Platform is the main food industry initiative that supports the development of sustainable agriculture worldwide. It works towards building capacity based on research and development activities of its members, and communicates towards food industries as well as food chain stakeholders. Members of the jointly stewarded Sustainable Food Lab/SAI Platform Water Risk Collaboration have participated in and provided leadership for collective action at the watershed scale in California.

How have you, or are you attempting to, influence the position?

We co-founded SAI Platform in 2002 to promote sustainable agriculture at field level through six working groups (cereals; coffee; dairy; fruit; potatoes and vegetables; and water and agriculture). Nestlé support the Water Risk Assessment and Mitigation project initiated by the SAI Platform and the Sustainable Food Lab (SFL). Nestlé is a founding member of the California Water Action Collaborative (CWAC), which today consists of 19 companies and environmental organisations. Through our membership, we pursue collective action projects to improve California's water security for people, business, agriculture and nature. Nestlé Waters North America supports projects within each of the three CWAC focus areas of: returning water to the system; building social capital to improve trust across sectors; and driving corporate water stewardship to align with the Governor's California Water Action Plan.

Trade association

Climate Disclosure Standards Board

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The CDSB Framework is designed to help companies, disclose information about their climate change-related risks and opportunities, carbon footprints, carbon reduction strategies, and their implications for shareholder value in their mainstream financial reports.

How have you, or are you attempting to, influence the position?

We are a member of the CDSB's Technical Working Group. We are committed to disclose climate change information in conformance with the CDSB's framework.

Trade association

Consumer Goods Forum

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Consumer Goods Forum (CGF) is a global industry network that brings together the CEOs and senior management of over 650 retailers, manufacturers, service providers and other stakeholders across 70 countries. It is led by a Board of Directors of 54 CEOs. It is focused on advancing the industry through strategic priorities including sustainability. The CGF Resolution on Deforestation states: "As the Board of the Consumer Goods Forum we pledge to mobilise resources within our respective businesses to help achieve zero net deforestation by 2020. We will develop specific, time bound, and cost effective action plans for the different challenges in sourcing commodities like palm oil, soy, beef, paper and board in a sustainable fashion." Nestlé is a founding member of the CGF.

How have you, or are you attempting to, influence the position?

We actively participate on the Sustainability Steering Committee, Deforestation Alignment Group, US Government Deforestation Initiative, Palm oil, Soy, Paper Working Groups, Refrigeration, Sustainability - Measurements & Reporting group. In 2010, Nestlé made a 'no deforestation' commitment, stating that all of its products, globally, will not be associated with deforestation by 2020. This commitment was the first of its kind by a food company, and covers all the raw materials we use to make our foods and beverages, as well as our packaging, making traceability and transparency crucial. A significant number of traders and manufacturers have since followed our lead and developed sustainable palm oil policies and 'no deforestation' commitments of their own. Together with CGF, we are investigating how to help increase the recycling and recovery of used packaging in emerging and developing countries, beginning with a project to retrieve packaging from municipal solid waste. Nestlé is also actively participating in the ongoing debate on environmental information to consumer.

Trade association

Consumer Goods Forum

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The CGF Resolution on Refrigeration states: "As individual member companies, we commit to the following in all commercial and industrial refrigeration equipment under our control along the food & beverage supply chain: In markets where viable, to inst all new equipment that utilise only natural refrigerants or alternative ultra-low GWP refrigerants, effective immediately; In markets where barriers to deployment exist, to engage with our suppliers, civil society, business partners and governments to overcome remaining technical, regulatory and other barriers in certain geographies and sectors, to enable the purchase of new equipment that utilise only natural refrigerants or alternative ultra-low GWP refrigerants as soon as possible and no later than 2025; Work to

reduce the total equivalent environmental warming impact of our existing and new refrigeration systems, including (but not limited to) improving energy efficiency, optimising refrigerant charge sizes, and minimising refrigerant leaks; Develop individual targets and action plans to measure and achieve the above and regularly publish information on progress.”

How have you, or are you attempting to, influence the position?

We influence the development of CGF positions and resolutions on climate change. Nestlé’s CEO co-chaired the board of Directors of the CGF in 2013-2015. We are an active member of the CGF’s Sustainability Steering Committee, developing action plans to help achieve zero net deforestation by 2020, and mobilising resources to begin phasing out hydrofluorocarbon (HFC) refrigerants and replace them with natural refrigerant alternatives when purchasing point-of sale units and large refrigeration installations.

Trade association

Consumer Goods Forum

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association’s position

The CGF Resolution on Food Waste states: "As the Board of The Consumer Goods Forum, we recognise that food waste is a major social, environmental and economic challenge. It undermines food security, contributes to climate change, consumes scarce natural resources such as water unnecessarily, and costs money. We are committed to doing our part to help reduce food waste. Our aim is to: 1. First prevent food waste, then maximise its recovery towards the goal of halving food waste(1) within our own retail and manufacturing operations by 2025, versus a 2016 baseline. 2. Contribute to the UN goals by 2030(2): - to halve per capita global food waste at the consumer level, - and to reduce food losses along production and supply chains including post-harvest losses and maximise the value of the remaining waste. We will achieve both by individual company initiatives, by engaging with our supply chains and end consumers (where material) and by working collectively in partnership with governments and NGOs".

How have you, or are you attempting to, influence the position?

We support this resolution and have contributed to its development. In 2017, 253 factories achieved zero waste for disposal, and we aim by 2020 to achieve zero waste for disposal in our sites.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Engagement activities with our employees : Since 2014, environmental awareness training was conducted in 101 countries. Our e-learning course enables employees to enhance their knowledge and learn how to apply environmentally sustainable business practices, including actions to mitigate climate change. Our 2020 commitment to run environmental sustainability training in all countries and continue to strengthen environmental awareness among employees was met in 2017.

Engagement activities with World Alliance for Efficient Solutions: We provide funding for the World Alliance for Efficient Solutions, an initiative launched by Solar Impulse Foundation at COP22, under the United Nations Framework Convention on Climate Change (UNFCCC). We also support several other major initiatives by leading international organisations, including The Trillion Tonne Communiqué by the Prince of Wales's Corporate Leaders Group and the New York Declaration on Forests.

