CDP

CDP 2016 Climate Change 2016 Information Request

Nestlé

Module: Introduction

Page: Introduction

CC0.1

Introduction
Please give a general description and introduction to your organization.

• Nestlé is the leading nutrition, health and wellness company. We enhance the quality of life by offering tastier and healthier food and beverage choices, as well as information and services, for all stages of life and any time of the day, helping consumers care for themselves and their families. As the largest food and beverage manufacturer in the world offering more than 10000 trusted products, we are committed to consistently developing superior products. This is achieved through our unmatched research and development capability, nutrition science and a passion for quality in everything we do.
• Creating Shared Value is the way we do business and the way we connect with society at large.
• 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.

CC0.2

Reporting Year
Please state the start and end date of the year for which you are reporting data.
The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.
We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.
Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed
Thu 01 Jan 2015 - Thu 31 Dec 2015

CC0.3

Country list configuration

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country
Australia
Brazil
Canada

Select country
Chile
France
Germany
India
Indonesia
Italy
Japan
Malaysia
Mexico
Pakistan
Philippines
Poland
Russia
South Africa
Spain
Thailand
United Kingdom
United States of America

CC0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

CHF

CC0.6

Modules

As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sub-industries, companies in the oil and gas sub-industries, companies in the information technology and telecommunications sectors and companies in the food, beverage and tobacco industry group should complete supplementary questions in addition to the main questionnaire.
If you are in these sector groupings (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will not appear below but will automatically appear in the navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.
If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see https://www.cdp.net/en-US/Programmes/Pages/More-questionnaires.aspx.

Further Information

Please see attach: - The Nestlé Corporate Business Principles - The Nestlé Policy on Environmental Sustainability - The Nestlé Annual Report 2015, The Corporate Governance Report 2015 - The Financial Statements 2015 - The Nestlé in society: Creating Shared Value and meeting our commitments 2015 Report. - The Nestlé Commitment on Climate Change - The Nestlé Commitment on Deforestation and Forest Stewardship - The Nestlé Commitment to reduce food loss and waste

Attachments

https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC0.Introduction/Annual Report 2015.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC0.Introduction/Nestlé Corporate Governance Report 2015.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC0.Introduction/Nestlé Commitment to reduce food loss and waste.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC0.Introduction/Nestlé Commitment on Climate Change.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC0.Introduction/Nestlé Corporate Business Principles.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC0.Introduction/nestle-csv-full-report-2015-en.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC0.Introduction/Nestlé Financial Statements 2015.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC0.Introduction/Nestlé Policy on Environmental Sustainability.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC0.Introduction/Nestlé Commitment on Deforestation and Forest Stewardship.pdf

Module: Management

Page: CC1. Governance

CC1.1

Where is the highest level of direct responsibility for climate change within your organization?

Board or individual/sub-set of the Board or other committee appointed by the Board

CC1.1a

Please identify the position of the individual or name of the committee with this responsibility

The highest level of direct responsibility for climate change is Mr. Magdi Batato, Executive Vice President of Operations. He is in particular responsible for Agriculture, Procurement, Manufacturing, Supply Chain, Quality Management, Health & Safety, Environmental Sustainability and Engineering. He is an Executive Board member and reports directly to Nestlé CEO Mr. Paul Bulcke.

CC1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
Board/Executive board	Monetary reward	Emissions reduction project Emissions reduction target	The short term bonus payout is linked to the forward-looking commitments, including climate change leadership commitment, published in the 2015 Nestlé in Society report. These commitments provide a clear sense of the strategic direction we are heading in and the standards to which we hold ourselves accountable. The monetary

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
		Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator Environmental criteria included in purchases Supply chain engagement	reward is linked to the continuous improvement of environmental performance of Nestlé. More specifically, the monetary reward is linked to Nestlé in Society commitments that include the GHG emission reduction Scope 1 & 2, expansion of the use of natural refrigerants in our industrial refrigeration systems and the use of natural refrigerants in all new ice cream chest freezers worldwide. The short term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the reduction of GHG emissions.
Chief Operating Officer (COO)	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator Environmental criteria included in purchases Supply chain engagement	Meeting GHG emission reduction targets including Scope 1 & 2 emissions. The short term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the reduction of GHG emissions.
Management group	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator Environmental criteria	Meeting GHG emission reduction targets including Scope 1 & 2 emissions. The short term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the reduction of GHG emissions.

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
		included in purchases Supply chain engagement	
Environment/Sustainability managers	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator Environmental criteria included in purchases Supply chain engagement	Meeting GHG emission reduction targets including Scope 1 & 2 emissions. The short term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the reduction of GHG emissions.
Environment/Sustainability managers	Recognition (non-monetary)	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator Environmental criteria included in purchases Supply chain engagement	Recognition awards are given for outstanding energy consumption reduction projects that lead to air emission reduction, including GHG.
Energy managers	Monetary reward	Emissions reduction project Emissions reduction	Meeting GHG emission reduction targets including Scope 1 & 2 emissions. The short term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the reduction of GHG emissions.

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
		target Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator Environmental criteria included in purchases Supply chain engagement	
Energy managers	Recognition (non-monetary)	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator Environmental criteria included in purchases Supply chain engagement	Recognition awards are given for outstanding energy consumption reduction projects that lead to air emission reduction, including GHG. For example, in 2015, recognition awards were given for successful energy reduction projects and savings in Mexico, Brazil and Chile. In addition, in 2015 Brazil has been awarded a Gold Certificate of Appreciation in recognition of their well-prepared Environmental Roadmap in the area of manufacturing. By 2015, although Nestlé Brazil increased production volume from 2014 levels by 8.8%, its energy use reduced by 6.4% and the direct greenhouse gas (GHG) emissions reduced by 17.6%. Central America has been awarded an Energy saving Gold Award Certificate of Appreciation in recognition of their outstanding Energy reduction achievement of 29.5% in Zone America.
Energy managers	Other non-monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator	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 & 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?	The type of incentives	Incentivized performance indicator	Comment
		Environmental criteria included in purchases Supply chain engagement	
Business unit managers	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator	Meeting GHG emission reduction targets including Scope 1 & 2 emissions. The short term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the reduction of GHG emissions.
Facility managers	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behaviour change related indicator Environmental criteria included in purchases Supply chain engagement	Meeting GHG emission reduction targets including Scope 1 & 2 emissions. The short term bonus payout is determined by the degree of achievement of a number of annual operating objectives, including the reduction of GHG emissions.
Facility managers	Recognition (non-monetary)	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target	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?	The type of incentives	Incentivized performance indicator	Comment
		Efficiency project Efficiency target Behaviour change related indicator Environmental criteria included in purchases Supply chain engagement	
All employees	Recognition (non-monetary)	Other: Training and Education on Environmental Sustainability at Nestlé.	Recognition certificates are given to all employees who successfully undertake the e-learning on Environmental Sustainability at Nestlé. The e-learning provides information on climate change and how Nestlé is meeting its commitment to sustainable business practices.
Chief Purchasing Officer (CPO)	Monetary reward	Behaviour change related indicator Environmental criteria included in purchases	Nestlé Supplier Code and Responsible Sourcing Guidelines require suppliers to fulfill environmental requirements, including on Climate Change mitigation and adaptation.
Buyers/purchasers	Monetary reward	Behaviour change related indicator Environmental criteria included in purchases	Nestlé Supplier Code and Responsible Sourcing Guidelines require suppliers to fulfill environmental requirements, including on Climate Change mitigation and adaptation.

Further Information

Attachments

https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC1.Governance/Nestlé Supplier Code.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC1.Governance/nestle-responsible-sourcing-guidelines.pdf

Page: CC2. Strategy

CC2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

CC2.1a

Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	To whom are results reported?	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Board or individual/sub-set of the Board or committee appointed by the Board	All geographical areas are considered: Nestlé Enterprise Risk Management process is applied across the enterprise in each Zone (Europe, Americas and Asia, Oceania and Africa), Globally Managed Business (Nestlé Nutrition, Nestlé Professional, Nestlé Health Care, Nespresso), in all Markets (Nestlé is operating in 85 countries).	> 6 years	Company level results including climate change related risks and opportunities are reported to the Executive Board via Zone Management. Asset level results are reported to country managers. The results on climate change of the Group Enterprise Risk Management Framework are presented annually to the Executive Board and to the Audit Committee, and conclusions reported to the Board of Directors. In the case of an individual risk assessment identifying a risk which requires action at Group level, an ad hoc presentation is made to the Executive Board. GHG emissions and progress against targets are reported monthly to the EBM.

CC2.1b

Please describe how your risk and opportunity identification processes are applied at both company and asset level

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 at Group level once a year to create a good understanding of the company's mega-risks, to allocate ownership to drive specific actions around them and take relevant steps to address them. CCRO identified are assessed in relation to their magnitude of impact and likelihood.
The identification includes an assessment of external and internal environment in which the organization operates. This may include business, social & physical, regulatory, reputational environment and key business drivers.
To identify material CCRO at company level, we use 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.
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.

CC2.1c

How do you prioritize the risks and opportunities identified?

Nestlé determines priorities with regards to climate change 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 analyze the impact of opportunities (positive impact/contribution). With assessment of likelihood and impact, all threats and opportunities are coded, like (C, 3). A likelihood/impact matrix (with both threats and opportunities) 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.
Based in part on a media and competitive scan, we have identified global megatrends, assessed their relevance to our Creating Shared Value focus areas and economic, environmental and social issues, and prioritised issues on a materiality matrix based on level of stakeholder concern and level of potential impact on Nestlé. In 2015, 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, particularly in rural communities.

CC2.1d

Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

Main reason for not having a process	Do you plan to introduce a process?	Comment

CC2.2

Is climate change integrated into your business strategy?

Yes

CC2.2a

Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

i)How the business strategy has been influenced:
Business strategy is influenced through the internal communication process of Nestlé governance bodies that cover climate change risks and opportunities: Nestlé Operations Sustainability Council, Issues Round Table, Audit Committee, Risk Management Committee, R&D Council for Sustainability and Nutrition and Group Compliance Committee which are overseen by the Nestlé in Society Alignment Board quarterly. Climate change is one of the environmental sustainability topics of the Nestlé in Society Alignment Board, chaired by our CEO Paul Bulcke. It leads the development and evolution of Nestlé's sustainability and climate change objectives and strategies at Group level, while reverting to the Executive Board for input and confirmation.
Business strategies adjustments are then discussed during these meetings. Implementation in the markets is done through the Nestlé Environmental Management system (NEMS). Management is accountable for NEMS implementation within their area of responsibility. All factories are ISO14001 certified.
Our business strategy is linked to climate change risks and/or opportunities. We have policies, processes and controls that incorporate climate change risks and opportunities driven by regulation, physical and reputation aspects.
We believe that to be successful over the long-term, we need to create value for our shareholders and for society as a whole. We call this Creating Shared Value. As an essential prerequisite for CSV we have to ensure that the principle of sustainable development is embedded in our activities, brands and products. This means protecting the future by making the right choices in an environment where water is increasingly scarce, natural resources are constrained and biodiversity is declining. All of these elements are vital for feeding a growing world population and for Nestlé's development.
Our most substantial business decision during the reporting year is that we have joined the RE100 initiative to engage, support and showcase influential companies committed to using 100% renewable power. RE100 works to address barriers to the widescale adoption of renewables and to develop transparent reporting mechanisms. During 2015, Nestlé participated in workshops in India and China.
• Reputational aspects of climate change influenced the decision to further expand the use of natural refrigerants in our industrial refrigeration systems and that all of our new ice cream chest freezers worldwide will use natural refrigerants.

• Physical aspects of climate change influenced the decision that all new and renovated products need to assess the GHG performance. In 2015, we have continued the development of EcodEX, an eco-design tool that can be applied to all product categories, to improve existing functionalities.

ii)Example how the business strategy has been influenced:
Business strategy has been influenced by the emissions reduction and energy reduction targets which have been linked to our business strategy: By 2020: 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 vs 2010. By 2015 – Reduce energy consumption per tonne of product in every product category to achieve an overall reduction of 25% since 2005. The objectives are public.

iii)Aspects of climate change have influenced the strategy
• Regulation aspects since we operate in different parts of the world, we take into account the relevant regulatory aspect. In Europe: An example is the EU Cap and Trade scheme. Nestlé will be required to purchase certificates for its emissions from concerned factories during EU-ETS Phase III. The cost of allowances is expected to rise as demand increases and the amount of allowances available on the market decreases due to carbon leakage measures benefiting large emitters. It might impact the production costs in factories participating in the scheme and affect their competitiveness among other Nestlé's factories. The active cost reduction 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 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.
• 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.

iv)Short term strategy components that have been influenced by climate change
• Setting additional targets on climate change, i.e. reduction on GHG emissions, moving to natural refrigerants.
• Sharing good practices on climate change adaptation
• Identifying climate change mitigation and adaptation as a key focus area of The Nestlé Policy on Environmental Sustainability.

v)Long term strategy components that have been influenced by climate change
• 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.
• Engaging with governments, farmers and other stakeholders to contribute via vulnerability assessments, action plans and strategies for different regions and sectors to climate change. 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. 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.

vi)Strategic advantage over your competitors
This is gaining strategic advantage over our competitors by delighting consumers with products with improved environmental performance, helping farmers to adapt and thus to have a more secure supply of better quality raw materials, and to continuously improving environmental performance which is recognised by stakeholders. This lies in the fact that we will manage better the risks and opportunities of climate change.

CC2.2b

Please explain why climate change is not integrated into your business strategy

CC2.2c

Does your company use an internal price of carbon?

Yes

CC2.2d

Please provide details and examples of how your company uses an internal price of carbon

We, at Nestlé, already put a price on carbon to guide capital investment decisions for factories participating in EU Emission Trading Scheme (EU-ETS)and we publish this in our website; we also support the World Bank's Put a Price on Carbon Statement inviting companies to work with governments towards the long-term objective of a carbon price, and we also align with Business Leadership Criteria on Carbon Pricing championed by UN Global Compact requiring to set an internal carbon price, to publicly advocate the importance of carbon pricing, and to communicate on progress.
For example, we currently use carbon pricing as a tool to manage the risks and opportunities to our current operations participating in EU-ETS. This helps us to guide capital investment decisions for factories participating in EU-ETS. In 2015, Nestlé analyzed financial implications for its factories in EU-ETS Phase III assuming a CO2 price of 15 CHF/t in 2020.
For investment decisions, the price of energy informs our business planning and strategies. This price includes the price of carbon.

CC2.3

Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

Direct engagement with policy makers
Trade associations
Funding research organizations
Other

CC2.3a

On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	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 economy will create new jobs and stimulate economic growth while stabilizing our planet’s fragile climate. Related geographies: US	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 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

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
			tackle deforestation associated with its procurement of agricultural commodities. The strategy includes protection for high carbon soils and forests.
Adaptation resiliency	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 con climate change adaptation. Related geographies: worldwide	Increasingly, we are helping our stakeholders adapt to climate change – 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 and become more resilient 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.
Other: Harmonized methodology for the environmental assessment of food and drink, including GHG emissions	Support	The European Commission launched a three-year pilot to develop a common environmental footprint methodology for 25 product categories and two business sectors. In 2014, 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 will 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. As far as food products are concerned, this methodology is consistent with the ENVIFOOD Protocol developed by the European Food Sustainable Consumption and Production Round Table.Related geographies: Europe and beyond	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 choices. We advocate favouring the development of a harmonized assessment methodology which has positive effects on tackling climate change at EU level. 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

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
			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: 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 net small farmer income, 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 and the Netherlands 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 climate change initiatives including the committment to remove commodity-driven deforestation from all supply chains by 2020. Related geographies: worldwide	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. Three 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, and pulp and paper. Our approach to the challenge remains the same for all three: 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 meat and dairy products, cocoa, coffee and cassava are also problematic in some places, and are being tackled accordingly country by country.
Other: Air emissions reduction	Support	Nestlé signed the Trillion Tonne Communiqué, which calls on governments: Set a timeline for achieving net zero	As a signer of the Trillion Tonne Communiqué, we calls on governments to create a plan for fossil fuels, especially

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
		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.	coal. We have identified air emissions reduction as a key focus area of The Nestlé Policy on Environmental Sustainability.
Other: No Deforestation, Climate Change information	Support	At the UN Climate Summit in New York on 23 September 2014, where hundreds of world leaders from government, finance, business and civil society – including José Lopez, Nestlé's Executive Vice President and Head of Operations – gathered to galvanise and catalyse climate action, Nestlé announced its endorsement of the 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. Today, it emits half the greenhouse gases per kilo of product it emitted 10 years ago. And, by 2015, it aims to further reduce direct emissions of greenhouse gases by 35% compared to 2005 levels. The CDP Initiatives aim 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.
Other: HFC phase-out and replacement with natural refrigeration	Support	Nestlé is leading the implementation of natural refrigeration in its industrial operations and is committed to use it in its commercial applications. We have therefore engaged with US EPA to pilot their use. We have also engaged with the EU Commission on the related legislation.	At international level, extension of Montreal protocol to HFC phase-out
Other: Food Loss and Waste reduction	Support	Nestlé is committed to reduce food loss and waste. We therefore engage with US EPA, EU Commission, UNEP/FAO.	Food loss and waste reduction targets at international and national levels
Other: Climate Change	Support	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,	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.

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
		sustainable future. By signing the American Business Act on Climate pledge, these companies are: • 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: 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	

CC2.3b

Are you on the Board of any trade associations or provide funding beyond membership?

Yes

CC2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
Consumer Goods Forum	Consistent	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 focused on advancing the industry through strategic priorities including sustainability. The positions of CGF are: 1) Resolution on Deforestation "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." 2) CGF Resolution on Refrigeration "As the Board of the Consumer Goods Forum, we recognise the major and increasing contribution to total greenhouse gas emissions of HFCs and derivative chemical refrigerants. We are therefore taking action to mobilize resources within our respective businesses to begin phasing-out HFC refrigerants as of 2015 and replace them with non-HFC refrigerants (natural refrigerant alternatives) where these are legally allowed and available for new purchases of point-of-sale units and large refrigeration installations." 3) CGF Objective on Measurement "The objective of the CGF members is to achieve a common global system for measuring of environmental impacts starting with greenhouse gases (GHG) for the lifecycle of the products and services. Although we are starting with greenhouse gases, we plan to extend our work over time to cover other sustainability issues (e.g. water)."	We lead the development of CGF position. Nestlé's CEO co-chairs the CGF. 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. 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. On behalf of the CGF, we are a member of the steering committee of the WRI Food Loss and Waste Measurement Protocol and are currently conducting a pilot to evaluate food waste across our supply chain. In June 2015, the board of the CGF endorsed a new resolution on food waste reduction, developed under Nestlé leadership.

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
FoodDrinkEurope	Consistent	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 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.	Nestlé is a member of the Board. We chair the Environmental Sustainability Committee of FoodDrinkEurope, which represents the European food and drink industry and has launched 'A Time to Act: Europe's food and drink industry shows action to address climate change' under Nestlé guidance. FoodDrinkEurope 'Environmental Sustainability Vision Towards 2030' report which featured Nestlé efforts to achieve zero net deforestation by 2020, source 100% certified sustainable palm oil by 2015. As stated in The Nestlé Policy on Environmental Sustainability, we use the most efficient technologies and apply best practices in order to further optimise energy, utilise sustainably managed renewable energy sources, and control and eliminate emissions, including greenhouse gases. We lead the design of the Joint Food Wastage Declaration, 'Every Crumb Counts' and contribute to the Preventing food wastage in the food and drink sector report into how European food and drink manufacturers are tackling food wastage within their own operations and throughout their supply chains.
WBCSD	Consistent	As a global organization, the World Business Council for Sustainable Development (WBCSD) is involved in a number of key processes and dialogues around the world, particularly the United Nations Framework Convention on Climate Change. The WBCSD has been present at the annual Convention of Parties (COP) since 1995 and has a leading business role at COP 15 in Copenhagen in 2009. Climate change can only be resolved through cooperation that includes all elements of society, in particular between governments and business. A new global climate agreement will be essential to establishing the right framework conditions that will deliver long-term, large scale greenhouse gas reductions. WBCSD recommendations are based on the view that it is essential that a new	We are an active member of the WBCSD whose wide ranging work touches on areas of key importance for us, from issues of environmental sustainability to social and economic development. Magdi Batato, the Executive Vice President of Operations, represents Nestlé in the WBCSD Council. We became the first signatory to the WBCSD's Manifesto for Access to Safe Water, Sanitation and Hygiene at the Workplace. By the end of 2015, nearly 90% of our manufacturing facilities carried out the self-assessment, of which 90% met the Pledge level and 10% identified minor gaps (e.g. lack of toilets for disabled people, no signage for proper hand washing) that do not affect our basic WASH promise to our employees. Corrective action plans will be implemented throughout

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
		international agreement on climate change is agreed in 2010 to provide a framework for climate legislation and action that offers clarity, predictability and a level-playing field for business. The position of WBCSD include: • A global target (cap) on emissions by 2050 and pathways to get there; • Developed country commitments to deep emissions reductions and emissions reduction plans for developing countries; • Establishing a framework that provides strong incentives for the development and deployment of the clean technologies that will be necessary to enable the world to move towards a low carbon economy; • Policy measures to promote technology innovation and diffusion; • A framework to help accelerate clean technology diffusion in developing countries; • A signal that the carbon markets will continue beyond 2012, and that a global carbon market with a price on carbon will be established; • Adaptation funding • Support for reducing emissions for deforestation and forest degradation - REDD. Tackling climate change requires an integrated approach that addresses the issues of competitiveness and economic sustainability, energy security, the environment and development, as well as adaptive capacity for inevitable climate impacts.	2016. Nestlé is also supporting the WBCSD to achieve 50 signatories of the WASH Pledge by 2016. In 2015, we participated in the development of a Social Capital Protoco initiated by WBCSD.
European Food Sustainable Consumption and Production Round Table	Consistent	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,	We, Nestlé, co-chair together with the European Commission the steering committee on behalf of the food sector. We support its position. In 2013, the European Food Sustainable Consumption and Production RT launched the ENVIFOOD protocol, the harmonised methodology for the life cycle assessment of food and drinks products along their value chain. 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

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
		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.	European Food Sustainable Consumption and Production Round Table and FoodDrinkEurope.
UN Global Compact	Consistent	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.	We, Nestlé, provide Communication on Progress towards UNGC goals and principles in the form of our full Creating Shared Value report, which covers the Company's efforts implementing the Advanced criteria. We also provide relevant information through our Annual Report, Consolidated Financial Statements and nestle.com. As a founding participant in the UNGC LEAD, 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 our business actions.
SAI Platform	Consistent	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.	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), and commit to implement the collaboration initiative in at least one sourcing area of agricultural raw materials by 2016.
Climate Disclosure Standards Board	Consistent	The CDSB Framework is designed to help companies, disclose information about their climate change-related	We are a member of the CDSB's Technical Working Group. We are committed to disclose climate change information in

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
		risks and opportunities, carbon footprints, carbon reduction strategies, and their implications for shareholder value in their mainstream financial reports.	conformance with the CDSB's framework.

CC2.3d

Do you publicly disclose a list of all the research organizations that you fund?

No

CC2.3e

Please provide details of the other engagement activities that you undertake

Engagement on climate change mitigation and adaptation activities undertaken with The Forest Trust (TFT)
i) description of the method of engagement: We entered into a partnership with The Forest Trust, a global non-profit organisation whose main focus has been to provide solutions to the issue of deforestation and to ensure the responsible sourcing of palm oil and pulp and paper.
ii) topic of the engagement: No deforestation. Nestlé ambition is to ensure that its products have not led to deforestation.
iii) nature of the engagement: We are the first global consumer goods company to become a TFT member. TFT help us to assess the implementation of our RSG on farms and plantations, and identify any issues that exist. Together with TFT, we have made major progress in engaging with leading suppliers – notably SimeDarby, Wilmar, Cargill and a collaboration between Golden AgriResources in Indonesia and Philippines – that have established traceable supply chains that are also assessed against the Responsible Sourcing Guideline.
iv) actions advocated as part of engagement: By 2015, 90% of our palm oil was traceable.

Engagement on climate change mitigation and adaptation activities undertaken with Proforest
i) description of the method of engagement: Proforest helps companies, government departments, non-governmental and civil society organisations to achieve the sustainable use of the world's natural resources.
ii) topic of the engagement: Responsible sourcing of soy and sugar
iii) nature of the engagement: We continued to work with Proforest (soya, sugar) in the implementation of our responsible sourcing programmes, through mapping

our supply chains to provide traceability to farm or mill, and worked with suppliers on improving performance. To demonstrate that the soya we procure is sourced responsibly, our partner Proforest undertakes site assessments against our requirements.We work with Proforest to identify, categorise and maintain high risk zones.
iv) actions advocated as part of engagement: We're working together to develop and implement Responsible Sourcing Guidelines on sugar. By the end of 2015, 43% of our soya volume was responsibly sourced, and 40% of our sugar volume was responsibly sourced.

Roundtables on sustainable palm oil, Responsible Soy and Better Sugar: Promotes growth and use of sustainable palm oil products through credible global standards and engagement of stakeholders. In 2015, we continued as members of these roundtable platforms to support an alignment of industry, NGOs and other stakeholders, and set a common performance standard.

CC2.3f

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 our Operations Sustainability Council, Issues Round Table, Water Task Force, Audit Committee, Risk Management Committee, R&D Council for Sustainability and Nutrition, and the Group Compliance Committee.

Nestlé in Society Alignment Board
We have also established a quarterly Nestlé In Society Alignment Board, chaired by our Chief Executive Officer, Paul Bulcke. This board is an umbrella organisation that oversees the strategic implementation of Creating Shared Value across all our businesses. It leads the development and evolution of our CSV and sustainability objectives and strategies at Group level including climate change, while reverting to the Executive Board for input and confirmation. It also liaises with and ensures coherence with our CSV Council, which gives external input to our activities. It helps ensure consistency with our overall climate change strategy and foster alignment between Nestlé activities that influence policy.

CSV Council
The Nestlé Creating Shared Value council, created in 2009, brings together external experts in corporate strategy, nutrition, water and rural development and climate change to assess our progress and discuss CSV opportunities and challenges.
The CSV Council currently has 13 external members, with expertise covering corporate social responsibility, strategy, sustainability, nutrition, water and rural development. They are appointed for three years, and meet annually. The group advises Nestlé management on the best ways to implement Creating Shared Value and assesses Nestlé's progress. The council meetings are chaired by Nestlé's Head of Public Affairs, Ms Janet Voûte. Council members participate in the Nestlé annual CSV Global Forum and form the judging panel for the Nestlé Prize in Creating Shared Value.

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.

CC2.3g

Please explain why you do not engage with policy makers

Further Information

Additional text for question 2.1b: CCRO management reporting is integrated into existing reporting channels, communication with direct involvement of general management / board of directors is in place. Escalation process in case of emergency risk situations is in place and aligned with Group risk appetite. Risk linked to long-term business strategies are identified & assessed in each region based on quantitative metrics and documented in the Market Business Plan (MBP). MBPs are updated and validated by general management on an annual basis. MBPs are presented personally to general management once every 2-3 years and related risks are explicitly documented, using the group-wide ERM process. Functional leadership for CCR&O management does include all tangible & intangible risks, e.g. water and climate change-related CCRO are part of the Nestlé Group ERM, which is designed to identify, communicate, and mitigate risks in order to minimise their potential impact on the Group. If a Group-level intervention is required, responsibility for mitigating actions will generally be determined by the Executive Board. The day-to-day management of risks is the responsibility of line management; this applies equally to a business, a market or a function. Group Risk Management has functional responsibility which does include: - A centre of expertise, incl. a network of trained “facilitators” throughout Nestlé. - A resource efficient methodology using facilitated workshops to assess strategic, business/operational and/or project related risks. - A set of tools to provide an insight about how to apply the risk management process. - Support and training in risk management capability. - A regular update of ERM principles to ensure common terminology, aligned processes, minimal standards. - A regular benchmark and continuous improvement of ERM process. - A central repository allowing transparency and reporting. - Information on risk management for communication to stakeholders. - Regular risk and opportunity consolidation at Group level. The Standard for Crisis Preparedness &Management has been published in 2011 and has been rolled out to all Markets. Management has developed a Business Continuity Management (BCM) framework based on the ISO standard ISO 22301. This BCM cycle provides good assurances to auditors and customer since this is an internationally recognized standard. Group Risk Management further provides assistance to all Markets / Businesses to develop, update and test their BCPs. Asset level: Nestlé has factories in 86 different countries and its products are sold in more than 194 countries in the world. Security, political stability, legal & regulatory, fiscal, macroeconomic, foreign trade, labour and/or infrastructure risk(s) could potentially impact upon Nestlé’s ability to do business in a country or region. Events such as a flood/droughts could potentially also impact upon the Group’s ability to operate. Any of these events could potentially lead to a supply disruption and impact upon Nestlé’s financial results. Please see attach: - The Nestlé Corporate Business Principles - The Nestlé Policy on Environmental Sustainability - 2015 Nestlé Integrated Annual Report Pack outlining the company’s performance last year and its future ambitions. Our integrated annual report pack, contains the company's Annual Report 2015, the Corporate Governance Report 2015, the Financial Statements 2015 and the Nestlé in society: Creating Shared Value and meeting our commitments 2015 Report. -For CC2.1c: Please see enclosed the Risk matrix. This matrix enclosed depicts the prioritization of risks and opportunities identification. -The Nestlé Commitment on Climate Change.

Attachments

https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC2.Strategy/Risk Matrix.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC2.Strategy/Nestlé Corporate Business Principles.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC2.Strategy/Nestlé Policy on Environmental Sustainability.pdf
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC2.Strategy/Nestlé Commitment on Climate Change.pdf

Page: CC3. Targets and Initiatives

CC3.1

Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?

Absolute target
Intensity target
Renewable energy consumption and/or production target

CC3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment
Abs1	Scope 1	100%	0%	2005	4305111	2015	No, but we are reporting another target which is	Our 2015 commitment requires that we reduce by 35% our direct GHG emissions per tonne of product, and that this reduction in intensity must lead to an absolute reduction of direct GHG emissions. This

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment
							science-based	means that we have a target to cap 2015 direct emissions at the baseline level (2005 direct emissions).
Abs2	Scope 1+2 (market-based)	100%	5%	2014	7707453	2020	Yes	Absolute target on direct and indirect GHG emissions driven by our on-going 2020 GHG intensity target of 35% versus 2010 (see target Int3). The science-based Sectoral Decarbonization approach was used to establish the target.
Abs3	Other: Scope 1+2(market-based)+3	100%	50%	2010	118354166	2050	Yes	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.
Abs4	Other: Scope 3	100%	8%	2014	111228768	2020	Yes	This is an interim milestone for scope 3 emissions to support progress towards the 2050 long term goal (Abs3), in line with the 2°C pathway.

CC3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	Comment

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	Comment
Int1	Scope 1	100%	35%	Metric tonnes CO2e per metric tonne of product	2005	0.118	2015	No, but we are reporting another target which is science-based	Our 2015 commitment requires that we reduce by 35% our direct GHG emissions per tonne of product, and that this reduction in intensity must lead to an absolute reduction of direct GHG emissions.
Int2	Scope 1+2 (market-based)	100%	3%	Metric tonnes CO2e per metric tonne of product	2014	0.144	2015	No, but we are reporting another target which is science-based	Nestlé established an annual intensity reduction target on direct and indirect GHG emissions of 3% from 2014 to 2015.
Int3	Scope 1+2 (market-based)	100%	35%	Metric tonnes CO2e per metric tonne of product	2010	0.163	2020	Yes	Our 2020 commitment on GHG emissions was established using the science-based Sectoral Decarbonizatoon 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.

CC3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
Int1	Decrease	2.4			If we apply the intensity target (0.077 tCO2e per tonne of product) to the production volume of 2015 (54621884 tonnes), this represents projected absolute emissions of 4203900 tCO2e. However, we emitted 4305111 tCO2e in the baseline year. Therefore the intensity target reflects a decrease of 2.4% in absolute emissions.
Int2	Decrease	1.3			If we apply the intensity target (0.139 tCO2e per tonne of product) to the production volume of 2015 (54621884 tonnes), this represents projected absolute emissions of 7607888 tCO2e. However, we emitted 7707453 tCO2e in the baseline year. Therefore the intensity target reflects a decrease of 1.3% in absolute emissions.
Int3	Increase	2.9			The projected production volume in 2020 correspond to 69230646 tonnes. If the target "Int3" is achieved (0.106 tCO2e per tonne of product emitted in 2020) and our asumption regarding the production volume in 2020 is correct, the absolute GHG emissions in 2020 will correspond to 7331143 tonnes of CO2e. Considering that the GHG emissions in 2010 were 7125398 tCO2e, this leads to an increase of 2.9% in absolute GHG emission in 2020 vs. 2010.

CC3.1d

Please provide details of your renewable energy consumption and/or production target

ID	Energy types covered by target	Base year	Base year energy for energy type covered (MWh)	% renewable energy in base year	Target year	% renewable energy in target year	Comment
RE1	Electricity consumption	2015	7635462	8.4%		100%	Nestlé joined RE100 in 2014, thereby committing to having a strategy to procure 100% of electricity from renewable sources within the shortest practical timescale. This is one of the drivers to achieve our GHG reduction targets.

CC3.1e

For all of your targets, please provide details on the progress made in the reporting year

ID	% complete (time)	% complete (emissions or renewable energy)	Comment
Abs1	100%	100%	We overachieved our objective to reduce direct GHG emissions, with a 42.7% decrease in direct GHG emissions per tonne of product since 2005, resulting in an absolute reduction of 14%.
Abs2	17%	69%	Our absolute emissions (scope 1+2) declined by 3.4% from 2014 to 2015, representing 69% of the 5% reduction target.
Abs3	12%	0%	Our absolute emissions (scope 1+2+3) increased compared to the baseline.
Abs4	17%	0%	Our absolute emissions (scope 3) increased compared to the baseline.
Int1	100%	100%	We overachieved our objective to reduce direct GHG emissions, with a 42.7% decrease in direct GHG emissions per tonne of product since 2005, resulting in an absolute reduction of 14%.
Int2	100%	100%	Our emissions per tonne of product declined by 5.1% from 2014 to 2015, therefore we have exceeded our target of not increasing these emissions.
Int3	50%	47%	Our emissions per tonne of product declined by 16.4% from 2010 to 2015, which is 47% of the 35% reduction to be achieved by 2020. Therefore we are on track to meet our target in 2020.
RE1		8.4%	Over the year 2015 we were at 8.4% renewable electricity against our goal of 100% in the shortest practical timescale.