Engagement activities with RE100 : In 2017, we shared best practice examples of renewable energy use with other members of RE100, through webinars and our active participation in a conference in Brussels.

Engagement activities with our Consumers: We help consumers make informed choices through credible, substantiated communication. We use relevant contact points such as digital, packaging and point-of-sale to inform consumers of action they can take when using our products and handling used packaging. We use Twitter and other social media to listen and respond to consumers on environmental issues that matter to them. We support and shape the development of environmental communication best practices and standards, working in collaboration with industry, government and public forums. The strategy for prioritizing engagement is based on the results of life cycle analysis of main products categories which show that the consumer use phase is significant. For example, a recent LCA of the new Nescafé Milano 2 MTS130 machine helped us identify that the consumer phase has a share of the GHG emissions due to the cup washing and machine cleaning. The NESCAFÉ Plan focuses on responsible consumption. We measure success by means of Nestlé reputation as being considered as a brand that cares for the environment. For 2016, in 19 out of 33 countries assessed, Nestlé had a better score than the industry average on the statement "cares for the environment".

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

To ensure that all of our direct and indirect activities that influence policy are consistent with our overall climate change strategy, we have established the governance of "Nestlé in society and CSV (Creating Shared Value)".

Within our general corporate governance structure, the Chairman, the Chief Executive Officer and other members of the Executive Board are ultimately responsible for the supervision and management of our role in society and CSV, supported by a number of other governance bodies, including the three leadership committees on the planet, the communities and individuals and families. The Nomination and Sustainability Committee at the Board of Directors prepares the succession planning of the Board and periodically reviews other measures which ensure our company's sustainability and how its long-term strategy relates to our ability to create shared value.

During 2017, we put in place the new environmental leadership committee co-chaired by the Chief Operating Officer and the Chief Technology Officer. The committee is responsible, amongst other topics, for the assessment and management of climate-related risks and opportunities. The Environmental Leadership Committee reports on a bi-annual basis into the Nestlé in Society Board, chaired by Nestlé's Chief Executive Officer.

Nestlé in Society Board

The Nestlé in Society Board is chaired by our CEO. It leads the strategic development and implementation of Creating Shared Value across our business, including for all societal commitments, objectives and strategies, and reverts to the Executive Board for input and confirmation. Specifically, the Board works to:

- Ensure all activities and workstreams align with Nestlé's positioning in society;
- Assess and draw appropriate conclusions from societal developments affecting Nestlé; and
- Further strengthen our credentials in Creating Shared Value, environmental sustainability and compliance.

CSV Council

The Nestlé CSV Council comprises 13 external members, whose expertise spans corporate social responsibility, strategy, sustainability, nutrition, water and rural development. The group advises Nestlé management on implementing Creating Shared Value and assesses our progress.

To ensure that all engagements are consistent with the overall Nestlé strategy on climate change, position statements are available and reflect Nestlé's official position on specific issues that may prompt questions from external stakeholders, such as the media and NGOs. The Nestlé Policy on Environmental Sustainability and The Nestlé Commitment on Climate Change are available to all employees and used them internally to align our position vis-à-vis climate change.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports in accordance with the CDSB Framework

Status

Complete

Attach the document

[2017-annual-review-en.pdf](#)

Content elements

Governance

Strategy

Emissions figures

Emission targets

Other, please specify (Emissions projects)

Publication

In voluntary communications

Status

Complete

Attach the document

[nestle-csv-full-report-2017-en.pdf](#)

Content elements

Governance

Strategy

Emissions figures

Emission targets

Other metrics

Publication

In voluntary communications

Status

Complete

Attach the document

[Website.pdf](#)

Content elements

Governance

Strategy

Emissions figures

Emission targets

Other metrics

Publication

In other regulatory filings

Status

Complete

Attach the document

[commitment-on-climate-change-2013.pdf](#)

Content elements

Other, please specify (Commitment)

C13. Other land management impacts

C-AC13.2/C-FB13.2/C-PF13.2

(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?

Yes

C-AC13.2a/C-FB13.2a/C-PF13.2a

(C-AC13.2a/C-FB13.2a/C-PF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.

Management practice reference number

MP1

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Water

Description of impacts

In the example of Queretaro, Mexico, three biodigestors now produce 2400m³ of methane per day, reducing the net amount of electricity from the grid by 90%, while decreasing the environmental harmful emissions of ammonia and methane. Now, the numbers of biodigestors have increased to 28.

Have any response to these impacts been implemented?

Yes

Description of the response(s)

Nestlé agricultural advisors continue to work with farmers, building capacities regarding nutrient, water and soil management, livestock husbandry and renewable energies. The long-standing good relations between farmers and agricultural advisors continue to be a key factor in the dissemination of measures to improve farm sustainability.

Management practice reference number

MP2

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Water

Yield

Description of impacts

Water conservation and preservation means cleaner surface water and securing the long-term water supplies of underground aquifers. Both are key to the long-term sustainability of coffee production and processing.

Have any response to these impacts been implemented?

Yes

Description of the response(s)

Nestlé helps farmers implementing water conservation and preservation strategies, such as better irrigation systems and efficient wet milling.

Management practice reference number

MP3

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Water

Yield

Description of impacts

By conserving biodiversity, this helps maintaining the ecological balance of the farm. Moreover, it can also create favourable climate conditions for crops and prove effective in reducing diseases and pests.

Have any response to these impacts been implemented?

Yes

Description of the response(s)

We encourage the planting of national and other cocoa trees to reforest and improve biodiversity, and have distributed approximately 700000 national plants to farms since 2009.

Management practice reference number

MP4

Overall effect

Please select

Which of the following has been impacted?

Biodiversity

Soil
Yield

Description of impacts

The 4C units apply soil conservation practices to reduce erosion.

Have any response to these impacts been implemented?