CC3.1f

Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

CC3.2

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

CC3.2a

Please 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	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
Product	Efficient coffee machines: This refers to our new coffee machines of our NESCAFÉ Milano machines. 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	Avoided emissions	Other: We have updated a critically reviewed Life Cycle Assessment study, aligned with ISO 14040/44. The calculation assumed that 1300 cups are sold per month. The GWP taken from IPCC using 100 years horizon are: 1 for CO2; 25 for CH4 and 298 for N2O. The estimation of the amount of emissions	0%	Less than or equal to 10%	

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
	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.		avoided per cup of coffee served is 23.8gr with a 2010 baseline. The carbon footprint of a cup of coffee prepared in a Milano machine is 68.1gr CO2e, and 91.9gr CO2e, for a cup of coffee prepared in a roast & ground or fresh brew coffee generic machine. On a month, the GHG emissions saved amount to 39000gr CO2eq per Milano machine. A cup of premium soluble coffee from Milano Lounge results in 23% reduction of greenhouse gas emissions compared to roast & ground or fresh brew coffee from a generic machine. The study highlights that a cup of NESCAFÉ® prepare in Milano Machine has significantly lower greenhouse gas emission than a cup of roast & ground or fresh brew coffee prepared in a generic machine. The reason is a better extraction yield during soluble coffee manufacturing, which allows using about 35% less green coffee per cup than the amount needed with fresh ingredient and the efficiency of the machine. The Machine idle power consumption of Milano machine is lower than the new machine, thus allow avoiding GHG emissions.			
Group of products	Processed food vs equivalent homemade food: Our food and beverages directly saves GHG emissions when compared with equivalent homemade food. For example, the preparation and consumption	Avoided emissions	Other: The life cycle impact assessment is performed using the IMPACT 2002 method (using 100 years' time horizon for global warming) following ISO 14040/44 on life cycle assessment. The methodology is IPCC	0%	Less than or equal to 10%	

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
	of NESCAFÉ help consumers reduce their carbon footprint when compared with drip filter coffee. By enjoying a cup of coffee NESCAFÉ instead of cup of drip filter coffee, 16.2g CO2e are saved through the entire value chain. Overall NESCAFÉ uses less energy and emits less GHG emissions than drip filter coffee mainly because it requires less green coffee per cup. The packaging source optimization programme saves packaging materials which results in avoiding Scope 1 and scope 2 GHG emissions.		2007 included in IMPACT 2002+ (Version v2.2). It assumes that every day 475 million cups of Nescafe are enjoyed worldwide. The GWP taken from IPCC using 100 years horizon are: 1 for CO2; 25 for CH4 and 298 for N2O. Per year with a 2012 baseline, an estimate of 2808675 tonne of CO2e were avoided in 2014 by drinking Nescafé instead of drip filter coffee. The comparison between spray dried soluble coffee and alternatives 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)”			
Company-wide	Packaging source optimisation programme	Avoided emissions	Other: the emissions factors are taken from Ecoinvent 2.2 (Glass: 15.546445[MJ/kg], 0.864746 GHG/kg; Metal 94.50879[MJ/kg], 6.49064GHG/kg; Kraft unbleached 15.5 [MJ/kg], 0.804 GHG/kg; HDPE 77.813831[MJ/kg], 1.680955 GHG/kg.) All materials assumed to be virgin materials. No recycled content taken into account. Consider the packaging materials mix, the average emission factor is 1.95 ton C02e/ton of packaging. Per year with a 2009 baseline, an estimate of 481 000 tonnes of CO2e were avoided in the last 5 years by our packaging source optimisation programme.	0%	Less than or equal to 10%	

CC3.3

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

Yes

CC3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	594	1050927
To be implemented*	418	371885
Implementation commenced*	4	402000
Implemented*	320	422884
Not to be implemented	13	1552

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Energy efficiency: Building services	i)Nature of the activity: Use of efficient technologies to further optimise energy use and eliminate emissions: We are very actively improving our energy efficiency by implementing initiatives on a voluntary basis. 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	12000	Scope 1 Scope 2 (market-based)	Voluntary	10000000	32000000	1-3 years	6-10 years	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.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	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-, water- and CO2eq-saving projects implemented in 2015 include: The replacement of a coal fired boiler by an efficient gas fired boiler in China, (12'000 t of CO2 annually). The replacement of a HFO boiler by a sustainable biomass boiler in South Africa (9000 t CO2). UPS installation in India (2000 t CO2). Installation of efficient lighting in US. (1000 t CO2) .								
Transportation:	Optimising distribution	3400	Scope 1	Voluntary	7000000	1000000	<1 year	6-10 years	The distribution network

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
fleet	networks to reduce kms run: i) Nature of the activity: constant review of distribution network for ongoing efficiency improvement by making better usage of available transport load capacity, avoiding unnecessary km run for transport and using more efficient modes of transport. In 2015, we redesigned 10 distribution networks globally to improve efficiency. For example, in the Middle East, we are combining the import/export warehouse, the regional distribution centre (RDC) and part of the raw and packaging warehouse into one central distribution centre. This will lead to transport synergies, and empty trips will be significantly reduced by the use of an efficient shuttle transportation system. It is estimated to reduce								redesigns in Dubai and Italy implied mostly only start-up costs – estimated amounts.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	the CO2 emissions by around 2 000 tonnes per year. Similarly, in Italy, the merging of two distribution centres into one central site in 2014 reduced our distribution costs significantly and avoided around 1 400 tonnes of CO2 emissions. And in China, Nestlé Waters has lowered the average distance covered by 32% (from 447 km to 303 km) between 2010 and 2014. The company plans to decrease it further, to 250 km, over the next three years.								
Transportation: fleet	i) Nature of the activity: We aim to shift long-distance transportation from road to either rail or short-sea shipping, both of which result in significantly lower air emissions. Through the EU Marco Polo project, we have committed to shift the distribution of	2300	Scope 3	Voluntary	1900000	840000	4-10 years	6-10 years	Shift from road to rail is in average cost neutral but implies longer leadtimes. In the case of the “Green Alpes” project, savings could be generated through due to improved efficiency. The transport in Thailand on short-sea is cheaper than road-transport and also allows

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	more than 360 000 tonnes of petcare, water and cereal products from road to rail transport by 2016, using several scheduled rail services between Italy, France, Germany and Slovakia. This transport mode shift will take around 5 000 trucks per year off the road and save CHF 3.2 million over three years. The latest route launched under the Marco Polo scheme is the Green Alpes project. By working with local rail companies, Nestlé Waters France, CPW Italy and NPPIT have been able to exploit internal synergies by providing only Nestlé goods for distribution on 'company' trains. This should take 2800 trucks off the road, avoiding 2.3 million kg of CO2 emissions and saving CHF 900 000. Nestlé Waters relies heavily on								to reduce risk and losses. The investment shown are the additional costs for propane gas trucks bought by NW US. The estimated payback is 4-5 years.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	the rail network for efficient long-distance transportation. In 2014, around 30% of its European distribution was by rail. Nestlé Waters constantly reviews opportunities to shift to rail transport, and achieved a 10% improvement in the carbon efficiency of its transport since 2010. In Japan, Nestlé has been partnering with shippers and logistics - outbound logistics began using rail transport in 2010 and we have promoted a full-scale modal shift since 2011, earning the Deputy Vice-Minister for Logistics Policy Award under the Excellent Green Logistics Commendation Programme in 2015. Despite these achievements, much of our short-to-medium distance transportation continues to be by road.								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	To mitigate its effects, projects we implemented are: optimising truck efficiency (with new engines, aerodynamic devices and eco-driving training), where we participating in the EU Transformer Project; using longer trucks and trailers to have increased load capacity avoiding additional trucks on the road; avoiding empty runs; and exploring alternative vehicles (smaller delivery vehicles, electric engines, hybrid vehicles, alternative fuels such as compressed natural gas, liquefied petroleum gas, methane or hydrogen).								
Transportation: fleet	Increasing the vehicle load fill is a very effective lever to reduce costs of transportation and improve the environmental performance. The implementation of	260	Scope 3	Voluntary	300000	0	<1 year	3-5 years	As stated in The Nestlé Policy on Environmental Sustainability, to continuously enhance efficiency and environmental performance in distribution, we optimise

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	transport control centers is the base to get the required overview on all transport activities and to start optimising the vehicle load and avoiding of empty runs of truck. A recent example from Russia is about changing from star-deliveries to customers (a truck goes from a DC to a single customer and comes back empty) to milk-run deliveries (one truck to deliver to a set of customers in one run with full load). Agreeing with customers on revised delivery schedules in milkrun-deliveries brings benefits on cost side, reduced CO2-emissions as well as an improved service level to customers as more frequent deliveries are possible. A similar project was done in UK with identical positive results.								distribution networks and route planning across all our operations. These review of delivery cycles with customers is a win-win situation for both parties without any capital investment.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Low carbon energy purchase	Nature of the activity: We utilise sustainably-managed renewable energy sources: We are investing in renewable energy systems on voluntary basis. Amongst them use of sustainably-managed biomass source to fuel our boilers. In 2015, 22 Nescafé factories are using coffee grounds from manufacturing process as a source of renewable energy. In 2015, 21 Nestlé factories used wood as a source of renewable energy. Spent coffee grounds represent 21.4% of our renewable energy mix, compared with 29.1% for wood, and we purchase an estimated 25.1% of our electricity (6.9 PJ) from renewable sources. For example, In France, a fourth Nestlé factory is being converted to use wood as a renewable alternative to fossil fuel.	63000	Scope 1	Voluntary	945000	5000000	4-10 years	16-20 years	French boilers benefitted from state subsidies. The Annual monetary savings were estimated based on the Environmental target Setting assessment conducted in our factory in Challerange. The Assessment estimated that the installation of new Wood Fired Boiler resulted in reduction in energy, CO2, which corresponds to a cost avoidance of 155 kCHF per year.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	With three factories already obtaining between 88% and 94% of their energy needs from wood chips, our Nescafé factory in Dieppe will burn spent coffee grounds and wood chips from early 2016. The use of wood boilers has reduced by more than 40% the direct CO2 emissions in Nestlé France since 2010. In 2015, Nestlé Italy (food) purchased about 110 000 GJ of green electricity. This cost an extra CHF 23 200, but about 11 000 tonnes of CO2eq emissions were avoided as a result.								
Waste recovery	i)Nature of activity: Promote and encourage recycling and reusing of waste, turn waste into energy which will help us reduce scope 3 emissions and potentially avoid	1885	Scope 1 Scope 2 (market-based)	Voluntary	500000	3100000	1-3 years	3-5 years	Using best practice from those markets where we do have sites with zero waste for disposal, we have developed a Zero Waste for Disposal Guideline. This guideline helps sites: - Understand

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	emissions in scope 1&2. In 2015, Nestlé reduced waste for disposal by 28% and, since 2005, we have reduced total waste for disposal by 62% to 165 000 tonnes, and disposal per tonne of product by 75%. In 2015, we recovered 91% of the materials that arise from manufacturing. And of the waste we disposed of, 91% went to landfill, 4% to incineration without energy recovery and 5% to other methods of disposal. For example, In France, a fourth Nestlé factory is being converted to use wood as a renewable alternative to fossil fuel. With three factories already obtaining between 88% and 94% of their energy needs from wood chips, our Nescafé factory in Dieppe will burn spent coffee grounds and								the challenges faced by some Nestlé sites in their journey towards zero waste for disposal; - Discover the recycling, recovery and reuse destinations of different materials such as coffee grounds, tea leaves and coffee capsules; - Compare the economic costs and benefits of achieving zero waste for disposal; and - Share tools and examples of best practice implemented across Nestlé to help all our sites prevent, reuse and recover waste for disposal and by-products. Nestlé also published an internal toolkit, where markets shared their challenges towards zero waste for disposal and implemented solutions, by-products destinations, the financial impact of zero waste, and recommendation for other markets.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	wood chips from early 2016. The use of wood boilers has reduced by more than 40% the direct CO2 emissions in Nestlé France since 2010. Nestlé India sends plastic laminate waste for use as a fuel substitute in cement kilns; it has also installed a small-scale pyrolysis plant, converting plastic to oil in one of its noodle factories. This is currently being trialled on production waste, with the aim of accepting post-consumer plastic that has been collected in the surrounding community. Nestlé is exploring this same plastics-to-oil technology in the Philippines and Côte d'Ivoire. In addition, Nestlé UK & Ireland is partnering with other companies and waste partners to explore the options for collecting flexible laminate								

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
	packaging containing aluminium, so that the plastics can be recovered and converted into fuel, and the aluminium recycled. Trials began in 2015. The Shimada factory in Japan recycles some of the coffee grounds produced during the coffee manufacturing process by fermenting them and turning them into soil, which is donated to the city's Rose Hill Park and local schools. In Japan, our zero waste KitKat factory in Kasumigaura turns all its food waste into animal feed, sending it to local ostrich, pig and dairy farms.								

CC3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
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)
Dedicated budget for energy efficiency	The engineering projects for energy saving, energy efficiency and others related to environmental sustainability are assessed separately in the attribution of the budget.
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.
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. The technical manager sets market energy savings objectives for each Market in line with Corporate targets. The Chief Engineer defines the energy saving objectives for the factories and supports the factories in energy savings matters 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.
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 and regulations, 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.
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 sharing best practices in our factories: The Nestlé Environmental Requirements are mandatory across all our operations involved in handling products. Whilst their primary application is in those jurisdictions where environmental legislation is non-existent or under-developed, they must be met where applicable by all such operations regardless of location.
Dedicated budget for other emissions reduction activities	The engineering projects for energy saving, energy efficiency and others related to environmental sustainability are assessed separately in the attribution of the budget.

If you do not have any emissions reduction initiatives, please explain why not

Further Information

For question CC3.3a., we include the following 4 projects in the section implementation commenced: i) 100000 tons of CO2e savings by following a power purchase agreement with Mexican wind-turbine company CISA-GAMESA, 85% of the total electricity consumed by our factories in Mexico is now supplied by wind power. No investment was required. ii) 230000 tons of CO2e savings from the use of coffee ground as a source of energy in 22 of our Nescafé factories. The tracking of the projects and the savings is done in SHE-PM. Their implementation have already started. iii) Nestlé Brazil also started to procure renewable electricity for 14 of its sites in 2015 through power purchase agreements, covering almost 50% of their electricity consumption and cutting emissions by more than 20 000 tonnes of CO2eq. The electricity comes from a variety of sources including small hydropower plants, solar, biomass and wind farms. More sites will switch to renewable electricity during 2016. iv) In France, a fourth Nestlé factory is being converted to use wood as a renewable alternative to fossil fuel. With three factories already obtaining between 88% and 94% of their energy needs from wood chips, our Nescafé factory in Dieppe will burn spent coffee grounds and wood chips from early 2016. The use of wood boilers has reduced by more than 40% the direct CO2 emissions in Nestlé France since 2010.

Attachments

https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/CNEPI 2015_Final_online version.xls
https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC3.TargetsandInitiatives/Definitions and Comments on 2015 Consolidated Environmental Performance Indicators.pdf

Page: CC4. Communication

CC4.1

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	Status	Page/Section reference	Attach the document	Comment
In mainstream reports (including	Complete	We have attached our 2015 integrated annual report pack. This is the annual reporting pack and provides	https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared	

Publication	Status	Page/Section reference	Attach the document	Comment
an integrated report) in accordance with the CDSB Framework		Nestlé audited financial and environmental results. This pack is sent to shareholders and is available in nestle.com. Our integrated annual report pack contains the company's Annual Report 2015, the Corporate Governance Report 2015, the Compensation Report 2015, the Financial Statements 2015 and the Nestlé in society: Creating Shared Value and meeting our commitments report 2015. As each section is numbered separately, the provided page references refer to the page of the pdf, to avoid any confusions. * In section “Nestlé in society”, you can find our response to climate change and our GHG emissions performance (pdf page 247-248, 282). There are several other sections in the annual reporting pack, which refer to climate change: *In section ‘Annual Report’, you can find that Nestlé is helping smallholders develop sustainable farming practices and, at the same time, setting tough challenges to overcome. (pdf page 38) and information on our climate change (CC) risks and opportunities (pdf page 51-52). *In section ‘Financial Statements’ you can find information about our environmental provisions (pdf page 173-174). *In section ’Nestlé in society: Creating Shared Value and meeting our commitments report’, you can find information on our GHG emissions in the 2015 performance summary (pdf page 247-248), our progress in reducing our direct GHG emissions per tonne of product by 35% since 2005 (pdf page 282), our materiality matrix where we identify CC as a material issue (pdf page 257-258) and all our targets in CC leadership (pdf page 282). It also highlights our objectives, our progress and our perspective in areas of climate change leadership and GHG emissions reduction, including: Provide climate change leadership (pdf page 282), Preserve natural capital, including forests (pdf page 284), Finally, the section features examples of GHG reduction and climate change adaptation: Nestlé supports the wide-scale adoption of safe, natural refrigerants, and our refrigeration experts around the world work with major equipment suppliers and other organisations to share	Documents/Attachments/CC4.1/Nestlé Integrated Annual Report.pdf	

Publication	Status	Page/Section reference	Attach the document	Comment
		knowledge, and test and monitor different refrigerants in various applications (pdf page 281), and Nespresso is helping coffee farmers improve resilience to climate change through agro-forestry (pdf page 28		
In voluntary communications	Complete	See the followings section in the online 2015 Nestlé in Society full report complying with the 'in accordance – comprehensive' requirements of the GRI G4 Guidelines: * In the 'Our CSV performance' you can find key environmental data, including direct and indirect GHG emissions performance (pdf page 5-6). * In the 'Providing climate change leadership' section (pdf page 207-220) we provide detailed information on our objectives, our progress and our perspective in areas of climate change leadership and GHG emissions reduction. * In the 'Manufacturing' section (pdf page 182-184) with details on initiatives taken to improve energy efficiency (energy savings initiatives) and investments in our factories. In 2015, we identified 594 new energy savings projects that are expected to deliver annual savings of 58000 tonnes of CO2e emissions. * In the 'Materiality' section we identify CC as a material issue (pdf page 12 and 15).	https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/CC4.1/nestle-csv-full-report-2015-en.pdf	
In voluntary communications	Complete	We have attached a pdf containing a print screen of our website dated 11.05.2016 www.nestle.com covering our commitment on climate change, our 2015 progress (under "Our progress"), our GHG emissions scope 1, 2 and 3 can be found in the section on our performance ("Performance>Environmental performance indicators"). Link to website: http://www.nestle.com/csv/environmental-sustainability/climate-change	https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/CC4.1/climate change section of the nestle dot com website.pdf	
In voluntary communications	Complete	We have attached a pdf containing The Nestlé commitment on climate change available in nestlé.com. Full document attached is on climate change.	https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/CC4.1/Nestlé Commitment on Climate Change.pdf	

Further Information

We already provide climate change information in mainstream corporate filings and reports, in conformance with the Climate Disclosure Standards Board Climate Change Reporting Framework requirements. In our 2015 integrated annual report pack, we state clearly that our business is based on sustainability – ensuring that our activities preserve our business as well as our environment for future generations. Our integrated annual report pack contains the company's Annual Report 2015, the Corporate Governance Report 2015, the Compensation Report 2014, the Financial Statements 2015 and the Nestlé in society: Creating Shared Value and meeting our commitments report 2015. More specifically, it covers Corporate Governance and Compliance, Financial review, 2015 performance summary including environmental, social indicators, sections on nutrition, rural development, water, environmental sustainability and our people, human rights and compliance. It addresses all material issues which pose risks or present opportunities to Nestlé, balanced against the issues which our external stakeholder are most concern by. Our integrated annual report pack is sent to shareholders and is available in nestlé.com. Environmental Sustainability material issues including climate change, water stewardship, resource efficiency and waste are covered in all sub elements of the 2015 integrated annual report pack. Our on-line reporting on Nestlé in Society includes also material environmental issues (climate change risk and opportunities), their estimated financial implications and measures we are taking to reduce risk and enhance opportunities related to climate change. Our online Nestlé in Society report is aligned to the Global Reporting Initiative (GRI) G4 guidelines. Our reporting on Nestlé in Society is subject to independent third-party assurance by Bureau Veritas. Together, they form an integral part of our overall communication on CSV, environmental sustainability and compliance performance and cover the UN Global Compact Advanced/LEAD Communication on Progress requirements. In 2014, Nestlé has added 6 new commitments in environmental sustainability and water to the already existing 20 defined in 2013. This set of forward-looking commitments to society and on environment sustainability it aims to meet by 2016-2017 or earlier. The time-bound targets reflect Nestlé’s ambitions to work collectively with other stakeholders to help address the global food and water crisis, and environmental sustainability challenges. Some of the targets on environmental sustainability include: • Energy consumption: by 2015 reduce energy consumption per tonne of product in every product category to achieve and overall reduction of 25% (vs 2005) • Direct GHG emissions: -35% per tonne of product by 2020 (vs 2010) resulting in absolute reduction • Zero Waste: achieve zero waste for disposal in our sites by 2020 • Water withdrawal: -35% per ton of product in every product category by 2020 (vs 2010) • Water stewardship: define water stewardship initiatives and start implementation in five high-priority locations by 2016 • Preserve natural capital, including forests: 40% of the volume of our 12 priority categories of raw materials will be assessed against our Responsible Sourcing Guideline requirements and is compliant, or improvement plans to preserve natural capital are ongoing by 2016. Note: Please note that pdf pages given are referred to the page in the pdf rather than the page number in the bottom-right

Module: Risks and Opportunities

Page: CC5. Climate Change Risks

CC5.1

Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation
Risks driven by changes in physical climate parameters
Risks driven by changes in other climate-related developments

CC5.1a

Please describe your inherent risks that are driven by changes in regulation

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Product labelling regulations and standards	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 every single	Increased operational cost	>6 years	Direct	Very likely	High	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 the risk amounts to around CHF 400 million in the 5-10 years' timeframe. This is based on an increase in cost. The financial implication scale is minor to the company.	1) 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 30 (100% of in-scope) R&D sites. We have evaluated 6174 projects by the end of 2015. ii) In 2015, we implemented RISE (Response-Inducing Sustainability Evaluation) to assess the sustainability of agricultural production on 189	The costs associated with these actions were in 2015 around CHF 1562k including: *CHF 350k for the co-development of ecodesign tools,*CHF 757k for roll out of EcodEx, *CHF 275k for RISE implementation, *CHF 180k for the participation of EU Product Environmental Footprint experimentation. This does not include the cost of conducting the assessments and the investments in improvements programmes.