Yes

Description of the response(s)

Preventing erosion helps maintaining productivity, cleaner waterways and a more sustainable farm. These can be contour planting, construction of terraces, permanent soil cover or others depending on local conditions.

Management practice reference number

MP5

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Water

Yield

Description of impacts

Alternative sources of energy, such as solar, wind, hydropower and biomass are tapped in 4C units. Innovative machinery or equipment using renewable sources of energy, such as solar coffee driers, are used.

Have any response to these impacts been implemented?

Yes

Description of the response(s)

Using alternative sources of energy means cleaner air and long-term savings on fuel. It is also a concrete contribution in the fight against climate change. Inefficient energy use means higher operating costs and depletion of natural resources.

Management practice reference number

MP6

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Water

Description of impacts

The Agro-forestry programme helps: - Protect natural ecosystems and preserve biodiversity; - Regulate water availability by limiting evaporation and soil erosion; - Improve water quality, reduce soil pollution and enhance soil fertility; - Generate economic benefits for farmers through crop diversification and carbon certification; and - Support the production of shade-grown coffees required for Nespresso's Grands Crus.

Have any response to these impacts been implemented?

Yes

Description of the response(s)

In 2014, Nespresso piloted its approach in two areas where it had long provided technical assistance: the Huehuetenango cluster in Guatemala and the Cauca region of Colombia. The pilot has been extended in 2016 to the Olam region in Indonesia. For the future, the aim is to plant 1 million trees with TechnoServe in Ethiopia and Kenya (2016-2018)

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Please see attached for more information:

- The Nestlé Corporate Business Principles
- The Nestlé Policy on Environmental Sustainability
- The Annual Report 2017
- The Corporate Governance Report 2017
- The Financial Statements 2017
- The Nestlé in society: Creating Shared Value and meeting our commitments 2017 Report.
- The Nestlé Commitment on Climate Change.
- RE100 Spreadsheet

[nestle-csv-full-report-2017-en.pdf](#)
[commitment-on-climate-change-2013.pdf](#)
[nestlé policy on environmental sustainability.pdf](#)
[corporate-business-principles-en.pdf](#)
[corp-governance-report-2017-en.pdf](#)
[2017-annual-review-en.pdf](#)
[2017-financial-statements-en.pdf](#)
[RE100 Reporting Spreadsheet 2018 Nestle.xlsx](#)

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Operating Officer (COO)	Chief Operating Officer (COO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

As stated in The Nestlé Policy on Environmental Sustainability, we apply a product life cycle approach involving our partners from farm to consumer and beyond. Specific to our food and beverage business we focus on water preservation, natural resources efficiency, biodiversity conservation, air emissions reduction, climate change adaptation, and zero waste. In our Corporate Business Principles, Nestlé commits to foster responsible practices in our supply chain. The Nestlé Supplier Code helps to implement this commitment. We want to ensure both responsible sourcing and supplier relationships that deliver a competitive advantage. Nestlé sources its raw materials either directly from farmers or from primary processors or traders. We prefer to use agricultural materials which are locally available. We foster environmental sustainability in the supply chain through: • the Responsible Sourcing Audit Programme which requests key vendors to demonstrate compliance with Nestlé's environmental standards through independent third party audits; if corrective actions are required Nestlé, together with auditors, will guide vendors in upgrading their practices; • the Responsible Sourcing Traceability Programme which promotes transparency in our extended supply chains back to the farm or feedstock, implementing our commitments on no-deforestation, • responsible use of water, sustainable fisheries and animal welfare, and addressing other specific environmental aspects; • the Farmer Connect Programme which supports the farming communities where we source agricultural raw materials, and provides technical

assistance on sustainable production methods; we also optimise the delivery of raw materials up to the factory; • the Sustainable Agriculture Initiative at Nestlé which shares best practices and lessons learned. The Nestlé Supplier Code establishes non-negotiable minimum standards that we ask our suppliers, their employees, agents and subcontractors to respect and to adhere to at all times when conducting business. The Nestlé Supplier Code is an integral part of all purchase orders, supply contracts and is being integrated into all other commercial agreements. The Nestlé Supplier Code is implemented in each market and business and is applicable to all suppliers. The Supplier Code is complemented by Responsible Sourcing Guidelines for specific raw and packaging materials. These guidelines are aligned with or go beyond internationally-recognised responsible production standards. We also work with partners and certification schemes such as the Rainforest Alliance, 4C Association, UTZ-certified that carry out independent verification to ensure compliance with their respective standards. For more information, please visit www.nestle.com/csv/

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	89791000000

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

Yes

SC0.2a

(SC0.2a) Please use the table below to share your ISIN.

	ISIN country code (2 letters)	ISIN numeric identifier and single check digit (10 numbers overall)
Row 1	CH	0038863350

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member

L'Oréal

Scope of emissions

Scope 1

Emissions in metric tonnes of CO₂e

21

Uncertainty (±%)

10

Major sources of emissions

The sum of all on-site greenhouse gas emissions at Nestlé factories which arise from combustion processes used to manufacture products as well as the CO₂ equivalents from refrigerants losses. These greenhouse gas emissions can result from burning of fuels in boilers, roasters, dryers, from electric generators and from refrigerants losses (CO₂ eq). This indicator corresponds to Scope 1 of the WRI/WBCSD GHG Protocol. Gases included in the calculation are CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃.

Verified

No

Allocation method

Allocation based on the volume of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from combustion processes and refrigerants losses in our factories over which the company has operational control are included. Process emissions are excluded as this is not relevant for our industry. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

Requesting member

L'Oréal

Scope of emissions

Scope 2

Emissions in metric tonnes of CO₂e

0

Uncertainty (±%)

0

Major sources of emissions

No indirect GHG emissions due to renewable electricity purchased at our factory, Sofinol, that supplies L'Oréal.

Verified

No

Allocation method

Allocation based on the volume of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from electricity, steam and heat purchased in our factories over which the company has operational control are included. Process emissions are excluded as this is not relevant for our industry. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

Requesting member

Arcos Dourados

Scope of emissions

Scope 1

Emissions in metric tonnes of CO₂e

9

Uncertainty (±%)

15

Major sources of emissions

The sum of all on-site greenhouse gas emissions at Nestlé factories which arise from combustion processes used to manufacture products as well as the CO2 equivalents from refrigerants losses. These greenhouse gas emissions can result from burning of fuels in boilers, roasters, dryers, from electric generators and from refrigerants losses (CO2 eq). This indicator corresponds to Scope 1 of the WRI/WBCSD GHG Protocol. Gases included in the calculation are CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3.

Verified

No

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from combustion processes and refrigerants losses in our factories over which the company has operational control are included. Process emissions are excluded as this is not relevant for our industry. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

Requesting member

Arcos Dourados

Scope of emissions

Scope 2

Emissions in metric tonnes of CO2e

8

Uncertainty (±%)

15

Major sources of emissions

Main emissions arise from electricity, steam and heat purchased in our factories.

Verified

No

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from electricity, steam and heat purchased in our factories over which the company has operational control are included. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

Requesting member

Wal-Mart Stores, Inc.

Scope of emissions

Scope 1

Emissions in metric tonnes of CO₂e

339784

Uncertainty (±%)

15

Major sources of emissions

The sum of all on-site greenhouse gas emissions at Nestlé factories which arise from combustion processes used to manufacture products as well as the CO₂ equivalents from refrigerants losses. These greenhouse gas emissions can result from burning of fuels

in boilers, roasters, dryers, from electric generators and from refrigerants losses (CO2 eq). This indicator corresponds to Scope 1 of the WRI/WBCSD GHG Protocol. Gases included in the calculation are CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3.

Verified

No

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from combustion processes and refrigerants losses in our factories over which the company has operational control are included. Process emissions are excluded as this is not relevant for our industry. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

Requesting member

Wal-Mart Stores, Inc.

Scope of emissions

Scope 2

Emissions in metric tonnes of CO2e

289404

Uncertainty (±%)

15

Major sources of emissions

Main emissions arise from electricity, steam and heat purchased in our factories.

Verified

No

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from electricity, steam and heat purchased in our factories over which the company has operational control are included. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

Requesting member

Wal Mart de Mexico

Scope of emissions

Scope 1

Emissions in metric tonnes of CO₂e

28675

Uncertainty (±%)

15

Major sources of emissions

The sum of all on-site greenhouse gas emissions at Nestlé factories which arise from combustion processes used to manufacture products as well as the CO₂ equivalents from refrigerants losses. These greenhouse gas emissions can result from burning of fuels in boilers, roasters, dryers, from electric generators and from refrigerants losses (CO₂ eq). This indicator corresponds to Scope 1 of the WRI/WBCSD GHG Protocol. Gases included in the calculation are CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃.

Verified

No

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from combustion processes and refrigerants losses in our factories over which the company has operational control are included. Process emissions are excluded as this is not relevant for our industry. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

Requesting member

Wal Mart de Mexico

Scope of emissions

Scope 2

Emissions in metric tonnes of CO₂e

7988

Uncertainty (±%)

15

Major sources of emissions

Main emissions arise from electricity, steam and heat purchased in our factories.

Verified

No

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

We have identified the GHG sources using the GHG Protocol Corporate Standard. All sources from electricity, steam and heat purchased in our factories over which the company has operational control are included. While emissions from office, distribution centers and R&D centers activities may eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities. Some recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum time frame of three years for new acquisitions to implement and comply with the reporting of environmental data, the majority of them start reporting in the first two years after their acquisition. All the data related to transportation and distribution activities are tracked in a separate system from activity data related to manufacturing. The majority of our transportation and distribution activities are also outsourced (~90%). For practical reasons, emissions occurring from Nestlé's own transportation and distribution activities (i.e. not outsourced, which are a minority) are calculated and aggregated with the outsourced activities as a whole and are therefore included in scope 3 emissions.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

Please see :

- 2017 Consolidated Nestlé Environmental Performance Indicators (xls, 240Kb) : <https://www.nestle.com/asset-library/documents/creating-shared-value/2017-consolidated-nestle-environmental-performance-indicators.xls>
- Definitions and Comments on 2017 Consolidated Nestlé Environmental Performance Indicators (pdf, 264Kb): <https://www.nestle.com/asset-library/documents/creating-shared-value/2017-consolidated-nestle-environmental-performance-indicators-definitions-comments.pdf>

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	Nestlé has a very large portfolio of products and services (more than 2000 brands) but may supply only part of it to its customers. Allocating the scope 1, 2 and 3 emissions of Nestlé entire portfolio would be inaccurate if the type of good supplied to customers has a lower or higher emissions intensity than the average emissions intensity of overall Nestlé portfolio. To obtaining product-level GHG data we have been conducting LCAs to further identify the environmental performance of our major product categories. We use EcodEx (Eco-design for Sustainable Product Development and

Allocation challenges	Please explain what would help you overcome these challenges
	Introduction) a LCA-based ecodesign tool that enables product development teams to systematically assess the environmental performance of a product faster and earlier in the design process, and to make fact-based decisions. The entire life cycle of our products, using environmental indicators such as climate change, land use, ecosystem quality, mineral and non-renewable resources and water consumption is taken into account. By the end of 2017, we evaluated and addressed the sustainability hotspots for 22 product categories since the introduction of eco-design software a decade ago. Evaluated 7005 projects and 20 608 scenarios using eco-design tools.
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	Our GHG Scope 1 and 2 emissions are reported at factory level. A single production facility can produce different products: a challenge is to allocate emissions between the different products manufactured in this facility and supplied to our customers. To obtaining product-level GHG data we have been conducting LCAs to further identify the environmental performance of our major product categories. We use EcodEx (Eco-design for Sustainable Product Development and Introduction) a LCA-based ecodesign tool that enables product development teams to systematically assess the environmental performance of a product faster and earlier in the design process, and to make fact-based decisions. The entire life cycle of our products, using environmental indicators such as climate change, land use, ecosystem quality, mineral and non-renewable resources and water consumption is taken into account. By the end of 2017, we evaluated and addressed the sustainability hotspots for 22 product categories since the introduction of eco-design software a decade ago. Evaluated 7005 projects and 20 608 scenarios using eco-design tools.
Managing the different emission factors of diverse and numerous geographies makes calculating total footprint difficult	Nestlé has a very large portfolio of products and services (more than 2000 brands) and present in more than 189 countries. Allocating the scope 1, 2 and 3 emissions of Nestlé entire portfolio would be inaccurate if the type of good supplied to our customers has a lower or higher emissions intensity than the average emissions intensity due to country specific lower emissions levels. This would require a very detailed list of products supplied to our customers with information on where it is manufactured.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

SC1.4a

(SC1.4a) Describe how you plan to develop your capabilities.