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	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 labeling 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							farms in 12 different markets. iii) We advocate for international standards for assessment, databases and voluntary communication. In 2015, we contributed to the development of the ISO/AWI TR 14073 Environmental management – Water footprint document, which will provide illustrative examples on how to apply ISO 14046. We submitted a case study on how to identify material environmental issues along the life-cycle chain for spray-dried coffee, compared with drip filter coffee and capsule espresso coffee. iv) We co-chair with the European	

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	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							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. v) We have Early warning systems to scan potential risks. 2) These actions could reduce the magnitude of the impact of the risk in CHF 200 million over 5-10 years' timeframe.	

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	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 6100 product eco-design assessments were conducted in 2015.								

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Cap and trade schemes	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. During this period, drastic GHG emissions reductions will be asked from emitters. Manufacturing industry received 80% of its allowances free of charge in 2013 but this will decreased annually to 30% in 2020. Nestlé has 17 factories participating in EU ETS, with a net positive emissions balance at the beginning of Phase III.	Increased operational cost	1 to 3 years	Direct	Virtually certain	Low	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 7 - 8m 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.	GHG emissions reduction projects include: i) Improve energy efficiency; E.g., In Avenches, Switzerland, we reduce 1.4 GWh of the site's electricity consumption by optimising the operational parameters at the Nespresso Production Centre. ii) Switch to cleaner fuels and invest in renewable sources. E.g., In France, a fourth Nestlé factory is being converted to use wood as a renewable alternative to fossil fuel. In 2015, Nestlé Italy purchased 110k GJ of green electricity and avoided 11k tons of CO2eq. iii) With the help of our Energy Target Setting Programme, our	The costs associated with these actions include the investment of about CHF 37 million in environmental savings projects in our factories. For example, in 2015, Nestlé Spain invested CHF 122 million in a new line for Nescafé soluble coffee at its Girona factory, which will use 40% less energy and 33% less water per kilogramme of product manufactured than existing lines. Looking ahead, we have identified new ETS projects that, for an investment of about CHF 26.1 million, are expected to deliver annual savings of about 844 000 GJ of energy; 58 000 tonnes of CO2eq emissions.

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	However, Nestlé will be required to purchase certificates for its factories emissions. Allowances not allocated for free will be auctioned, or bought from resellers. With the reduction of granted allowances, and the newcomers in the Phase III, the cost of allowances is expected to rise. The signature of COP21 agreement in Paris will probably have an effect in increasing the Ton price, which could be compensated by a reduction of emissions (and so demand) due to LNG business and reduction of coal usage.							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. E.g., In Portogruaro, Italy, our Purina factory identified 17 projects in 2015, including replacing leaking steam traps and installing insulation and heat recovery systems. They developed an action plan to save 22k GJ of energy, avoid 1402 tons of CO2 and save CHF 528k a year. The implemented ETS projects' savings in 2015 amounted to 1.1	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								million GJ of energy and 81k tons of CO2eq. iv) We have developed a web-based tool, Do It Yourself, to help our factory teams identify energy- and water-saving opportunities from successful solutions adopted around the Group. These actions will reduce the magnitude of CO2 credit costs impact by CHF 3 – 3.6 million over 1-5 years' timeframe.	
Other regulatory drivers	Nestlé relies on raw materials to manufacture its products. The availability of water and land for agriculture directly affects its business. Policy incentives designed to reduce GHG emissions may promote biofuels.	Other: Increased competition of scarce resources	1 to 3 years	Direct	Likely	Medium-high	The financial impact is estimated to be between CHF 46 - 70 million a year based on an increase in cost of goods sold. The financial implication scale is minor to the company. The primary catalyst is the increased	Nestlé is concerned by the production of liquid biofuel which relies on the use of food crops such as corn, rapeseed oil, sugar and palm oil. Nestlé believes that allocating agricultural land and water to biofuel production will severely	The costs associated with these actions are estimated at CHF 50 million in 2014.This include the investments required of the Energy Target Setting in our factories conducted in 2014, and does not include the cost of raising

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	However, ethanol and biodiesel industries compete with the food industry for the usage of corn, sugar cane and vegetable oils. Around 12% of the total palm oil, 24% of the rapeseed oil, supply is used for biodiesel production. Since 2007, the support for the biofuels industry has grown, in the form of blending mandates and tax incentives. Further to that, the large scale expansion of these agricultural raw materials for biofuel production will aggravate the problem of water scarcity, as every litre of biofuel made from irrigated maize or soybeans requires between						cost of corn due to the US ethanol program, followed by correlated raw material costs to corn and biofuel program impact on the price of tallow.	impact food and water security. Biofuels also might lead to increase in food prices. 1) To manage the risk, we have the following methods: i) We take all possible & practical measures not to use liquid biofuel derived from first generation agricultural products within its operations (e.g. trucks, factories, cars). ii) We raise awareness on the dangers of using agricultural commodities, and the conversion of forests for the production of biofuels. E.g. our chairman continues to advocate putting food security and water stewardship consideration first when considering biofuels. As an	awareness.

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	500 and 5,000 litres of water. This will, in the long term, cause a boost in the use of freshwater by agriculture, which already uses 70% of available sources. Producing biofuels can consume between 20-100% of the total quantity of water now used worldwide for agriculture. According to a study by the US Department of Energy, up to 9,100 litres of water are required to produce one litre of biodiesel. This adds up to the structural overuse of freshwater and temporary drought affecting crops and food prices. The result is clear that							example, he urged to strongly support a standstill-cap on biofuels that compete for food, in his LinkedIn page. iii) We improve energy efficiency within our operations: In our factories, we are continuing to pursue energy efficiency, as well as increasing the amount of energy derived from renewable sources. As part of our Energy Target Setting Initiative, we completed energy-saving projects that deliver in 2015 savings amounted to 1.1 million GJ of energy and 81 146 tonnes of CO2eq.. 2) These actions have reduced the magnitude of the risk impact in CHF 9.5 Million over 1-3 years' timeframe.	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	biofuel production has had a massive impact on the increasingly fragile water-for-food equation and on the livelihoods of the most vulnerable people in the world. Therefore, this poses a potential impact to Nestlé as we procure agricultural raw materials and rely on water along the entire value chain of our products.								

CC5.1b

Please describe your inherent risks that are driven by changes in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in precipitation extremes and droughts	Changing temperatures and precipitations patterns may 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. For example , in 2015, the flood in Bangladesh destroyed finished products, raw materials and packing materials in the distribution center, and resulted in a loss of CHF 29.6m. The 2010 floods in Pakistan destroyed crops and left many	Increased operational cost	>6 years	Indirect (Supply chain)	Very likely	Medium-high	Financial impact due to major supply chain disruption and interrupting process along the value chain due to climate change are estimating at CHF 261 million in increase in operational cost. This is estimated based on the magnitude of the impact and the potential likelihood of occurrence of decreased availability of raw materials in the supply chain due to changes in precipitations and droughts. This estimate is based on Nestlé Group Enterprise Risk Management	1) 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 and the Sustainable Food Lab to implement the Water Risk Assessment and Mitigation collaboration initiative in at least one sourcing area of agricultural raw materials by 2016.In Vietnam, to address the	The cost associated with these actions is estimated at CHF 600 million until 2020 which include The Nestlé Cocoa Plan and The Nescafé Plan investment in key rural development initiatives. In 2014, the cost associated with these measures amounted to CHF 56 million.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	people homeless, after which Nestlé initiated Farmer Help Camps, bringing food, relief and financial support to more than 50 000 people. To help farmers rebuild agricultural capacity, Besides, financial impact due to major supply chain disruption and interrupting process along the value chain due to climate change could potentially impact Nestlé ability to do business in a country or region.						Framework and can be considered of minor scale. This do not include the potential change of cost of raw materials.	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) Nestlé purchases our main raw materials directly from 760k small-scale suppliers in 2015. iv) We encourage farmers to implement climate change adaptation and mitigation and promote farms' resilience to climate change through the NESCAFÉ Plan. v) In the Nestlé Cocoa Plan, we put our plant science expertise to work; in 2015, 1.71 million high-yield, disease-resistant plantlets were distributed to farmers through the Nestlé Cocoa Plan,	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								and 26.8 million through the Nescafé Plan. 2) 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.	
Other physical climate drivers	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 its key raw materials are	Inability to do business	>6 years	Direct	Likely	Medium-high	We have estimated that the potential direct financial implication include the business interruption due to lack of water CHF 188 million negatively impacting our revenue due to potential disruptions. The financial implication scale is minor to the company. This estimate assumes that	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. 1) 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’	The cost associated with these actions is estimated at CHF 25.84 million in 2015. This includes the investment 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.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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 global risk of high concern in the WEF 2015 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						the business interruption last more than 12 month and affects one site.	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; In 2015, 15 new Water Resource Reviews carried out at our sites, ii) In 2015, 362 water-saving projects were run in our factories saving 1.7 million m3 and 15 Water Resource Reviews were conducted at Nestlé sites. In 2015, Nestlé won the Corporate Water Stewardship award for its zero water technology, enabling our Lagos de Moreno dairy factory in Mexico to operate without	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	manufacturing sites and unable consumers to prepare and enjoy products. For example, the summer of 2015 saw the US state of California experience a fourth consecutive year of extreme drought. This prompted the Governor of California to order mandatory water use reductions for the first time in the state's history. It raised concern about the impact of our operations in California, and posed questions about our bottled water plants in Cabazon and Sacramento in particular. Nestlé launched the water stewardship programme in California, which is expected to save more than half a million cubic metres of water a year.							using local groundwater. iii) In 2015, 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. In 2015, we implemented 15 Sustainable Agriculture Initiative water projects in our supply chain. 2) 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.	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Besides, the California Water Action Collaboration was launched in March 2015. The unsustainable use of groundwater caused by prolonged drought saw Nestlé and other food and beverage companies support efforts to improve groundwater management planning, replenish groundwater, and engage in dialogue with farming communities and supply chain stakeholders. In 2015, we have identified and prioritised 28 high-priority manufacturing facilities that are located in areas of severe water stress and/ or represent a significant portion of our annual water withdrawals. A lack of water can disrupt								

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	business and the potential impact can be inability to do business.								
Induced changes in natural resources	The latest work by the Intergovernmental Panel on Climate Change (IPCC) – its 5th Assessment released in late 2013 – 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. This is the strongest IPCC statement on climate change yet. The increased frequency of extreme weather events, such as storm surges and droughts, is consistent with the latest IPCC modelling. The damage to	Increased operational cost	1 to 3 years	Direct	More likely than not	High	Potential financial implications due to floods affecting our operations are estimated at CHF 1451 million, including CHF 261 million taken from ERM and the business interruption of the 3 highest exposed sites: CHF 485 million for Cabuyao in Philippines, 475 million for Kejayan in Indonesia and 230 million for Vila Velha in Brazil. This estimate also assumes that the flood damage the entire sites.	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. 1) The management methods used include i) In 2015, risk engineers experts inspected 247 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	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 2015. These costs include the sites visits and recommendations by specialists and exclude the cost of the implementation of the recommended measures.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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 more than 150 Nestlé factories located in areas of potential flood hazard (high to medium risk). Flood related losses have significantly increased over the past years. While the origin of the floods and the meteorological						The financial implication scale is high. The higher potential implications are UK and Philippines with potential losses of CHF 98m, CHF 101m respectively, assuming that the operations do not have good flood protections. The estimated average damage per factory is CHF 150m leading to increased costs and decrease in revenue.	floods, enabling us to make informed decisions about the future standards of prevention and protection throughout Nestlé sites. iii) Flood emergency plans are in place in Nestlé sites exposed to flooding from any source. 2) These actions will reduce the magnitude of impact of the risk by reducing the financial implication by 50%.	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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								

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	(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, in July 2015, the windstorm in Bursa caused damage to the buildings, water production facilities and various structure and valus in the open site in the Nestlé factory, and resulted in an estimated loss of CHF 327k.								

CC5.1c

Please describe your inherent risks that are driven by changes in other climate-related developments

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	According to our materiality assessment, climate change is considered as an issue which could pose risks to Nestlé. Climate change is 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 2015, 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	Reduced demand for goods/services	1 to 3 years	Direct	More likely than not	Low	A loss in reputation can lead to a reduction of demand for our products. The financial implication of reputation loss of stakeholders due to inaction on climate change is estimated to CHF 50 million loss in our revenue and it is based on Nestlé Group Enterprise Risk Management Framework. The financial implication scale is minor to the company.	1) The management methods include: i) Proactively engage and partner with stakeholders including regulators, customers, business partners, civil society organisations to define, implement and evaluate solutions to the complex climate change challenges we face. E.G., in 2015, as part of UNGC LEAD, we actively support the initiative of "Caring for Climate", and participated at several high-profile events organised around Global Compact +15 on business commitment to furthering climate change action. ii) We disclose in our website, integrated annual report pack and on-line Nestlé in Society reports, our activities to	The cost associated with these actions is estimated in CHF 1497k in 2015. 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 2015.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	of the issues. The method allowed for greater precision in the scoring and ranking of our material issues than in previous years.							mitigation and adaptation. Our on-line Nestlé in Society reports 2015 was 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. 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	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								including The Consumer Goods Forum, FoodDrinkEurope, WBCSD and the UNFCCC. 2) These actions are expected to reduce the magnitude of impact of the risk in CHF 19 million as they will reinforce Nestlé's reputation on climate change.	
Changing consumer behaviour	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. Consumers increasingly want companies to behave more responsibly and provide more sustainable products at the right price and	Reduced demand for goods/services	1 to 3 years	Direct	More likely than not	Low	A reduction of demand for our products due to consumer's perceptions that the carbon footprint of our products is not as low as competitors can result in reduced demand of products. It can result in loss in reputation due to climate change, estimated at CHF 50 million	1) Management methods used: 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	The cost associated with these actions is estimated in CHF 1562k a year including CHF 757k for the roll out of EcodEx and CHF 180k for the participation in EU Product Environmental Footprint pilot.

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	performance (Source, WEF More with Less: Scaling Sustainable Consumption and Resource Efficiency, 2012).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						losses in revenue and it is based on Nestlé Group Enterprise Risk Management Framework The financial implication scale is minor to the company.	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. in 2015, Solís Spain has launched a 'Urban Garden' promotion and explained Solis's best agricultural practice, including soil moisture sensors and crop rotation techniques. Nestlé Professional created a tool that helps customers understand and compare the environmental performance with parameters such as: the type of coffee machine	

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	Monitor estimates that 47% of consumers are highly attentive to packaging information about how a product is manufactured. According to The Regeneration Consumer Study, developed by BBMG, GlobeScan and SustainAbility, in Brazil, China, Germany, India, UK and US, a majority of consumers globally agree or strongly agree that they would "purchase more products that are environmentally and socially responsible" if they "performed as well as, or better than, products they usually buy. In the UK and Ireland, we've piloted a QR code on multi-packs of two-finger KitKat chocolate bars.							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. 2) These actions could reduce the magnitude of impact of the risk by reducing the financial implication by 50%.	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Other drivers	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.	Other: Reduced supply of agricultural raw materials	1 to 3 years	Indirect (Supply chain)	More likely than not	Low-medium	The financial implication of food wastage in the supply chain, especially for milk, is estimated at CHF 70 million a year in increasing costs. The estimate is based on the cost incurred in storage tanks, chill centers and veterinary aid.	1) Management methods include: i) At R&D 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	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.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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,							brands in Central and West Africa. In 2015, 14660 African farmers were trained to produce grains with mycotoxin levels within Nestlé standards, meaning less grain wasted. iii) We've developed creative solutions to help consumers use leftovers, e.g., doughs (pizzas, pasties, etc.) that can be filled with leftover food from the fridge, Maggi France has brought out a smartphone leftovers app full of top tips and recipes. iv) To raise awareness of food wastage, we created and undertook the Every Crumb Counts challenge for employees across 6 sites in 2015. The average waste per participant dropped 38.7% during the second week, indicating that the	

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	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.							simple awareness of high food waste levels can trigger behaviour change. 2) These methods can reduce food waste and GHG emissions and therefore the magnitude of the risk is eliminated in a 5 years' timeframe.	