The quality of LCAs is constrained by the availability of environmental data on food ingredients. To address this challenge, we have actively supported the development of the World Food LCA Database so that the food sector at large can benefit from sound and reliable datasets and we very much welcome its inclusion in EU Product Environmental Footprint compliant studies. The study is coordinated by LCA consultancy Quantis and 11 other partners. We are working with governments around the world to develop public databases. In particular, we are focusing on enlarging the scope of the input data on agricultural raw materials, as

they constitute the main environmental impact of many products. Besides, we are continuing to improve EcodEX through a collaboration with the Montreal-based International Reference Centre for the Life Cycle of Products, Processes and Services (CIRAIG). We are currently working on incorporating information on statistical uncertainty into EcodEX and regionalising life-cycle inventory datasets for water flows and land use. Nestlé is also funding further data development, in collaboration with Quantis, to focus on ingredients not yet considered in other major databases. This data will undergo a critical review before being incorporated into the publicly available LCA database Ecoinvent.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

Requesting member

L'Oréal

Group type of project

Other, please specify (Renewable energy)

Type of project

Other, please specify (Renewable electricity purchased)

Emissions targeted

Actions to reduce customers' operational emissions (customer scope 1 & 2)

Estimated timeframe for carbon reductions to be realized

3-5 years

Estimated lifetime CO2e savings

Estimated payback

Cost/saving neutral

Details of proposal

At Nestlé, we are committed to purchase 100% of our electricity from renewable sources by the shortest practical timescale. We strongly invite our customers to embrace this commitment.

Requesting member

Tesco

Group type of project

Other, please specify (Reduce food loss and waste)

Type of project

Other, please specify (Reduce food loss and waste)

Emissions targeted

Actions that would reduce both our own and our customers' emissions

Estimated timeframe for carbon reductions to be realized

0-1 year

Estimated lifetime CO2e savings**Estimated payback**

0-1 year

Details of proposal

The proposal is to help further reduce food loss and waste of Nestlé products along the value chain. Nestlé is committed to Reduce Food Loss and Waste. In addition, we collaborate with The Consumer Goods Forum (CGF). In 2016, our CEO, Paul Bulcke, joined Champions 12.3, a coalition of government, industry and NGO influencers dedicated to accelerating progress towards halving food waste by 2030. This will enable us to contribute to a circular economy and allow us to secure our agricultural supplies while having a positive impact on society. As a company, we have guided the CGF to adopt the public resolution of halving food waste from their members' own operations by 2025, five years ahead of UN SDG 12.3.

Requesting member

Tesco

Group type of project

Other, please specify (Renewable energy)

Type of project

Other, please specify (Renewable electricity purchase)

Emissions targeted

Actions to reduce customers' operational emissions (customer scope 1 & 2)

Estimated timeframe for carbon reductions to be realized

3-5 years

Estimated lifetime CO2e savings**Estimated payback**

Cost/saving neutral

Details of proposal

At Nestlé, we are committed to purchase 100% of our electricity from renewable sources by the shortest practical timescale. We strongly invite our customers to embrace this commitment.

Requesting member

Wal-Mart Stores, Inc.

Group type of project

Other, please specify (Renewable energy)

Type of project

Other, please specify (Renewable electricity purchased)

Emissions targeted

Actions to reduce customers' operational emissions (customer scope 1 & 2)

Estimated timeframe for carbon reductions to be realized

3-5 years

Estimated lifetime CO2e savings

Estimated payback

Cost/saving neutral

Details of proposal

At Nestlé, we are committed to purchase 100% of our electricity from renewable sources by the shortest practical timescale. We strongly invite our customers to embrace this commitment.

Requesting member

Wal Mart de Mexico

Group type of project

Other, please specify (Renewable energy)

Type of project

Other, please specify (Renewable electricity purchased)

Emissions targeted

Actions to reduce customers' operational emissions (customer scope 1 & 2)

Estimated timeframe for carbon reductions to be realized

3-5 years

Estimated lifetime CO2e savings

Estimated payback

Cost/saving neutral

Details of proposal

At Nestlé, we are committed to purchase 100% of our electricity from renewable sources by the shortest practical timescale. We strongly invite our customers to embrace this commitment.

Requesting member

Target Corporation

Group type of project

Other, please specify (Reduce food loss and waste)

Type of project

Other, please specify (Reduce food loss and waste)

Emissions targeted

Actions that would reduce both our own and our customers' emissions

Estimated timeframe for carbon reductions to be realized

0-1 year

Estimated lifetime CO2e savings

Estimated payback

0-1 year

Details of proposal

The proposal is to help further reduce food loss and waste of Nestlé products along the value chain. Nestlé is committed to Reduce Food Loss and Waste. In addition, we collaborate with The Consumer Goods Forum (CGF). In 2016, our CEO, Paul Bulcke, joined Champions 12.3, a coalition of government, industry and NGO influencers dedicated to accelerating progress towards halving food waste by 2030. This will enable us to contribute to a circular economy and allow us to secure our agricultural supplies while having a positive impact on society. As a company, we have guided the CGF to adopt the public resolution of halving food waste from their members' own operations by 2025, five years ahead of UN SDG 12.3.