CC5.1d

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1e

Please explain why you do not consider your company to be exposed to inherent risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1f

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Page: CC6. Climate Change Opportunities

CC6.1

Have you identified any inherent climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation
Opportunities driven by changes in physical climate parameters
Opportunities driven by changes in other climate-related developments

CC6.1a

Please describe your inherent opportunities that are driven by changes in regulation

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Product labelling regulations and	New regulations and initiatives to provide	Increased demand for existing products/services	1 to 3 years	Direct	Virtually certain	High	The opportunities driven by product	1) To exploit this opportunity, our management	The costs associated with these actions were in

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
standards	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						labelling regulations and standards can increase demand for existing products. Assuming that this will result in 0.4% of sales increase, the estimated financial implications of this opportunity could be circa CHF 355 million per year, in increase in revenue. The financial implication scale is minor to the company.	methods include i) We use the most efficient technologies to further optimise energy and water consumption. E.g. In 2015, we reduced our GHG emissions and water use per tonne of product by 42.7% and 41.2%, respectively since 2005. ii) We participate in the development of harmonised methodologies to assess environmental performance. E.g. in 2015 we participated in the European Commission pilot to develop a common environmental footprint methodology	2015 around CHF 1562k including: *CHF 350k for the co-development of ecodesign tools, *CHF 757k for roll out of EcodEx, *CHF 180k for the participation of EU Product Environmental Footprint. *CHF 1497k for communication materials. This figure does not include the cost of environmental improvements in our sites.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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 labeling regulations and standards. This could lead to an increased demand for our							for product categories. iii) We provide meaningful and accurate environmental information to consumers about our products. E.g. we launched a communication programme worldwide: Nestlé Beyond the Label. In 2015, fact based environmental information is accessible in 119 countries. iv) We systematically assess the environmental performance of our product categories. E.g. We have rolled EcodEx, a multi-criteria eco-design tool that covers both packaging and ingredients and can be	

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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.							applied to all product categories. In 2015, we have continued the development of EcodEX to improve existing functionalities and improve user friendliness. 2) These measures can enhance the magnitude of the opportunity by helping us to reduce the GHG emissions associated with our products, taking actions to improve which can result in economic saving.	
Cap and trade schemes	Cap and trade schemes present incentives to cutting greenhouse	Reduced operational costs	1 to 3 years	Direct	Virtually certain	Low	Potential financial implications for Nestlé are estimated at CHF 2.4 - 3m	1) To exploit this opportunity, our management methods include: i) To	The costs associated with these measures are estimated at CHF 50 million

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	gas emissions cost-effectively through energy efficiency projects in our factories which reduce GHG emission. In 2015, 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						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.	set a CO2 taskforce that closely monitor the EU-ETS development. ii) To reduce our emissions by investing in more efficient technology, e.g. environmental improvements project in factories resulted in saving more than 210k t of CO2e in 2015. •Examples of our energy improvement projects include: In the United States, more than 20% of the total electricity used by our PetCare plants came from renewable resources, such as solar, wind and hydroelectricity. Our Dunkirk, New York,	in energy savings projects in our factories.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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).							factory derives about 70% of its total electricity from renewable sources, mostly as hydroelectric power from Niagara Falls. In Pakistan, where there is an abundance of sunlight throughout the year, switching to solar energy has a range of benefits; these include reducing the cost of running back-up generators and needing fewer mechanical spare parts. As a pilot for introducing a solar energy system, two milk collection centres with 1000-litre chillers were initially selected in	

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								2013. Eight more solar energy systems were installed at milk collection centres in 2014 and a further 23 solar units were added in 2015. Nestlé's worldwide operations now include 22 factories that are using spent coffee grounds as a renewable and carbon-neutral fuel .	
Other regulatory drivers	The European Parliament voted in favour of a new law governing corporate reporting of non-financial information. As a result large listed companies in the EU will be asked to disclose their environmental	Other: To publish environmental information to stakeholders provides an opportunity to Nestlé, as external stakeholders' expectations about Nestlé environmental responsibility can be lived up.	1 to 3 years	Direct	Likely	Medium	A strong track record in climate change leadership can contribute to improved reputation of Nestlé in the eye of public. This can affect the reputation of Nestlé amongst key opinion	To seize this opportunities Nestlé continuously improve the environmental performance of its product and activities. We also provide fact based information on environmental sustainability in 119 countries. At a global	The cost associated with the preparation of the Nestlé in Society report amounts to CHF 1497k. These costs include the organization of stakeholder convenings, the publication of environmental

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	and social impacts as part of their mainstream reporting to investors. The new Directive requires companies to explain how specific environmental, social and governance criteria have a material impact on business operations. The issues companies will be reporting on may influence not only the business operations directly, but also company's future profitability. Nestlé has 150 factories in Europe, so a mandatory requirement to publish environmental						leaders in climate change. The implication can be estimated in an increase of 20% in the total mentions of "Company with best approach on environmental impact" among key opinion leaders. Consumers may buy more Nestlé products which could translate in a better bottom line. This is very difficult to measure.	level Nestlé published its 2015 Nestlé in Society report which includes environmental material issues. In 2015, we tracked our environmental performance indicators in every site in our advanced system SHE-PM. This information is used to report the GHG emission performance over the time. 2) These measures can enhance the magnitude of the opportunity by improving the reputation of Nestlé leadership on climate change which may result in sales increase.	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 does not include the environmental improvement projects that result in GHG emission reduction in 2015.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	information to stakeholders provides an opportunity to Nestlé, as external stakeholders' expectations about Nestlé environmental responsibility can be lived up.								

CC6.1b

Please describe the inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in temperature extremes	Change in temperature extreme can result in an increase of sales of refreshing products such as ice creams and bottled	Increased demand for existing products/services	1 to 3 years	Indirect (Client)	More likely than not	Medium-high	Increasing temperatures can influence consumer's behaviour to demand more refreshing products such as ice cream and bottle	1) To optimise the opportunity: i) We work to ensure that our ice creams and bottle water products are produced, packaged and distributed in the	These costs are estimated at CHF 35 million which include cost of marketing and sales.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	water in hot areas. For example, ice creams sales in Switzerland traditionally peak between April and September, depending on weather conditions. Ice creams sales have soared in breaking summer temperatures. In the USA, hot weather during summer helped boost demand for ice cream parlours, impulse ice cream sales and bottled waters. 2015 was the hottest year on record according to the UN weather agency. In turn, consumers decided to buy ice cream and water to cool down, benefiting						water. Increased demand for bottled water and ice creams as a result of temperature increase can result in additional sales of CHF 100 million per year and hence an increase in our revenue. This is calculated assuming that the sales of ice-cream and bottled beverages will increase between 1 and 2% per year.	right place and time to delight consumers that seek a refreshing product under increased temperatures. E.g. In 2015, Nestlé invests CHF 15 million to strengthen ice cream production in China, which will enhance our ability to meet increasing consumer demand for our products. ii) We use consumer insights to understand what they desire under these temperature conditions. In fact, the Nestlé range of ice cream products offers delights and pleasures. All of our new ice cream chest freezers will use natural refrigerants in 2015 and all of	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	sales of our products. In hot extreme temperatures, water is a healthy hydration option to maintain the body constant internal temperature. We estimate that change in temperature increases can result in an opportunity with a positive impact driven by increase demand for existing Nestlé water and ice creams products. In 2015, our portfolio of strong local brands performed well, notably Poland Spring in the United States, Buxton in the United Kingdom, Erikliin Turkey, and Sta.María in							our new ice cream chest, upright and island freezers will use natural refrigerants by 2016. These new freezers consume 50% less energy than earlier models and are more efficient for customers to run. iii) We invest in innovation and product development based on deep understanding of consumer expectations. For our prepared waters, we aim to achieve 60% product preference against key competitors in a blind consumer taste test. A panel of consumers is specially trained for this sensory assessment. In our innovation,	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Mexico. We estimate that change in temperature increases can result in an opportunity with a positive impact driven by increase demand for existing Nestlé water and ice creams products.							renovation and product development processes, the 60/40 preference is an important prerequisite for the launch of new or updated products. 2) These measures are expected to enhance the magnitude of the opportunity to high as well as result in the business growing.	
Change in precipitation extremes and droughts	Water is becoming increasingly scarce, natural resources are constrained and biodiversity is declining. All these elements are vital for feeding a growing world population and for the development of Nestlé. We are committed to the	New products/business services	>6 years	Direct	Likely	Medium	The estimated financial implication can be estimated in additional sales of CHF 30m per year. This has been estimated based on the increase in revenue of a NESCAFÉ SKU with improved environmental performance the UK. The financial	1) To optimise the opportunity: i) In 2015, Nestlé has reduced GHG per tonne of product by 42.7% since 2005. As part of the NESCAFÉ plan we are investing funds into our factories to: • reduce energy use by 20% per tonne produced by 2020 • reduce	The cost of the environmental assessment of the new Nescafé refill pack was estimated at CHF 35k. This does not include the cost of the environmental improvements along the value chain. Besides, in 2015 we approved to

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	continual improvement of the environmental performance of our activities, products and services. So that Nestlé products will be also better for the environment along the value chain. There are potential opportunities to develop products that use less water and emit less GHG emissions along the entire value chain. The launch of new products that are more environmental efficient can result in sales increase. This presents an opportunity for Nestlé.						implication scale is minor to the company.	waste use by 30% per tonne by 2020. In 2015, 22 Nescafé factories used use spent coffee grounds as fuel in all factories. In 2015, we have more than 6100 product evaluated using eco-design. E.g. communication campaign about the environmental benefits of the Nescafé refill pack versus the previous pack contributed to achieve CHF 11.40m in sales in the UK, CHF 2.52m more than the corresponding month last year. By the end of 2015, 54% of purchased volumes of our 12 priority categories was traceable and 43% was	spend CHF 25.8m in water-saving programmes in our factories.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								Responsibly Sourced, in accordance with our Nestlé Responsible Sourcing Guidelines. We are currently conducting 362 waster saving projects at our factories; these are projected to save around 1.7 million m3 of water a year. 2) These measures are expected to enhance the magnitude of the opportunity to high as well as this also results in the business growing.	
Change in temperature extremes	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	Other: Ensure supply of key agricultural raw materials	>6 years	Indirect (Supply chain)	More likely than not	High	Climate change can result in increased production of key raw materials which can result in increased long term supply of key raw materials.	1) To exploit this opportunity, our management methods include: i) We employ technical advisors who train and consult on agricultural practices and farm business	The cost associated with these actions amounts to CHF 600 million which include the cost of those methods up to 2020. On top of that CHF 28.9

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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						Increasing supply of coffee, cocoa and other raw materials can represent a positive financial implication on our revenues of CHF 500m. 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.	management practices to the farmers. E.g. In 2015, 400 000 farmers were trained through capacity-building programmes and 98 000 farmers benefited from financial assistance. ii) To help farmers to increase the output of their limited resources and improve the quality of their product so they can receive a higher price. 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. In 20154, we	million of direct financial assistance was provided to farmers and CHF 35 million was spent on activities with cocoa and coffee farmers in 2015.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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							distributed 26.8m high yielding, disease-resistant coffee plantlets to farmers. 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. 2) These measures are expected to enhance the magnitude of the opportunity to high as well as this also results in the business growing.	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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.								

CC6.1c

Please describe the inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	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	Increased demand for existing products/services	Up to 1 year	Direct	Virtually certain	Low	We have estimated that this opportunity can result in a positive financial implication of CHF 5 million on our revenue. This estimation is based on Nestlé Group Enterprise Risk	1) To exploit this opportunity, our management methods include: i) In our operations we continue to identify and implement projects to improve our environmental	The cost associated with the preparation of the Nestlé in Society report amounts to CHF 1497k. This does not include the environmental improvement projects that

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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						Management Framework. It involves the aggregation of individual “Top-Down” assessments of Zones, Globally Managed Businesses, and all markets which have identified this as a potential opportunity. The financial implication scale is minor to the company.	impact by reducing non-renewable energy consumption, GHG emissions, avoiding waste and improving the environmental performance of our products. E.g.: In Australia, we have moved to using 88-pallet ‘high cube’ trucks to serve Eastern seaboard customers. The fuel-efficient, high-capacity ‘megatrucks’ have avoided 875 journeys per year, reduced CO2 emissions by 22% and saved around AUD 1.1 million (CHF 880 000). In 2015, we redesign 10 distributions network globally	result in GHG emission reduction in 2015.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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.							to improve efficiency, for example in Mexico this lead to cutting 650t CO2e. ii) We provide fact-based environmental information to consumers in 119 countries, enabling them to make informed choices and improve their own environmental impacts. In 2015 we published the Nestlé in Society report highlighting our commitment to climate change leadership. In 2015 we met our objective to reduce direct GHG emission one year ahead of schedule with a 35% decrease in direct GHG emissions per tonne of product since 2005	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								resulting in absolute reduction of 16.4 %. 2) These measures are expected to increase the reputation that consumers have of Nestlé and therefore increase the magnitude of the impact. In addition, some of these measures have contributed to economic savings estimated at more than CHF 3.5 million in 2013.	
Changing consumer behaviour	Among the agricultural raw materials that Nestlé uses to manufacture finished food products, some are forest-risk commodities such as palm oil and paper. As	Increased demand for existing products/services	Up to 1 year	Indirect (Client)	More likely than not	Low	We have estimated that this opportunity can result on a positive financial implication of CHF 2 million on our revenue. This has been estimated by considering the	1) To exploit this opportunity, our management methods include: i) Set a commitment to use only palm oil from sustainable sources by 2015 and to help	The cost associated with these action amounts to CHF 9 million which includes the RSPO membership, GreenPalm Certificates and internal costs.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	awareness of the public is increasing, eliminating deforestation along the whole supply chain of Nestlé can lead to increase in our products sales by demonstrating our commitments. By making a serious attempt to raise the bar in the corporate actions against deforestation and by achieving 2015 that 54% of purchased volumes of our priority categories are traceable, and 43% are Responsibly Sourced, whereby the plantation or farm is either compliant with our Responsible Sourcing						likelihood and the impact of increasing reputation and improving corporate responsibility on responsible sourcing through the effective implementation of our sourcing programme. The financial implication scale is minor to the company.	achieve zero net deforestation by 2020. The deforestation commitment includes preservation of “high carbon stock” forests and “high carbon stock” soils. • In 2015, 90 of our palm oil purchases are traceable and 47% is responsible sourced. ii) Focus on establishing traceable supply chains and on assessing and developing suppliers against the Responsible Sourcing Guidelines. iii) We systematically identify and exclude companies owning or managing plantations	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Guideline requirements or has an improvement plan in place, or complies with an equivalent certification scheme., this will potentially lead to increased demand for existing products.							linked to deforestation. • By the end of 2015, we had audited 10950 Tier 1 suppliers, 82% of which fully complied with the Nestlé Supplier Code. 43% of the volume of our 12 key commodities is currently traceable. We developed a Supplier RSG scorecard, consisting of both a fibre traceability database and a paper mill environmental performance database that is being used for more than 180 of our paper supply chains to define RSG action plans. 2) These measures are expected to enhance the	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								magnitude of the opportunity to high as well as this also results in the business growing by an increase in revenue.	
Other drivers	Some of our customers are caring more about climate change and looking for joint opportunities to reduce GHG emissions. As a company that has proven to continuously make our products better for the environment, Nestlé has an opportunity to increase its standing as a preferred partner and supplier for our customers. This will also have the potential to increase our	Other: Increased customer loyalty	1 to 3 years	Indirect (Client)	More likely than not	Medium	Assuming this opportunity will increase our sales by 0.1%, we estimate the financial impact to be around CHF 88 million on our revenue.	1) Our management methods include: i) engage with customers on their environmental related projects. Transport Control Centres give the required visibility so that we can identify transport circuits that avoid the possibility of empty legs. We have successfully run it in Brazil and are now rolling out in other businesses. ii) optimise distribution	Regular monitoring is performed over time. The cost of management has being estimated at CHF 1.84m in 2015 . This includes the following projects implemented in collaboration with our clients and customers to improving the environmental performance of our distribution: i) Optimising distribution networks to reduce kms run, ii) Promoting long distance transportation in

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	sales and market shares in the future. Some examples of our cooperation with customers include: i) We work with our suppliers and customers to cooperate on the use of delivery vehicles and avoid lorries being empty on a return journey; ii) In Nestlé Indochina region, the opportunity of working with customers on environmental improvements projects was identified.							networks. In 2015, we redesigned 10 distribution networks globally to improve efficiency. In the Middle East, we are combining the import/export warehouse, the regional distribution centre and part of the raw & packaging warehouse into one central distribution centre. This will lead to transport synergies, reduce empty trips through an efficient shuttle transportation system, and reduce the CO2 emissions by 2k tonnes per year. iii) route planning. Our Direct Store Delivery business for	Europe by rail and short-sea , iii)) Increasing the Vehicle Load to reduce costs of transportation and the environmental impact. In addition, we participate in the CDP Supply Chain programme.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								pizza and ice cream in the USA has leveraged new routing concepts and optimised delivery distances, saving 3.8 million litres of fuel. iv) explore opportunities to improve transportation. Through the EU Marco Polo project, we committed to shift the distribution of more than 360k tonnes of products from road to rail transport by 2016, which will take around 5k trucks per year off the road and save CHF 3.2 million over 3 years. 2) These measures are expected to increase Nestlé's reputation with	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								consumers and therefore increase the magnitude of the impact. Some of these measures have contributed to economic saving estimated in more than CHF 7.5m in 2014.	

CC6.1d

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1e

Please explain why you do not consider your company to be exposed to inherent opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1f

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

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

Page: CC7. Emissions Methodology

CC7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Scope	Base year	Base year emissions (metric tonnes CO2e)
Scope 1	Thu 01 Jan 2015 - Thu 31 Dec 2015	3704351
Scope 2 (location-based)	Thu 01 Jan 2015 - Thu 31 Dec 2015	3926377
Scope 2 (market-based)	Thu 01 Jan 2015 - Thu 31 Dec 2015	3737984

CC7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

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

CC7.2a

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

CC7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Fifth Assessment Report (AR5 - 100 year)
CH4	IPCC Fifth Assessment Report (AR5 - 100 year)
N2O	IPCC Fifth Assessment Report (AR5 - 100 year)
HFCs	IPCC Fifth Assessment Report (AR5 - 100 year)
PFCs	IPCC Fifth Assessment Report (AR5 - 100 year)
Other: CFCs	IPCC Fifth Assessment Report (AR5 - 100 year)
Other: HCFCs	IPCC Fifth Assessment Report (AR5 - 100 year)
Other: Halons	IPCC Fifth Assessment Report (AR5 - 100 year)

CC7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy	Emission Factor	Unit	Reference

Further Information

Excel spreadsheet with emission factors for question CC7.4

Attachments

https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC7.EmissionsMethodology/Nestlé 2015 Emission Factors-CDP.xlsm

Page: CC8. Emissions Data - (1 Jan 2015 - 31 Dec 2015)

CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e

3704351

CC8.3

Does your company have any operations in markets providing product or supplier specific data in the form of contractual instruments?

Yes

CC8.3a

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
3926377	3737984	

CC8.4

Are there are 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

CC8.4a

Please 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	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
Head offices	Emissions are not relevant	Emissions are not relevant	Emissions are not relevant	While emissions from office activities will eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities.
R&D	Emissions are not relevant	Emissions are not relevant	Emissions are not relevant	While emissions from R&D activities will eventually be included in Nestlé's inventory, we currently focus on our most material emissions, and these occur in our industrial activities.
Some recently acquired factories	Emissions excluded due to a recent acquisition	Emissions excluded due to a recent acquisition	Emissions excluded due to a recent acquisition	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.
Distribution centers and transportation	Emissions are not relevant	Emissions are not relevant	Emissions are not relevant	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 (question CC14).

CC8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 2% but less than or equal to 5%	Data Gaps Data Management	Data is manually entered in our tracking and reporting tool on a monthly basis. This involves the risk of human errors or unintended mistakes in the system use.
Scope 2 (location-based)	More than 2% but less than or equal to 5%	Data Gaps Data Management	Data is manually entered in our tracking and reporting tool on a monthly basis. This involves the risk of human errors or unintended mistakes in the system use.
Scope 2 (market-based)	More than 2% but less than or equal to 5%	Data Gaps Data Management	Data is manually entered in our tracking and reporting tool on a monthly basis. This involves the risk of human errors or unintended mistakes in the system use.

CC8.6

Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance process in place

CC8.6a

Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/CC8.6a/Verification Statement CDP_Nestle_2016_FinalIssued_v1.0.pdf	All document	ISO14064-3	100

CC8.6b

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emissions Monitoring Systems (CEMS)

Regulation	% of emissions covered by the system	Compliance period	Evidence of submission

CC8.7

Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions figures

Third party verification or assurance process in place

CC8.7a

Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

Location-based or market-based figure?	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
Market-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/CC8.7a/Verification Statement CDP_Nestle_2016_FinalIssued_v1.0.pdf	All document	ISO14064-3	100

CC8.8

Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	Comment
Year on year change in emissions (Scope 1)	This was part of the assurance of Nestlé's 2015 annual report.
Year on year change in emissions (Scope 2)	This was part of the assurance of Nestlé's 2015 annual report.
Year on year change in emissions (Scope 1 and 2)	This was part of the assurance of Nestlé's 2015 annual report.
Year on year change in emissions (Scope 3)	This is part of the assurance of our answer to the CDP 2016 questionnaire.
Year on year emissions intensity figure	This was part of the assurance of Nestlé's 2015 annual report.
Financial or other base year data points used to set a science-based target	This was part of the assurance of Nestlé's annual report in the years from which data points were used for science-based target setting.
Progress against emission reduction target	This was part of the assurance of Nestlé's 2015 annual report: progress against the 2015 target of scope 1 emissions reduction.
Change in Scope 1 emissions against a base year (not target related)	This was part of the assurance of Nestlé's 2015 annual report: change against base year 2010.
Change in Scope 2 emissions against a base year (not target related)	This was part of the assurance of Nestlé's 2015 annual report: change against base year 2010.
Product footprint verification	As per our communication policies: all product footprints that are used for external claims and communications

Additional data points verified	Comment
	are third-party verified.
Emissions reduction activities	This was part of the assurance of Nestlé's 2015 annual report: environmental initiatives and investments identified in 2015 and expected to deliver 58'000 tonnes of CO2eq per year.

CC8.9

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

CC8.9a

Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO2

Further Information

Page: CC9. Scope 1 Emissions Breakdown - (1 Jan 2015 - 31 Dec 2015)

CC9.1

Do you have Scope 1 emissions sources in more than one country?

Yes

CC9.1a

Please break down your total gross global Scope 1 emissions by country/region

Country/Region	Scope 1 metric tonnes CO2e
United States of America	694507
China	325506
Brazil	177360
India	174411
Mexico	171973
France	161557
South Africa	160896
Spain	146357
Pakistan	138959
Philippines	128316
United Kingdom	127723
Japan	94328
Germany	82250
Italy	79863
Chile	76768
Russia	76138
Rest of world	887439

CC9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By business division
By facility
By activity

CC9.2a

Please break down your total gross global Scope 1 emissions by business division

Business division	Scope 1 emissions (metric tonnes CO2e)
Cereal Partners Worldwide	82559
Nespresso	6534
Nestlé Nutrition	174781
Nestlé Professional	13446
Nestlé Skin Health	4350
Nestlé Waters	128332
Other Nestlé Food	3294349

CC9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude
CN PL Yinlu Xiamen	95322	24.738217	118.14
ES PL Girona	91648	41.9878	2.793
PK PL Sheikhupura Factory	79704	31.42	73.58
IN PL Moga	64369	30.821253	75.150604
ZA PL Estcourt	63550	-29.007803	29.870603
US PL Nestle Anderson	62378	40.042454	-85.740477
PK PL Kabirwala Factory	58128	30.372121	71.883432
US PL Bloomfield Nppc-gp	57021	36.875364	-89.871318

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude
CN PL Yinlu Anhui	53017	32.297333	118.315949
US PL Freehold	50680	40.259088	-74.275648
CN PL NSL Shuangcheng	50649	45.3743	126.324
FR PL Dieppe	48013	49.914	1.0902
PH PL Cagayan de Oro Factory	47968	8.475004	124.730444
JP PL Himeji Factory	46640	34.896607	134.734424
MX PL Toluca - Cafes y Culin.	46002	19.289575	-99.617103
ID PL Kejayan	43014	-7.708246	112.861328
US PL King William Nppc-gp	41123	37.687157	-77.013762
NG PL Agbara	39961	6.502306	3.091294
MX PL Lagos de Moreno-Lacteos	39555	21.358775	-101.926003
ES PL La Penilla	38128	43.3159	-3.8799
Rest of facilities	2587481		

CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)

CC9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)
Milk products and Ice cream	1173442
Powdered and Liquid Beverages	869413
PetCare	488635
Nutrition and Health Science	430652
Prepared dishes and cooking aids	318749
Confectionery	295128
Water	128332

Further Information

Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2015 - 31 Dec 2015)

CC10.1

Do you have Scope 2 emissions sources in more than one country?

Yes

CC10.1a

Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes 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	1369209	1347706	2420377	42370
China	532849	532849	891883	0
Germany	131280	131280	302581	0
India	128654	128654	141008	0
United Kingdom	121597	120039	273999	0
Russia	119228	119228	194988	0
Australia	93624	116414	111335	0
South Africa	116106	116106	142375	0
Malaysia	103845	103845	187360	0
Philippines	97095	97095	201861	0
Thailand	69486	69486	135481	0
Indonesia	66766	66766	94159	0
Poland	62477	62477	79960	0
Chile	53765	53765	124537	0
Canada	26698	44717	143221	0
Rest of world	833698	627557	2895452	598002

CC10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By business division
By facility
By activity

CC10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2 emissions, location based (metric tonnes CO2e)	Scope 2 emissions, market-based (metric tonnes CO2e)
Cereal Partners Worldwide	91020	87847
Nespresso	1149	1149
Nestlé Nutrition	165701	165701
Nestlé Professional	28674	29773
Nestlé Skin Health	4446	1541
Nestlé Waters	592726	568574
Other Nestlé Food	3042661	2883399

CC10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 emissions, location based (metric tonnes CO2e)	Scope 2 emissions, market-based (metric tonnes CO2e)
CN PL Yinlu Hubei	116717	116717
US PL Nestle Anderson	96514	96514
CN PL HFC Dongguan GF	74587	74587
CN PL Yinlu Xiamen	69319	69319
US PL Little Chute	50474	50474
CN PL Yinlu Shandong	48139	48139
US PL Davenport Nppc	47501	47501
US PL Mt Sterling	45620	45620
US PL NW Hawkins Factory	44661	44661

Facility	Scope 2 emissions, location based (metric tonnes CO2e)	Scope 2 emissions, market-based (metric tonnes CO2e)
US PL NW Mecosta Factory	42102	42102
RU PL Kuban Coffee	40153	40153
ID PL Kejayan	39357	39357
US PL Oklahoma City Nppc	37407	37407
US PL NN Fort Smith	36862	36862
CN PL Yinlu Anhui	33569	33569
MY PL NMM-Shah Alam	33492	33492
US PL Gaffney	33433	33433
IN PL Moga	33377	33377
US PL Solon	32719	32719
US PL Burlington	32353	32353
Other sites	2938021	2749628

CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 emissions, location based (metric tonnes CO2e)	Scope 2 emissions, market-based (metric tonnes CO2e)
Confectionery	482818	476307
Milk products and Ice cream	863407	820919
Nutrition and Health Science	331021	304225
PetCare	502677	461465
Powdered and Liquid Beverages	671277	653256
Prepared dishes and cooking aids	482451	453238
Water	592726	568574

Further Information

Page: CC11. Energy

CC11.1

What percentage of your total operational spend in the reporting year was on energy?

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

CC11.2

Please state how much heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	Energy purchased and consumed (MWh)
Heat	34148
Steam	675763
Cooling	0

CC11.3

Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year

18138330

CC11.3a

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Anthracite	1006245
Diesel/Gas oil	627535
Liquefied petroleum gas (LPG)	533848
Lignite	132240
Natural gas	11593152
Residual fuel oil	2094666
Landfill gas	60911
Other: Spent coffee grounds	881336
Wood or wood waste	1208335
Biogas	62

CC11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure reported in CC8.3a

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Comment
Contract with suppliers or utilities, with a supplier-specific emission rate, not backed by electricity attribute certificates	211891	Nestlé Guatemala consumed electricity generated from hydro power. Nestlé Brazil covers about half of its electricity consumption with green power; the origin of the electricity in the trades is guaranteed by Brazil's National Electrical Energy Agency.
Contract with suppliers or utilities, supported by energy attribute certificates	213398	Nestlé Spain and Nestlé Italy cover their electricity consumption with Guarantees of Origin as part of their power purchase agreement with E.ON. A Purina site in the US buys a Green-e certified green electricity product.
Direct procurement contract with a gridconnected generator or Power Purchase	202340	Nestlé has a power purchase agreement with CISA-GAMESA, allowing approximately 85% of the total electricity consumed by Nestlé factories in Mexico to be supplied by

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Comment
Agreement (PPA), where electricity attribute certificates do not exist or are not required for a usage claim		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.
Direct procurement contract with a gridconnected generator or Power Purchase Agreement (PPA), supported by energy attribute certificates	12743	A Waters factory in the US has a direct PPA backed by renewable energy certificates.

CC11.5

Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
7635462	7630666	4796	4796	4796	

Further Information

Response to RE100 information request attached.

Attachments

https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/ClimateChange2016/CC11.Energy/20160510_RE100 reporting spreadsheet_Nestlé.xlsx

Page: CC12. Emissions Performance

CC12.1

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

Decreased

CC12.1a

Please 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

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
Emissions reduction activities	5.29	Decrease	In the reporting year 2015, 402'513 tCO2e were reduced by our emissions reduction projects. Our total Scope 1 and 2 emissions in the previous year were 7'614'242 tCO2e. Therefore, we arrived at a 5.29% decrease: (402'513/7'614'242)*100 = 5.29%. Indeed, if Nestlé had produced its 2015 production volume with the same carbon intensity as in 2014, it would have emitted 7.84 million tonnes CO2e in 2014; but as a result of our emission reduction activities, we emitted 7.44 million tonnes CO2e which leads to a 5.29% decrease in emissions. In our operations we continue to reduce GHG emissions by improving energy efficiency, switching to cleaner fuels and investing in renewable sources, such as biomass as well as solar and wind energy. We increased the use of renewable fuels (+1.6% from 2014 to 2015) and the use of renewable electricity (+4% from 2014 to 2015). In 2015, we have identified new projects that, for an investment of about CHF 26.1 million, are expected to deliver annual savings of about 844000 GJ of energy; 58000 tonnes of CO2eq emissions; and 1.3 million m3 of water. Recent initiatives include: • Wind power meets nearly 80% of Nestlé Mexico's electricity needs, avoiding the emission of about 100 000 tonnes of CO2eq annually; • In Spain, we sourced 123.7 MWh of electricity from renewable power sources, supported by Green Energy Certificates, avoiding emissions of 20 000 tonnes of CO2eq; • Nestlé's worldwide operations include 22 factories that are using spent coffee grounds as a renewable and carbon neutral fuel, and 21 factories using wood chips as a renewable energy source; • In France, a fourth Nestlé factory is being converted to use wood as a renewable alternative to fossil fuel. With

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
			three factories already obtaining about 90% of their energy needs from wood chips, our Nescafé factory in Dieppe will burn spent coffee grounds and wood chips by the end of 2016. The use of wood boilers has reduced by more than 40% the direct CO2 emissions in Nestlé France since 2010. • In 2015, Nestlé Italy purchased about 110 000 GJ of green electricity. This cost an extra CHF 23 200, but about 11 000 tonnes of CO2eq emissions were avoided; • Nestlé Brazil also started to procure renewable electricity for 14 of its sites in 2015, covering almost 50% of their electricity consumption and cutting emissions by more than 20 000 tonnes of CO2eq.
Divestment			
Acquisitions	0.47	Increase	
Mergers			
Change in output	1.33	Increase	Excluding the Acquisitions (see the item “Acquisitions” above), the increase in output in 2015 resulted in an increase in absolute GHG emissions. Data used for the calculation: In 2015, the production volume increased by 0.71 million tonnes. If no measures had been introduced, by using the same efficiency as in 2014, the emissions related to this additional production volume would be 0.10 million tonnes CO2e, that is, 1.33% increase compared to 2014 (7.61 million tonnes CO2e).
Change in methodology	1.22	Increase	Some of our conversion factors were updated in the course of 2015. This resulted in an increase of the 2014 baseline from 7.61 million tonnes CO2e to 7.71 million tonnes CO2e, equivalent to 1.22%.
Change in boundary			
Change in physical operating conditions			
Unidentified			
Other			

CC12.1b

Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.000082	metric tonnes CO2e	88785000000	Market-based	0.13	Decrease	A 0.13% decrease of our emissions per unit of revenue was due to our emissions reduction activities. As explained in 12.1a 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. In 2015,we have identified new projects that, for an investment of about CHF 26.1 million, are expected to deliver annual savings of about 844000 GJ of energy; 58000 tonnes of CO2eq emissions; and 1.3 million m3 of water. Noticeably, we increased the use of renewable fuels (+1.6% from 2014 to 2015) and the use of renewable electricity (+4% from 2014 to 2015). Our environmental reporting is based on operational control. The intensity calculation would require to adapt 2014 and 2015 revenue figures so they reflect the same organizational boundary as the emissions data. However, we cannot disclose financial figures that are different from the official ones communicated publicly. We therefore need to adapt the environmental scope specifically for this question in order to have a consistent numerator and denominator. 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 scope as explained above. Finally, the 2014 emissions figure was also recalculated using updated conversion factors (see "Change in methodology" under 12.1.a). After performing all these adaptations, we have a decrease in CO2e emissions of 0.13% per unit of revenue.

CC12.3

Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.136	metric tonnes CO2e	metric tonne of product	54621884	Market-based	5.0	Decrease	A 5.0% decrease of our emissions per tonne of product was due mainly to our emissions reduction activities. As explained in 12.1a 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. In 2015,we have identified new projects that, for an investment of about CHF 26.1 million, are expected to deliver annual savings of about 844000 GJ of energy; 58000 tonnes of CO2eq emissions; and 1.3 million m3 of water. Noticeably, we increased the use of renewable fuels (+1.6% from 2014 to 2015) and the use of renewable electricity (+4% from 2014 to 2015). Recent initiatives include: • Wind power meets nearly 80% of Nestlé Mexico's electricity needs, avoiding the emission of about 100 000 tonnes of CO2eq annually; • In Spain, we sourced 123.7 MWh of electricity from renewable power sources, supported by Green Energy Certificates, avoiding emissions of 20 000 tonnes of CO2eq; • Nestlé's worldwide operations include 22 factories that are using spent coffee grounds as a renewable and carbon neutral fuel, and 21 factories using wood chips as a renewable energy source; • In France, a fourth Nestlé factory is being converted to use wood as a renewable alternative to fossil fuel. With three factories already obtaining about 90% of their energy needs from

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
							wood chips, our Nescafé factory in Dieppe will burn spent coffee grounds and wood chips by the end of 2016. The use of wood boilers has reduced by more than 40% the direct CO2 emissions in Nestlé France since 2010. • In 2015, Nestlé Italy purchased about 110 000 GJ of green electricity. This cost an extra CHF 23 200, but about 11 000 tonnes of CO2eq emissions were avoided; • Nestlé Brazil also started to procure renewable electricity for 14 of its sites in 2015, covering almost 50% of their electricity consumption and cutting emissions by more than 20 000 tonnes of CO2eq.

Further Information

Page: CC13. Emissions Trading

CC13.1

Do you participate in any emissions trading schemes?

Yes

CC13.1a

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

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership
European Union ETS	Thu 01 Jan 2015 - Thu 31 Dec 2015	230932	9806	281316	Facilities we own and operate

CC13.1b

What is your strategy for complying with the schemes 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, and the purchase of carbon credits.
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 2015, 17 Nestlé factories were participating in the EU ETS Phase III. The situation on emissions and allowances of each factory is closely managed and analyzed by Environmental Managers in each country on a monthly basis. The information is sent to Nestlé Corporate on a quarterly basis, where a multifunctional team (Engineering, Environmental Sustainability, Group Risk Management, Commodity Purchasing, Finance and Zone EMENA) analyse the information received and take decision on specific action plans. The result of the meeting and the established action plans and guidelines are communicated to different countries and factories involved in the scheme.

CC13.2

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

Yes

CC13.2a

Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits cancelled	Purpose, e.g. compliance
Credit origination	Fossil fuel switch	Graneros Plant Fuel Switching project	CDM (Clean Development Mechanism)	11400	11400	Not relevant	Voluntary Offsetting

Further Information

Note, please, that Nestlé has ended Phase II (end 2012) in a surplus position, which means Nestlé's sites generated less emission than allowances received.