Requesting member

Wal Mart de Mexico

Group type of project

Other, please specify (Reduce food loss and waste)

Type of project

Other, please specify (Reduce food loss and waste)

Emissions targeted

Actions that would reduce both our own and our customers' emissions

Estimated timeframe for carbon reductions to be realized

0-1 year

Estimated lifetime CO2e savings**Estimated payback**

0-1 year

Details of proposal

The proposal is to help further reduce food loss and waste of Nestlé products along the value chain. Nestlé is committed to Reduce Food Loss and Waste. In addition, we collaborate with The Consumer Goods Forum (CGF). In 2016, our CEO, Paul Bulcke, joined Champions 12.3, a coalition of government, industry and NGO influencers dedicated to accelerating progress towards halving food waste by 2030. This will enable us to contribute to a circular economy and allow us to secure our agricultural supplies while having a positive impact on society. As a company, we have guided the CGF to adopt the public resolution of halving food waste from their members' own operations by 2025, five years ahead of UN SDG 12.3.

Requesting member

Please select

Group type of project

Other, please specify (Reduce food loss and waste)

Type of project

Other, please specify (Reduce food loss and waste)

Emissions targeted

Actions that would reduce both our own and our customers' emissions

Estimated timeframe for carbon reductions to be realized

0-1 year

Estimated lifetime CO2e savings**Estimated payback**

0-1 year

Details of proposal

The proposal is to help further reduce food loss and waste of Nestlé products along the value chain. Nestlé is committed to Reduce Food Loss and Waste. In addition, we collaborate with The Consumer Goods Forum (CGF). In 2016, our CEO, Paul Bulcke, joined Champions 12.3, a coalition of government, industry and NGO influencers dedicated to accelerating progress towards halving food

waste by 2030. This will enable us to contribute to a circular economy and allow us to secure our agricultural supplies while having a positive impact on society. As a company, we have guided the CGF to adopt the public resolution of halving food waste from their members' own operations by 2025, five years ahead of UN SDG 12.3.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

Yes

SC2.2a

(SC2.2a) Specify the requesting member(s) that have driven organizational-level emissions reduction initiatives, and provide information on the initiatives.

Requesting member

Wal Mart de Mexico

Initiative ID

2017-ID1

Group type of project

Reduce Logistics Emissions

Type of project

Route optimization

Description of the reduction initiative

In Walmart and SAMs we have spent almost 3 years in a logistics efficiency project called TLO (Transport Load Optimization) which consists in an optimized use of transport at the generation of purchase orders. Purchase order are now done by product categories available at our distribution centers. Multi-categories purchased orders that are supplied by different distribution centers are no longer possible. In the case of SAMs, we have a 100% implementation. Walmart is at 70%.

Emissions reduction for the reporting year in metric tons of CO₂e

Did you identify this opportunity as part of the CDP supply chain Action Exchange?

No

Would you be happy for CDP supply chain members to highlight this work in their external communication?

Yes

Requesting member

Wal-Mart Stores, Inc.

Initiative ID

2017-ID2

Group type of project

Reduce Logistics Emissions

Type of project

Other, please specify (GHG Emissions reduction)

Description of the reduction initiative

In 2016, Walmart set a new goal to reduce emissions in their supply chain by 1 gigaton (1 billion metric tons) by 2030. To achieve this goal, Walmart is launching Project Gigaton - an opportunity for suppliers to join Walmart in reducing greenhouse gas (GHG) emissions in the supply chain.

Emissions reduction for the reporting year in metric tons of CO2e**Did you identify this opportunity as part of the CDP supply chain Action Exchange?**

No

Would you be happy for CDP supply chain members to highlight this work in their external communication?

Yes

Requesting member

Wal-Mart Stores, Inc.

Initiative ID

2017-ID3

Group type of project

Other, please specify (Recycling)

Type of project

Other, please specify (How2Recycle)

Description of the reduction initiative

APRIL 19TH, 2017 — At the Walmart Sustainability Milestone Summit event Nestlé Waters North America announced that they will be joining the How2Recycle® label program to educate consumers how to recycle packaging correctly. Walmart has demonstrated measurable influence in the sustainable packaging space in recent months by encouraging brands that sell at its stores to join How2Recycle.

Emissions reduction for the reporting year in metric tons of CO2e

Did you identify this opportunity as part of the CDP supply chain Action Exchange?

No

Would you be happy for CDP supply chain members to highlight this work in their external communication?

No

SC3.1

(SC3.1) Do you want to enroll in the 2018-2019 CDP Action Exchange initiative?

No

SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2017-2018 Action Exchange initiative?

No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services, if so, what functionality will you be using?

Yes, I will provide data

SC4.1a

(SC4.1a) Give the overall percentage of total emissions, for all Scopes, that are covered by these products.

31

SC4.2a

(SC4.2a) Complete the following table for the goods/services for which you want to provide data.

Name of good/ service

Nescafé soluble coffee

Description of good/ service

120 ml cup of spray dried soluble Nescafé coffee prepared at the consumer's home

Type of product

Final

SKU (Stock Keeping Unit)

Total emissions in kg CO₂e per unit

0.05

±% change from previous figure supplied

0

Date of previous figure supplied

July 29 2017

Explanation of change

We conduct Life Cycle Assessments (LCAs) to estimate the environmental performance of our products across the entire value chain. We do not conduct LCA for the same product on a yearly basis.

Methods used to estimate lifecycle emissions

ISO 14040 & 14044

Name of good/ service

EcoShape bottle of water

Description of good/ service

Serving of 500 ml of hydration to the consumer.

Type of product

Final

SKU (Stock Keeping Unit)

Total emissions in kg CO₂e per unit

0.14

±% change from previous figure supplied

0

Date of previous figure supplied

July 29 2017

Explanation of change

We conduct Life Cycle Assessments (LCAs) to estimate the environmental performance of our products across the entire value chain. We do not conduct LCA for the same product on a yearly basis.

Methods used to estimate lifecycle emissions

ISO 14040 & 14044

SC4.2b

(SC4.2b) Complete the following table with data for lifecycle stages of your goods and/or services.