Page: CC14. Scope 3 Emissions

CC14.1

Please account for your organization’s Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Relevant, calculated	68796039	i. Data used: We used the total global raw materials, packaging and finished goods purchases. For each category, a GHG emission factor (secondary data) from a representative product is selected. Raw materials quantities have been pre-treated by Nestlé and aggregated in 84 categories. Packaging and finished goods data are provided in the same format as previous years. Services that were previously accounted for in category 2 are now reported in category 1. ii. Methodology: The mass purchased is multiplied by the selected emission factor to obtain a screening assessment of the GHGs emissions associated with each category. The databases used are ecoinvent 2.2, Quantis internal database of processes built during previous LCA performed for Nestlé, or the World Food LCA Database (3.0), all using IPCC 2007 GWP 100. This allows to identify the purchasing categories that are likely to be contributing most to the impact. A linear extrapolation was performed to account for 100% of spent for the packaging (13% of primary data coeverage) and finished goods purchases (20% primary data coverage). For raw materials, no extrapolation is performed as the data coverage is 100%. iii. Quality: The quality of the primary data used is high. However, due to the simplification involved in the modelling, the quality of the emissions data is considered as low.	92.00%	
Capital goods	Relevant, calculated	440083	i. Data used: The primary data used are the purchases from fixed assets and IT supplies for 2015 in monetary terms, broken down in 30 sub-categories. Each category is associated with an economic sector from the	0.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			environmentally-extended Input/Output model US 2002 from the software SimaPro (secondary data). The model, originally for 2002 was adjusted to inflation, evolution of the purchasing power parity and of energy efficiency of the global economy for 2015. The emissions are calculated using the software simapro. ii. Methodology: The amount spent in each sub-category is then multiplied by the sector unit GHGs emission factor. iii. Quality: The quality of the primary data used is high. However, due to the simplification involved in the modelling, the quality of the emissions data is considered as low.		
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	1535590	i. Data used: The primary data used are the types and quantities of fuels and electricity purchased worldwide in 2015. Secondary data are used for upstream and T&D GHGs emission factors. For electricity, T&D losses and heat losses, GHGs emissions are specific to each country or region. The activity data come from Nestlé's internal reporting tool. The GHGs emission factors for electricity and heat consumption are taken from the 2015 DEFRA guidelines for GHG accounting, the emission factors for fossil fuels are taken from ecoinvent 2.2.. ii. Methodology The emissions are calculated by multiplying fuel quantities and electricity purchased by upstream and T&D GHGs emission factors. Transportation emissions for relevant fuels are included. iii. Quality: The quality of the primary data used is high and the quality of the secondary data is medium. The quality of the emissions data is considered as medium.	100.00%	
Upstream	Relevant,	2470169	i. Data used: For the assessment of this category's	0.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
transportation and distribution	calculated		emissions, the quantity of goods purchased provided for category 1 (purchased goods and services) was used as secondary activity data. ii. Methodology: Three default distances (200km, 300km and 1500km) were used to estimate the potential scale of GHGs emissions to reflect small, medium and large countries. 20% of each category is assumed to be distributed in small markets, 30% in the medium markets and 50% in the large markets. All transportation is assumed to take place by truck. The emission factor for truck transportation comes from ecoinvent 2.2 (IPCC 2007 GWP100). iii. Quality: Due to the simplification involved in the modelling and the use of secondary data only, the quality of the emissions data is considered as low.		
Waste generated in operations	Relevant, calculated	164500	i. Data used: The primary data used for this category are the mass of waste generated in production centres, excluding office waste. ii. Methodology: The waste flows are broken down in 13 different waste treatment methods. Each treatment is associated with an emission factor to assess the GHGs emissions (secondary data) from the treatment (ecoinvent 2.2, IPCC 2007 GWP100). The emissions from incineration with energy recovery are estimated by the transportation of the waste to the treatment plant, according to the GHG protocol guidance on waste treatment accounting. iii. Quality: The quality of the primary data used is high. However, due to the simplification involved in the modelling (no geographical differentiation on the waste treatment was made), therefore the overall quality of the emission is estimated as medium.	100.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Business travel	Relevant, calculated	260334	i. Data used and ii. Methodology: - Plane: The GHGs emissions report provided by the travel agency used by Nestlé covers approximately 75% of the global travels (primary data). A linear extrapolation of the emissions to 100% was performed. Emissions were calculated using ecoinvent 2.2 database. - Car: The GHGs emissions report from the car rental company used by Nestlé covers 10 countries and 33% of Nestlé global number of employees (primary data). This report cover distances travel, types of car and GHGs emissions factors (primary data). Again, a linear extrapolation to 100% of the employees is performed, assuming that the behaviour of business travel is similar between countries. iii. Quality: The quality of the primary data used for plane travel is high, which is by far the biggest contributor for this category of emissions. However, the overall quality of the emissions is estimated as medium due to the uncertainty linked with the extrapolation and the methods used for the calculation of the GHG emissions from cars.	33.00%	
Employee commuting	Relevant, calculated	321205	i. Data used and ii. Methodology: The primary data used covers the total number of employees per country and region. Two different commuting scenarios were considered: one for North Americans (Canadian and US employees only) and one for the remaining countries which is based on European commuting (secondary data). Emission factors from the database ecoinvent 2.2 were used for this category (IPCC 2007 GWP 100). iii. Quality: Due to the generalization of these calculations and the fact that no primary commuting data were available, the quality	0.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			of reported emissions data is low.		
Upstream leased assets	Not relevant, explanation provided				Our standard business model and operation is such that we normally operate our own assets. Upstream leased assets have a negligible contribution to our emissions.
Downstream transportation and distribution	Relevant, calculated	3279917	i.Data used: 2014 data, as 2015 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 non-road 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). ii.Methodology: Per reporting market, the CO2 emissions for transportation are summed up and shown with the following KPIs: absolute CO2 emissions, CO2 effectivness (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,		

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			combined, rail, sea, air). The data of the reporting markets is aggregated separately for water and non-water businesses. The global CO2e emissions for transportation are extrapolated to the complete sold volume, using separately the average CO2 effectivness 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. iii.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 effectivness across different countries, the extrapolation to global volume is considered average.		
Processing of sold products	Not relevant, explanation provided				Most of our products are sold for direct consumption, which therefore does not involve further industrial processing. The processing of sold products has a negligible contribution to our emissions.
Use of sold	Relevant,	26264226	i. Data used: Sales figures by branch and per country were	100.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
products	calculated		provided in tons of product sold. The greenhouse gas emissions from the use stage of these products were collected from LCA (Life Cycle Analysis) results performed by our consultant Quantis (secondary data). ii. Methodology: One representative product per branch were selected for this calculation. An estimate of the use stage GHG emissions was obtained by multiplying the electricity consumed during the use stage according to LCA with country or region specific emission factors using IPCC 2007, GWP100 (secondary data) in the software SimaPro. The database ecoinvent 2.2 was used. iii. Quality: The data quality of reported emissions data remains low but is improved from previous assessments as the actual quantities of products sold in the different markets is known. However, a limited number of products is modelled per branch, creating uncertainty on the GHG emissions calculation.		
End of life treatment of sold products	Relevant, calculated	2855316	i. Data used: Sales figures by branch and per country in tons provided for category 11 were used to calculate the total number of products sold. The GHGs emission factors used are taken from ecoinvent 2.2, using IPCC 2007, GWP100 (secondary data). ii. 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	0.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			products were included. iii. Quality: The data quality of reported emissions data is low due to the global generalization and the limited number of products that were modelled.		
Downstream leased assets	Not relevant, explanation provided				We usually operate our own assets. Downstream leased assets have a negligible contribution to our emissions.
Franchises	Not relevant, explanation provided				Our standard business model and operation do not involve franchising. Franchises have a negligible contribution to our emissions.
Investments	Relevant, calculated	6456291	i. Data used and ii. Methodology: Companies in which Nestlé has an investment but no financial control are taken into account. When disclosed, the scope 1 and 2 emissions of the invested company were collected and the share of emissions corresponding to Nestlé's investment were calculated and reported (primary data). When no GHGs emission disclosure was available, the economic sector of the company invested in was selected in the Input/Output US 2002 from the software SimaPro (secondary data). The model, originally for 2002 was adjusted to inflation, evolution of the purchasing power parity and of energy efficiency of the global economy for 2015. The emissions are calculated using the software simapro. The emissions were calculated by multiplying the investee's turnover by their sector's unit emissions and reported according to Nestlé's investment in the company. This methodology	1.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
			accounts for the cradle-to-gate emissions of the investees and therefore includes some of the investee's upstream scope 3 GHGs emissions. iii. Quality: The overall quality of emissions is estimated as low, due to the uncertainty inherent to the Input/Output modelling.		
Other (upstream)	Not relevant, explanation provided				The categories already disclosed on cover the majority of our emissions.
Other (downstream)	Not relevant, explanation provided				The categories already disclosed on cover the majority of our emissions.

CC14.2

Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

Third party verification or assurance process in place

CC14.2a

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 3 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2016/42/12942/Climate Change 2016/Shared Documents/Attachments/CC14.2a/Verification Statement CDP_Nestle_2016_FinalIssued_v1.0.pdf	All document	ISO14064-3	100

CC14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Purchased goods & services	Change in output	3.2	Decrease	Changes in the composition and volume of our purchased goods and services between 2014 and 2015 led to a 3.2% decrease in the scope 3 emissions related to this category.
Purchased goods & services	Change in methodology	1.7	Increase	Changes in data coverage for raw materials between 2014 and 2015 led to a 1.7% increase in the scope 3 emissions related to this category.
Capital goods	Change in	66.4	Decrease	The input correction factor of the Input/Output model was updated to adapt the emission

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
	methodology			factor from the 2002 database to 2015 CHF spent. In addition, three services previously accounted in Category 2 as capital goos are now reported in Category 1 as purchased services.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Emissions reduction activities	4.1	Decrease	Our production volume increased by 1.8% from 2014 to 2015. Our total energy use mechanically increased, as well as the scope 3 emissions related to this category.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Change in output	1.8	Increase	The emissions in this category were 1'744'373 tCO2 in 2014 and 1'535'590 tCO2 in 2015, corresponding to a total decrease of 11.9%. This total variation in emissions is broken down as following: increase of 1.8% due to change in output, decrease of 9.6 due to change in methodology, and 4.1% decrease due to emissions reductions activities. Regarding our emissions reductions activities: Our production increased by 1.8% while our energy consumption decreased by 3.1% as a result of our emissions reduction activities. This implies a reduction of our fuel- and energy- related scope 3 emissions. If Nestlé had produced its 2015 production volume with the same scope 3 emissions intensity in this category as in 2014, it would have emitted 1'775'092 tCO2 in 2015 for this category of emissions. However, as a result of our emissions reduction activities, we emitted 1'703'577 tCO2, that is, 71'515 tCO2 less, which represents a 4.1% decrease from 2014 emissions in this category. In our operations we continue to reduce GHG emissions by improving energy efficiency, switching to cleaner fuels and investing in renewable sources, such as spent coffee grounds and wood from sustainably managed forests as well as solar and wind energy.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Change in methodology	9.6	Decrease	The methodological change is due to the update of the DEFRA emission factors . Also, an update in the way the landfill gas volume is reported is reflected in the methodological change.
Upstream transportation & distribution	Change in output	4.5	Decrease	Changes in the composition and volume of our purchased goods between 2014 and 2015 led to changes in their transportation and distribution modelling, which resulted in a 4.5% decrease in the scope 3 emissions related to this category.
Waste generated in operations	Emissions reduction activities	4.2	Decrease	The emissions in this category were 168'672 tCO2 in 2014 and 164'500 tCO2 in 2015, corresponding to a total decrease of 2.4%. This total variation in emissions is broken down as following: increase of 1.8% due to change in output, and decrease of 4.2% due to emissions reductions activities. Regarding our emissions reductions activities: If Nestlé had produced its 2015 production volume with the same scope 3 emissions

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
				intensity in this category as in 2014, it would have emitted 171'642 tonnes CO2e in 2015 for this category of emissions. However, as a result of our waste reduction activities, we emitted 164'500 tonnes CO2e, that is, 7'142tCO2 less, which represents a 4.2% decrease from 2014 emissions in this category. Avoiding waste through the entire life cycle of our products is an important priority for Nestlé, as part of our commitment to preserve natural resources and to eliminate food wastage along the value chain. Our goal is zero waste and full recovery of unavoidable by-products. With 22% of our factories having achieved zero waste for disposal in 2015 (this represents 105 factories), we achieved our public commitment of 10% of Nestlé factories zero waste for disposal by the end 2015.
Waste generated in operations	Change in output	1.8	Increase	Our production volume increased by 1.8% from 2014 to 2015. Our total energy use mechanically increased, as well as the scope 3 emissions related to this category.
Business travel	Change in output	7.2	Increase	Changes in the travelling requirements between 2014 and 2015 led to a 7.2% increase in the scope 3 emissions related to this category.
Employee commuting	Change in output	1	Decrease	Changes in our headcount population between 2014 and 2015 led to a 1% increase in the scope 3 emissions related to this category.
Downstream transportation and distribution	Change in output	6.1	Increase	Changes in the composition and volume of products stored and dispatched between 2014 and 2015 led to a 6.1% increase in the scope 3 emissions related to this category.
Use of sold products	Change in output	2.8	Decrease	Changes in the composition and volume of products sold between 2014 and 2015 led to a 2.8% increase in the scope 3 emissions related to this category.
End-of-life treatment of sold products	Change in output	2.1	Decrease	Changes in the composition and volume of products sold between 2014 and 2015 led to a 2.1% increase in the scope 3 emissions related to this category.
Investments	Change in output	4.5	Increase	Our scope 3 emissions related to this category increased by 4.5% due to change in output.
Investments	Change in methodology	22.3	Decrease	The input correction factor of the Input/Output model was updated to adapt the emission factor from the 2002 database to 2015 CHF spent. Nestlé does not hold an investment in Allois Dallmayr as of the end of 2015. The share of Trinks hold by Nestlé was adjusted to reflect the company participation to the Swiss branch of the company, and not in the overall corporation.

CC14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

CC14.4a

Please give details of methods of engagement, your strategy for prioritizing engagement and measures of success

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 biodigesters where required.
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.
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, dairy, eggs etc)
iii) Direct from farmer –The strategy covers our main agricultural raw ingredients: milk, cocoa and coffee.
3)Measures of success
i) % of Key Responsible Sourcing Suppliers Audited against Nestlé Supplier Code: 10950 first tier suppliers were audited by the end of 2015. By 2015, we had achieved our objective of 10000 audits with at least 70% full compliance (which means no noncompliances whatsoever).
ii) % of volume traceable and compliant with Nestlé RSGs: In 2015, 54% of purchased volumes of our 12 key commodities are traceable, for example, around 95% of the vanilla flavours we procure are traceable.
iii) Number of farmers trained: In 2015, 88 771 coffee farmers and 445 617 cocoa farmers were trained. We will continue providing technical assistance. In 2015, 121 481 tonnes of cocoa and more than 225 600 tonnes of coffee were sourced directly from farmers through Farmer Connect. In 2015, we overachieved our commitment to source 100 000 tonnes of Cocoa and 18000 tonnes of coffee, 100% in line with 4C baseline sustainability standard from farmer connect.
Customers
1) Engagement method: 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 were we provide detailed information on the GHG emissions of our products and proposed collective areas of opportunities for the reduction of GHG emissions.

2) The strategy for prioritizing engagement is based on materiality analysis and the results of LCA of our products. For CDP supply chain we prioritize based on the request received. In 2015, we continued to engage with all customers that requested us specific information on GHG through the CDP supplier programme.
3) We measure success with the number of engagement with our customers including the number of customers we engaged though the CDP supplier programmes.
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 the results of life cycle analysis of main products categories which show that the consumer use phase is significant. For example, a LCA of soluble coffee help us identify that the consumer phase has a share of the GHG emissions due to the water boiling and cup washing. The NESCAFÉ Plan focuses on responsible consumption.
3) We measure success by means of Nestlé reputation as being considered as a brand that cares for the environment. Last year in 24 out of 33 countries assessed, Nestlé had a better score than the industry average on the statement “cares for the environment".

CC14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Number of suppliers	% of total spend (direct and indirect)	Comment
10000	95%	95% of our spend is covered by 10’000 suppliers (over 28’000 in total).

CC14.4c

If you have data on your suppliers’ GHG emissions and climate change strategies, please explain how you make use of that data

How you make use of the data	Please give details
Use in supplier scorecards	We use suppliers' GHG emissions to help suppliers to improve their environmental impact. In particular, we use RISE (Response-Inducing Sustainability Evaluation), an indicator and interview-based method to assess the sustainability of farm operations across economic, social and environmental dimensions. Environmental issues considered as part of the RISE assessments include soil use, nutrient flows, water use, energy use and our impact on climate change and biodiversity and plantlet production. A new version, RISE 2.0, was developed between 2009 and 2011 to further improve the tool and make it available in different languages. RISE now

How you make use of the data	Please give details
	evaluates the sustainability of agricultural production through ten indicators ranging from action needed to good performance. Based on these assessments we have a broad range of activities that differ from country to country. They include, among others: *Veterinary services *Support to feeding / silage production / pasture establishment *Water treatment and management *Improved milk collection (e.g. solar panels at chilling stations) *Animal fertility checks *Support to silvopastural farming *Biogas digesters and systems (where appropriate), and *Incentive schemes for more environmentally sustainable farming practices.
Identifying GHG sources to prioritize for reduction actions	We use supplier GHG emission data for our Life cycle assessment studies. Understanding lifecycle impacts, including GHG sources along the value chain, allow us to optimise the environmental performance of our products (i.e. reducing GHG) by systematically assessing product categories along the whole value chain. This is especially important at product development stage where design interventions can have a big impact later along the value chain. For example, a product level life cycle assessment of Herta ham revealed the highest environmental impact areas to be agriculture and animal breeding, factory production, and packaging. This knowledge has helped the team maintain or set improvement plans. For example: As part of carefully selecting its suppliers, audits by external, independent professionals are conducted to verify standards. For each charcuterie product, the Herta brand ensures its origin and responsible animal welfare practices. New incentives encourage farmers to improve the high environmental impact of their farming practices. All Herta factories are certified against ISO 14 001:2004. At Saint-Pol-sur-Ternoise, a wood boiler – supplied with sustainably grown wood – will reduce CO2 emissions by 80%. Packaging optimisation has delivered improved environmental impact while maintaining product quality, safety and convenience, and minimising food waste. Specific achievements include a 20% reduction in pie pastry packaging in 2010–2011. In 2011, Herta became the first charcuterie brand in France to launch packaging containing recycled materials (60% of Le Bon Paris Ham and 100% of Tendre Noix Ham packs contained some recycled materials). Le Bon Paris – 25% de sel packs contained 20% recycled content equaling more than 25 million packs and 550 tonnes of recycled content. In 2012, efforts extended across 60 million packs. We have signed a partnership with Eco-Emballages to support more work on recyclable packaging.
Other	We use supplier GHG emission data as an input for Nestlé sustainability category profiles (SCPs). Nestlé SCPs describe the environmental hotspots, including in climate change, biodiversity and water and energy use along the value chain of product categories and our primary activities to address these hotspots and related impacts, and improve environmental performance along the value chain. Our SCPs are so far available for 15 product categories including instant coffee, bottled water, wet and dry pet food, ambient food, milk and dark chocolate. Our SCPs may also help employees to better understand the environmental attributes of our products, continually improve their environmental performance and increase the visibility of our initiatives. The profiles are also used for internal training and stakeholder engagement. For example, for instant coffee, we have identified that the main hotspots are in agriculture, manufacturing and the use phase. In agriculture, the main impacts arise in coffee cultivation, harvesting production and treatment while, in the use phase, impacts are related to the energy and water use for the preparation of Nescafé. To address these hotspots the Nescafé Plan focuses on three areas: responsible farming, responsible production and responsible consumption. We are working with the Rainforest Alliance, the Sustainable Agriculture Network (SAN) and the Common Code for the Coffee Community (4C) to transform coffee farm management to benefit current and future generations of farmers. Specific measures include doubling the amount of coffee bought directly from farmers and distributing 220 million high-yield, disease-resistant coffee plantlets. We are continuing to expand our technical assistance programme, which incorporates training on aspects contained within the Supplier Code and covers more than 19,000 farmers a year. We are working in many ways to improve our environmental performance. We are employing natural refrigerants, converting waste into energy, and using cleaner energy sources. In 22 Nescafé factories we use coffee grounds as a renewable fuel saving the emissions of 247 thousand tonnes of CO2 per year. Our Nescafé factory in UK generated zero waste in 2015 and we are continuing to work towards 'zero waste to landfill' in other Nescafé factories.

CC14.4d

Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future

Further Information

For more information on Nestlé Responsible Sourcing Programme, please see: http://www.nestle.com/csv/rural-development-responsible-sourcing Further information for question 14.4a: 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 2015 were to understand stakeholder expectations and concerns; report back on previous convenings; and stimulate fresh thinking and prioritise key actions on Creating Shared Value and climate change. 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 CSV focus areas of nutrition, water and rural development, as well as human rights and compliance.

Module: Sign Off

Page: CC15. Sign Off

CC15.1

Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	Job title	Corresponding job category

Name	Job title	Corresponding job category
Magdi Batato	Executive Vice President of Operations	Chief Operating Officer (COO)

Further Information

Module: FBT

Page: FBT1. Agriculture

FBT1.1

Are agricultural activities, whether in your direct operations or elsewhere in your value chain, relevant to your climate change disclosure?

Yes

FBT1.1a

Please explain why agricultural activities are not relevant to your climate change disclosure

FBT1.2

Are the agricultural activities that you have identified as relevant undertaken on your own farm(s), elsewhere in your value chain, or both?

Elsewhere in value chain

FBT1.2a

Please explain why agricultural emissions from your own farms are not relevant

FBT1.3

Do you account for greenhouse gas emissions from agricultural activities undertaken on your own farm(s) as part of the global gross Scope 1 emissions figure reported in CC8.2, and/or the Scope 2 figure reported in CC8.3a of the core climate change questionnaire?

FBT1.3a

Please select the form(s) in which you wish to report the greenhouse gas emissions produced by agricultural activities (agricultural emissions) undertaken on your own farm(s)

FBT1.3b

Please report your total agricultural emissions produced on your own farm(s) and identify any exclusions in the table below

Scope	Agricultural emissions (metric tonnes CO2e)	Methodology	Exclusions	Explanation	Comment

FBT1.3c

Please report your agricultural emissions produced on your own farm(s), disaggregated by category, and identify any exclusions in the table below

Emissions category	Agricultural emissions (metric tonnes CO2e)	Methodology	Exclusions	Explanation	Comment

FBT1.3d

Please explain why you do not account for greenhouse gas emissions from agricultural activities undertaken on your own farm(s), and describe any plans for the collection of this data in the future

FBT1.4

Do you implement agricultural management practices on your own farm(s) with a climate change mitigation and/or adaptation benefit?

FBT1.4a

Please identify agricultural management practices undertaken on your own farm(s) with a climate change mitigation and/or adaptation benefit. Complete the table

Activity ID	Agricultural management practice	Description of agricultural management practice	Climate change related benefit	Comment

FBT1.4b

Does your implementation of these agricultural management practices have other impacts? Complete the table

Activity ID	Impact on yield	Impact on cost	Impact on soil quality	Impact on biodiversity	Impact on water	Other impact	Description of impacts	Comment

FBT1.4c

Do you have any plans to implement agricultural management practices in the future?

FBT1.4d

Please detail your plans to implement agricultural management practices in the future

FBT1.5

Is biogenic carbon pertaining to your own farm(s) relevant to your climate change disclosure?

FBT1.5a

Please report biogenic carbon data pertaining to your own farm(s) in the table below

CO2 flux	Emissions/ Removals (metric tonnes CO2e)	Methodology	Exclusions	Explanation	Comment

FBT1.6

Do you account for greenhouse gas emissions from agricultural activities in your value chain as part of the Scope 3 category "Purchased goods and services" reported in CC14.1 of the core climate change questionnaire?

Yes

FBT1.6a

Please report these agricultural emissions from your value chain and identify any exclusions in the table below

Scope	Agricultural emissions (% of the emissions reported in the category “Purchased goods and services”)	Exclusions	Explanation	Comment
Scope 3	91-100%	N/A		

FBT1.6b

Please explain why you do not account for greenhouse gas emissions from agricultural activities in your value chain as part of the Scope 3 category “Purchased goods and services” reported in CC14.1 of the core climate change questionnaire

FBT1.7

Do you encourage your agricultural suppliers to undertake any agricultural management practices with a climate change mitigation and/or adaptation benefit?

Yes

FBT1.7a

Please identify agricultural management practices with a climate change mitigation and/or adaptation benefit that you encourage your suppliers to implement. Complete the table

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
1	Other: Promoting more environmentally sustainable	Promoting more environmentally sustainable	Knowledge sharing Operational	Thousands of Nestlé agronomists work out in the field, building	Emissions reductions (mitigation)	Another example of RISE initiative was in Mexico, one of Nestlé’s largest dairy markets where agriculture faces big

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
	agriculture: We use RISE, an indicator- and interview-based method for assessing the sustainability of farm operations across the economic, social and environmental dimensions. It serves the holistic evaluation of the sustainability of agricultural production at farm level.	agriculture: We use RISE, an indicator- and interview-based method for assessing the sustainability of farm operations across the economic, social and environmental dimensions. It serves the holistic evaluation of the sustainability of agricultural production at farm level.		relationships with the farmers who supply us and benefit from the good practice and guidance from various RISE studies. To Nestlé, the main benefit of RISE application is a contribution to more sustainable production and supply of agricultural raw materials. This process serves farmers and Nestlé alike and thus is the way to secure continuous manufacturing processes. For example, Nestlé's Calf Management Programme in Sri Lanka is helping to promote the growth rate of calves, which may lead to earlier and higher milk production. Calves in Sri Lanka are often underweight because of inappropriate feeding practices, so they are more vulnerable to disease, and experience weaning and gestation much later, delaying milk	Increasing resilience to climate change (adaptation) Other: Increase productivity	challenges. As 77% of freshwater withdrawal is for agriculture, and climate change is expected to cause more frequent droughts and a loss of productive surface, there is urgent need for robust production systems. A first RISE study was conducted among a total of 30 Nestlé milk suppliers with more following in the next years. The studies showed, that some farm energy usage improvement opportunities patterns. The number of biodigestors increased to 28.Concerned by these results, mexican farmers built large biogas digesters, benefiting from support by the Mexican government and by Nestlé Mexico. In Querétaro, three biodigesters now produce 2400 m3 of methane per day, reducing the net amount of electricity from the grid by 90%, while decreasing environmentally harmful emissions of ammonia and methane.

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
				production. Supported by the Government Animal Production and Health Department, Nestlé implemented a Calf Management Programme to enhance productivity through improved farm animal health and welfare. Thirty-one farms and 50 healthy calves under three months old were selected for the programme in March 2014. In training sessions and workshops, farmers were taught the principles of calf management and best farming practices, such as gradually replacing milk with hay, fresh grass and concentrate feed during weaning. Between May and September 2014, the calves' average weight rose from 40 kg to 95 kg, and their average growth rate reached 450 g/day. By halving the weaning time and doubling their daily weight gain, the time it takes to reach gestation		

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
				could be reduced by a year.		
2	Water Management	We support farmers in improving quality and yields, soil and leaf analysis, wastewater management, gender and youth empowerment, improvements in traceability, as well as preparing them for compliance with 4C and Sustainable Agriculture Network standards in the case of coffee.	Knowledge sharing Operational	The Nescafé Plan has been rolled out in several countries since it started, and was active across 19 countries in 2015.Our Nescafé business has a broad geographical scope covering most of the coffee belt (which straddles the equator between the tropics of Cancer and Capricorn) across Latin America, Africa, Asia and Oceania. In fact, in 2015 Nescafé sourced around 225600 tonnes of Farmer Connect coffee, of which 191700 tonnes were Responsibly Sourced (4C verified), representing respectively 26% and 22% of the Group's entire green coffee volume. We also distributed 28.6 million plantlets in 2015, taking our cumulative total to 100.7 million.	Increasing resilience to climate change (adaptation)	For more information regarding the Nescafé Plan, please see: http://www.nestle.com/csv/rural-development-responsible-sourcing/nescafe-plan
3	Biodiversity considerations	Conservation of biodiversity: The	Knowledge sharing	Ecuador exports about 65% of the fine cocoa	Other: Conservation	

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
		clearing of native species and forest cover often associated to coffee production can disrupt the ecological balance of the farm. Nestlé supports the conservation of biodiversity, including protected or endangered native flora and fauna by maintaining forest cover and native species on several key areas of the farm.	Operational Other: Conservation of biodiversity	produced worldwide. However, its unique floral cocoa is under threat, due to farming practices that are substituting local trees with other varieties that have better yields. The majority of the floral variety, known as nacional, are controlled by smallholders, who have reacted to decreased crop yields by planting the new breeds. As part of the Nestlé Cocoa Plan, our objective is to ensure the long-term, responsible supply of cocoa beans from Ecuador to Nestlé, while improving social and environmental conditions for farmers, their families and communities. Through the plan, we improve farmers' technical skills, using workshops, classroom and field training, and certification programmes. We also encourage the planting of nacional and other cocoa trees to reforest	of biodiversty	

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
				and improve biodiversity, and have distributed approximately 700000 nacional plants to farms since 2009. The Nestlé Cocoa Plan has had a direct impact on farmers. In 2014, 2930 farmers and their families benefited. By the end of the year, 699 farms were UTZ certified for social and responsible farming. To ensure a sustainable supply of good-quality cocoa, we plan to continue increasing the amount of cocoa purchased through the Nestlé Cocoa Plan. In 2015, we purchased 121481 tonnes of cocoa – 30% of our total – through the plan, and will increase this annual figure to 130000 tonnes in 2016 (an increase to our original goal of 120000 tonnes) and to 175000 tonnes in 2018		
4	Other: Soil	We support farmers in improving quality and yields, soil and leaf analysis, wastewater	Knowledge sharing Operational	The 4C of conduct sets out 28 principles that cover environmental sustainability including	Other: Soil Conservation	

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
		management, gender and youth empowerment, improvements in traceability, as well as preparing them for compliance with 4C and Sustainable Agriculture Network standards in the case of coffee.		soil conservation: Topsoil erosion can cause productivity losses and threaten the sustainability of farmland. Nestlé has soil conservation practices in place.		
5	Low carbon energy use	We support farmers in improving quality and yields, soil and leaf analysis, wastewater management, gender and youth empowerment, improvements in traceability, as well as preparing them for compliance with 4C and Sustainable Agriculture Network standards in the case of coffee.	Knowledge sharing Operational	The 4C of conduct sets out 28 principles that cover environmental sustainability including energy: The use of non-renewable sources of energy, such as oil and gas, is increasingly expensive. It is also a leading cause of air pollution and climate change. Energy use is monitored throughout the 4C unit. A conservation strategy is designed and proactive measures, such as using more efficient devices, are put in place. Efficient energy use means immediate lower costs. It also contributes to long-term sustainability by reducing the use of off-	Emissions reductions (mitigation)	

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
				farm energy sources.		
6	Agroforestry	Agro-forestry strengthens the resilience of coffee-farming areas to the threats of climate change and environmental degradation, and addresses the landscape impacts of growing coffee. The trees interact with crops, creating more diverse, productive and profitable land use systems.	Knowledge sharing Operational	Through the Nespresso AAA Sustainable Quality™ Program, Nespresso and Rainforest Alliance have been making coffee production more sustainable and improving farm ecosystems for more than 10 years. The programme, run in collaboration with Rainforest Alliance and Pur Project, also offers farmers personalised technical assistance, free locally produced plantlets and a cash incentive for each tree planted. At the end of 2015, Nespresso was sourcing 85% of its coffee through its AAA Sustainable Quality™ Program, with more than 290000 hectares of farmland under active sustainable management. Nespresso plans to source 100% of its coffee from its AAA Sustainable Quality™ Program by 2020. It is	Increasing resilience to climate change (adaptation) Other: Avoid soil degradation	

Activity ID	Agricultural management practice	Description of agricultural management practice	Your role in the implementation of this practice	Explanation of how you encourage implementation	Climate change related benefit	Comment
				also implementing innovative welfare solutions for farmers, such as a pilot retirement savings plan in Colombia.		

FBT1.7b

Does the implementation of these agricultural management practices in your value chain have other impacts? Complete the table

Activity ID	Impact on yield	Impact on cost	Impact on soil quality	Impact on biodiversity	Impact on water	Other impact	Description of impacts	Comment
1	Not evaluated	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Not evaluated	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.	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
2	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Not evaluated	Water conversation 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	Nestlé helps farmers implementing water conservation and preservation strategies, such as better irrigation systems and efficient wet milling.

Activity ID	Impact on yield	Impact on cost	Impact on soil quality	Impact on biodiversity	Impact on water	Other impact	Description of impacts	Comment
							production and processing.	
3	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Not evaluated	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.	We also encourage the planting of nacional and other cocoa trees to reforest and improve biodiversity, and have distributed approximately 700000 nacional plants to farms since 2009.
4	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	The 4C units apply soil conservation practices to reduce erosion. 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.
5	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	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.	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.
6	Not evaluated	Not evaluated	Evaluated - beneficial impact	Evaluated - beneficial impact	Evaluated - beneficial impact	Not evaluated	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.	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 2015 to the Bokasso region in Ethiopia, the Nariño cluster in Colombia and the Fraijanes region in Guatemala. In these five regions, around 2400 farmers benefited from this programme and planted more than 600000 trees in the last two years.

FBT1.7c

Do you have any plans to engage with your suppliers on their implementation of agricultural management practices?

Yes

FBT1.7d

Please detail these plans to engage with your suppliers on their implementation of agricultural management practices

Responsible Sourcing Audit Programme: Our key vendors are requested to demonstrate compliance with Nestlé's environmental standards through independent third-party audits. If corrective actions are required, Nestlé, together with auditors, guides vendors in upgrading their practices.
Responsible Sourcing Traceability Programme: Promoting transparency in our extended supply chain back to the farm or feedstock to support our commitments on: no deforestation, responsible use of water, sustainable fisheries and animal welfare; and addressing other specific environmental aspects.
Farmer Connect: Through Farmer Connect, our direct sourcing programme, we support farmers and farming communities with technical assistance on sustainable production methods. We also promote the efficient delivery of raw materials to the factory.
Sustainable Agriculture Initiative at Nestlé: The initiative focuses on sharing best practices and lessons learned within our agricultural supply chain.

Further Information

Page: FBT2. Processing

FBT2.1

Are processing activities, whether in your direct operations or elsewhere in your value chain, relevant to your climate change disclosure?

Yes

FBT2.1a

Please explain why processing activities are not relevant to your climate change disclosure

FBT2.2

Are the processing activities that you have identified as relevant undertaken in your direct operations, elsewhere in your value chain, or both?

Direct operations

FBT2.2a

Please explain why emissions from processing activities in your direct operations are not relevant

FBT2.3

Do you account for emissions from processing activities in your direct operations as part of the global gross Scope 1 emissions figure reported in CC8.2a and/or the Scope 2 figure reported in CC8.3a of the core climate change questionnaire?

Yes

FBT2.3a

Please report these emissions from processing activities in your direct operations and identify any exclusions in the table below

Scope	Emissions from processing activities (metric tonnes CO2e)	Exclusions	Explanation	Comment
Scope 1	3704351	Some recently acquired factories	ome recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum timeframe 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.	
Scope 2	3737984	Some recently acquired factories	ome recent acquisitions have not yet implemented the reporting system to track the emissions at corporate level. While the Nestlé Environmental Requirements sets a maximum timeframe 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.	

FBT2.3b

Please explain why you do not account for emissions from processing activities in your direct operations, and describe any plans for the collection of this data in the future

FBT2.4

Do you account for emissions from processing activities in your value chain as part of the Scope 3 category "Purchased goods and services" and/or "Processing of sold products" reported in CC14.1 of the core climate change questionnaire?

Further Information

Page: FBT3. Distribution

FBT3.1

Are distribution activities, whether in your direct operations or elsewhere in your value chain, relevant to your climate change disclosure?

Yes

FBT3.1a

Please explain why distribution activities are not relevant to your climate change disclosure

FBT3.2

Are the distribution activities that you have identified as relevant undertaken in your direct operations, elsewhere in your value chain, or both?

Both direct operations and elsewhere in value chain

FBT3.2a

Please explain why emissions from distribution activities in your direct operations are not relevant

FBT3.3

Do you account for emissions from distribution activities in your direct operations as part of the global gross Scope 1 emissions figure reported in CC8.2 and/or the Scope 2 figure reported in CC8.3a of the core climate change questionnaire?

No

FBT3.3a

Please report these emissions from distribution activities in your direct operations and identify any exclusions in the table below

Scope	Emissions from distribution activities (metric tonnes CO2e)	Exclusions	Explanation	Comment

FBT3.3b

Please explain why you do not account for emissions from distribution activities in your direct operations, and describe any plans for the collection of this data in the future

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.

FBT3.4

Do you account for emissions from distribution activities in your value chain as part of the Scope 3 category "Upstream transportation and distribution" and/or "Downstream transportation and distribution" in CC14.1 of the core climate change questionnaire?

Yes

Further Information

Page: FBT4. Consumption

FBT4.1

Are emissions from the consumption of your products relevant to your climate change disclosure?

Yes

FBT4.1b

Please explain why emissions from the consumption of your products are not relevant to your climate change disclosure

FBT4.1a

Do you account for emissions from the consumption of your products as part of the Scope 3 category "Use of sold products" and/or "End of life treatment of sold products" in CC14.1 of the core climate change questionnaire?

Yes

Further Information

We invest in opportunities to help safeguard the environment throughout the product life cycle, from farm to consumer and beyond. What happens during a product's use and at the end of its life has a big influence over the environmental sustainability of a product. Take making a cup of Nescafé for example. Boiling the water for a cup of Nescafé is the most resource-intensive step in the whole value chain. If all 5500 people who prepare a cup of Nescafé every second heated only the water they need to fill the cup, they would save more energy than we use in all 28 of our Nescafé factories. We see it as our responsibility to help consumers make informed choices through credible, substantiated information and educate them about the environmental challenges associated with our products; examples include

the Maggi smartphone app to help consumers in France to reduce their leftovers, and show them how they can help to improve their environmental performance. Providing meaningful, easy-to-access information about environmental performance of our products is central to our approach.