Name of good/ service

Nescafé soluble coffee

Please select the scope

Scope 3

Please select the lifecycle stage

Other, please specify (Farming)

Emissions at the lifecycle stage in kg CO₂e per unit

0.02

Is this stage under your ownership or control?

No

Type of data used

Primary and secondary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

The LCA study results are available at <https://www.nescafe.com/the-future-of-coffee>.

Name of good/ service

Nescafé soluble coffee

Please select the scope

Scope 1 & 2

Please select the lifecycle stage

Manufacturing

Emissions at the lifecycle stage in kg CO₂e per unit

0

Is this stage under your ownership or control?

Yes

Type of data used

Primary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at lifecycle stage in kg CO₂e per unit: 0.0057 The LCA study results are available at <https://www.nescafe.com/the-future-of-coffee>.

Name of good/ service

Nescafé soluble coffee

Please select the scope

Scope 3

Please select the lifecycle stage

Packaging

Emissions at the lifecycle stage in kg CO₂e per unit

0

Is this stage under your ownership or control?

No

Type of data used

Primary and secondary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at lifecycle stage in kg CO₂e per unit: 0.0056 The LCA study results are available at <https://www.nescafe.com/the-future-of-coffee>.

Name of good/ service

Nescafé soluble coffee

Please select the scope

Scope 3

Please select the lifecycle stage

Distribution

Emissions at the lifecycle stage in kg CO2e per unit

0

Is this stage under your ownership or control?

No

Type of data used

Primary and secondary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at lifecycle stage in kg CO2e per unit: 0.0013 The LCA study results are available at <https://www.nescafe.com/the-future-of-coffee>.

Name of good/ service

Nescafé soluble coffee

Please select the scope

Scope 3

Please select the lifecycle stage

Consumer Use

Emissions at the lifecycle stage in kg CO2e per unit

0.02

Is this stage under your ownership or control?

No

Type of data used

Primary and secondary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at lifecycle stage in kg CO2e per unit: 0.019 The LCA study results are available at <https://www.nescafe.com/the-future-of-coffee>.

Name of good/ service

Nescafé soluble coffee

Please select the scope

Scope 3

Please select the lifecycle stage

End of life/Final disposal

Emissions at the lifecycle stage in kg CO2e per unit

0

Is this stage under your ownership or control?

No

Type of data used

Primary and secondary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at lifecycle stage in kg CO2e per unit: not significant The LCA study results are available at <https://www.nescafe.com/the-future-of-coffee>.

Name of good/ service

EcoShape bottle of water (0.5L)

Please select the scope

Scope 1, 2 & 3

Please select the lifecycle stage

Other, please specify (Production: Pumping and treatment)

Emissions at the lifecycle stage in kg CO2e per unit

0

Is this stage under your ownership or control?

Yes

Type of data used

Primary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at the lifecycle stage in kg CO2e per unit: 0.0071 The LCA study was commissioned by Nestlé Waters North America and conducted by Quantis International, a well-recognized leader in life cycle analyses and related applications. The study has been peer-reviewed. The analysis follows internationally accepted standards for methodology and transparency in reporting all findings, including favorable and unfavorable comparisons with other beverage options.

Name of good/ service

EcoShape bottle of water (0.5L)

Please select the scope

Scope 3

Please select the lifecycle stage

Packaging

Emissions at the lifecycle stage in kg CO2e per unit

0.07

Is this stage under your ownership or control?

No

Type of data used

Primary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at the lifecycle stage in kg CO2e per unit : 0.0662 The LCA study was commissioned by Nestlé Waters North America and conducted by Quantis International, a well-recognized leader in life cycle analyses and related applications. The study has been peer-reviewed. The analysis follows internationally accepted standards for methodology and transparency in reporting all findings, including favorable and unfavorable comparisons with other beverage options.

Name of good/ service

EcoShape bottle of water (0.5L)

Please select the scope

Scope 3

Please select the lifecycle stage

Transportation

Emissions at the lifecycle stage in kg CO2e per unit

0

Is this stage under your ownership or control?

No

Type of data used

Primary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at the lifecycle stage in kg CO₂e per unit : 0.0054 The LCA study was commissioned by Nestlé Waters North America and conducted by Quantis International, a well-recognized leader in life cycle analyses and related applications. The study has been peer-reviewed. The analysis follows internationally accepted standards for methodology and transparency in reporting all findings, including favorable and unfavorable comparisons with other beverage options.

Name of good/ service

EcoShape bottle of water (0.5L)

Please select the scope

Scope 3

Please select the lifecycle stage

Other, please specify (Activities related to marketing)

Emissions at the lifecycle stage in kg CO₂e per unit

0.06

Is this stage under your ownership or control?

Yes

Type of data used

Secondary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at the lifecycle stage in kg CO₂e per unit : 0.0584 The LCA study was commissioned by Nestlé Waters North America and conducted by Quantis International, a well-recognized leader in life cycle analyses and related applications. The study has been peer-reviewed. The analysis follows internationally accepted standards for methodology and transparency in reporting all findings, including favorable and unfavorable comparisons with other beverage options.

Name of good/ service

EcoShape bottle of water (0.5L)

Please select the scope

Scope 3

Please select the lifecycle stage

Consumer Use

Emissions at the lifecycle stage in kg CO₂e per unit

0

Is this stage under your ownership or control?

No

Type of data used

Secondary

Data quality

High

If you are verifying/assuring this product emission data, please tell us how

Emissions at the lifecycle stage in kg CO₂e per unit : 0.0076 The LCA study was commissioned by Nestlé Waters North America and conducted by Quantis International, a well-recognized leader in life cycle analyses and related applications. The study has been peer-reviewed. The analysis follows internationally accepted standards for methodology and transparency in reporting all findings, including favorable and unfavorable comparisons with other beverage options.

Name of good/ service

EcoShape bottle of water (0.5L)

Please select the scope

Scope 3

Please select the lifecycle stage

End of life/Final disposal

Emissions at the lifecycle stage in kg CO₂e per unit

0

Is this stage under your ownership or control?

No

Type of data used

Primary
Data quality
 High

If you are verifying/assuring this product emission data, please tell us how

Emissions at the lifecycle stage in kg CO2e per unit : -0.004 The LCA study was commissioned by Nestlé Waters North America and conducted by Quantis International, a well-recognized leader in life cycle analyses and related applications. The study has been peer-reviewed. The analysis follows internationally accepted standards for methodology and transparency in reporting all findings, including favorable and unfavorable comparisons with other beverage options.

SC4.2c

(SC4.2c) Please detail emissions reduction initiatives completed or planned for this product.

Name of good/ service	Initiative ID	Description of initiative	Completed or planned	Emission reductions in kg CO2e per unit
Nescafé - Manufacturing	Initiative 1	In 22 Nescafé factories, we use the spent coffee grounds resulting from the manufacturing process as a source of renewable energy. This avoided the emissions of around 200000 tonnes of CO2 eq in 2017.	Ongoing	
Nescafé - Machines	Initiative 2	Our recent critically reviewed Life cycle Analysis of the Milano 2 MTS130 machine with Nescafé Ispirazione Italiana compared to average roast and ground solution has shown us the following environmental improvements : 21% reduction of GHG emissions, 16% reduction of impact on water scarcity and 10% reduction on non-renewable resource depletion.	Ongoing	
Nescafé - Manufacturing	Initiative 3	Our Nescafé Dolce Gusto facility in Montes Claros, Brazil, received a landmark Triple Zero award in 2016: zero water withdrawn, zero waste to disposal and zero net GHG emissions. The facility achieved the latter by using biomass from sustainably managed sources and offsetting the remaining emissions.	Ongoing	
Nescafé - End of life	Initiative 4	In Portugal, consumers that order online Nescafé Dolce Gusto capsules, will receive a recycling bag with their delivery. At the next delivery they will be able to give back the bag so that plastic capsules are properly recycled and coffee ground composted.	Ongoing	
Nescafé - Packaging optimizarion	Initiative 5	The new Nescafé refill pack in Italy has a better environmental performance than the previous 150 g glass jar because it has reduced GHG emissions by 79%, water withdrawal by 72% and resource consumption by 77% (taking into account packaging production and delivery, product distribution and end of life).	Ongoing	

Name of good/ service	Initiative ID	Description of initiative	Completed or planned	Emission reductions in kg CO2e per unit
Nestlé Waters - Manufacturing	Initiative 6	On 25th December 2017, Nestlé signed agreements, witnessed by HE Saeed Mohammed Al Tayer, MD & CEO of Dubai Electricity and Water Authority (DEWA), with Yellow Door Energy, Dubai's leading provider of lease-to-own solar power solutions, and ALEC Energy, a DEWA-approved solar contractor, to install solar photovoltaic panels that will provide renewable energy to three manufacturing sites in Dubai, and contribute to the reduction of 6000 tonnes of CO2 emissions annually.	Planned	
Nestlé Waters North America - Distribution	Initiative 7	Deployment of more than 400 additional medium-duty ReadyRefresh by Nestle beverage delivery trucks fueled by propane autogas by end 2017. This engine is 75% cleaner than the current Environmental Protection Agency standard and 99% cleaner than diesel vehicles built before 2007, according to ROUSH CleanTech. Nestle Waters North America will continue to replace older delivery vehicles with propane autogas to reach its goal of operating 52% on the alternative fuel by 2019.	Ongoing	
Nestlé Waters - Manufacturing	Initiative 8	Our bottling facility in Henniez has replaced traditional fossil fuels with manure from local cows. By burning the manure, along with used Nescafé and Nespresso coffee grounds, the Valbroye agricultural biogas production facility generates enough energy both to heat the neighboring Henniez plant and to provide electricity for over 1,000 local households. The use of biogas means that 1,750 fewer tons of CO2 will be released into the atmosphere each year, and after processing, the manure is returned to the farmers who use it as a natural fertilizer.	Ongoing	
Nestlé Waters - Manufacturing	Initiative 9	The Sanpellegrino Group's new bottling plant for Nestlé Vera Naturae mineral water, located at Castrocielo in Central Italy, derives its energy exclusively from renewable sources. A combination of photovoltaic panels, LED lights, and heat recovery and retention systems allows it to boast zero CO2 emissions. All packaging used at Castrocielo is 100% recyclable, and an ultramodern PET line allows the plant to optimize water consumption.	Ongoing	
Nestlé Waters - Packaging	Initiative 10	Today, 100 percent of single-serve bottles of Arrowhead Brand Mountain Spring Water and Nestlé Pure Life Purified Water produced in California are made with 50 percent recycled plastic. To accomplish this, we work with a number of strategic suppliers including CarbonLITE, a producer of food-grade, post-consumer recycled PET.	Ongoing	
Nestlé Waters - End of life	Initiative 11	Investments and collaborations to promote environmental sustainability: Through global alliances such as the Trash Free Seas Alliance, founding of the bio-PET NaturALL Bottle Alliance, and investments in large-scale organizations like Closed Loop Fund, Keep America Beautiful and start-ups like RecycleUp, Nestlé Waters is collaborating with stakeholders across the PET value chain to create shared solutions to one of the world's most pressing environmental issues.	Ongoing	
Nestlé Waters - Partnerships	Initiative 12	Both Nestlé UK & Ireland and Nestlé Waters support Pledge4Plastics, a national recycling awareness programme run by recycling charity RECOUP. To help meet ambitious recycling targets set by the UK	Ongoing	

Name of good/ service	Initiative ID	Description of initiative	Completed or planned	Emission reductions in kg CO2e per unit
		Government, consumers are being asked to pledge online to recycling one more plastic bottle per week, which could result in millions more bottles being saved from landfill. To date, Pledge4Plastics has shared its communications toolkit with 111 local authorities and 72 businesses.		

SC4.2d

(SC4.2d) Have any of the initiatives described in SC4.2c been driven by requesting CDP Supply Chain members?

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non- Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now