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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 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 United Nations Global Compact's (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
Tue 01 Jan 2013 - Tue 31 Dec 2013

CC0.3

Country list configuration

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

Select country

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 sectors, companies in the oil and gas industry, companies in the information technology and telecommunications sectors and companies in the food, beverage and tobacco sectors should complete supplementary questions in addition to the main questionnaire.
If you are in these sectors (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 - 2013 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 2013 Annual Report, the year in review 2013 and the 2013 Nestlé in society: Creating Shared Value and meeting our commitments report.

Attachments

https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC0.Introduction/The Nestlé Policy on Environmental Sustainability.pdf
https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC0.Introduction/The Nestlé Corporate Business

Principles.pdf
https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC0.Introduction/2013 Nestlé Integrated Annual Report Pack.pdf

Module: Management

Page: CC1. Governance

CC1.1

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

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. José Lopez, Executive Vice President of Operations and GLOBE (Global Business Excellence). He is in particular responsible for 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. Since January 2010, Mr. Lopez is a member of the Advisory Board of the University of Cambridge's Programme for Sustainability Leadership. Since January 2011, Mr. Lopez is a member of the Supervisory Board of Cereal Partners Worldwide.

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
Board/Executive board	Monetary reward	The short term bonus payout is linked to the forward-looking commitments, including climate change leadership commitment, published in the 2013 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 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, 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 in Europe. 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	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	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	Monetary reward	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)	Recognition awards are given for outstanding energy consumption reduction projects that lead to air emission reduction, including GHG.
Energy managers	Monetary reward	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.
Energy managers	Recognition (non-monetary)	Recognition awards are given for outstanding energy consumption reduction projects that lead to air emission reduction, including GHG.
Energy managers	Other non-monetary reward	Non-monetary rewards, based on star ratings, are given to energy champions that have outperformed energy, GHG and water savings as part of the Energy Target Setting. An Energy 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.
Business unit managers	Monetary reward	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

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator
		of GHG emissions.
Facility managers	Monetary reward	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)	Recognition awards are given for outstanding energy consumption reduction projects that lead to air emission reduction, including GHG.
All employees	Recognition (non-monetary)	Recognition certificates are given to all employees who successfully undertake the new 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.

Further Information

Please see attach: - The Nestlé Corporate Business Principles - The Nestlé Policy on Environmental Sustainability - 2013 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 2013 Annual Report, the year in review 2013 and the 2013 Nestlé in society: Creating Shared Value and meeting our commitments report.

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https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC1.Governance/The Nestlé Corporate Business Principles.pdf
https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC1.Governance/2013 Nestlé Integrated Annual Report Pack.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	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 86 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 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 2013, 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 ISO 14001 certified.

In 2013, additional emissions reduction and energy reduction targets were linked to our business strategy: By 2015 – We will reduce direct GHG emissions per tonne of product by 35% since 2005, resulting in an absolute reduction of GHG emissions. By 2015 – We will reduce energy consumption per tonne of product in every product category to achieve an overall reduction of 25% since 2005. These objectives are public.

Our business strategy is linked to climate change risks and/or opportunities. Moreover, climate change may exacerbate our Planet's environmental challenges.
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 as well as and for the development of Nestlé.

ii) 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: A typical 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 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, particularly in rural communities. 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.

iii) 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

• Reissuing The Nestlé Policy on Environmental Sustainability identifying climate change mitigation and adaptation as a key focus area.

iv) 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, to help farmers renew their crops, 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.

v. 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.

vi. Most substantial business decisions during the reporting year

• 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 in Europe will use natural refrigerants.

• Physical aspects of climate change influenced the decision that all new and renovated products need to assess the GHG performance. We will expand the scope of our packaging ecodesign by moving from PIQET, a tool that optimises the environmental performance of our packaging, to a broader, more holistic approach that covers the entire value chain, called Ecodesign for Sustainable Product Development and Introduction.

CC2.2b

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

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	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

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
		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	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 tackle deforestation associated with its procurement of agricultural commodities. The strategy includes protection for high carbon soils and forests.
Other: Food Wastage avoidance	Support	In 2013, we actively participated in a number of multi-stakeholder initiatives to combat food wastage, at a global and national level: • As the chair of the Environmental Sustainability Committee of FoodDrinkEurope, we led the design of the Joint Food Wastage Declaration, 'Every Crumb Counts'; • We backed UNEP's Think.Eat.Save campaign as part of World Environment Day activities across Nestlé, encouraging employees to reduce their 'foodprint'; • We actively contributed to the Organisation for Economic Co-operation and Development's Food Chain Analysis Network, including attending the fourth annual meeting where we discussed ways to improve data and policy information, exchange analysis and best practice, and identify appropriate policy and industry responses; • We participate in the EU Fusion Project to avoid food wastage; • We helped develop the Food and Agriculture Organization toolkit 'Reducing the Food Wastage Footprint'; and • We are a member, on behalf of the CGF, of the steering committee of the World Resources Institute's Food Loss and	Nestlé is against food wastage. Food wastage is the third top emitter of GHG emissions globally. This complex issue can only be tackled through a holistic and collaborative approach. Nestlé is firmly committed to further reducing food loss and waste along the entire value chain from farm to consumers and beyond. We support several initiatives around the world that avoid food wastage.

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
		Waste Measurement Protocol. Related geographies: worldwide	
Other: Sustainable Agriculture	Support	Some examples of engagement include: Through our engagement with the World Economic Forum, an independent, international organisation, we play an active part in working with business, political, and academic thought leaders to help shape global, regional and industry agendas. We are a founding member of the Sustainable agriculture initiative SAI platform. At the World Economic Forum annual meeting in Davos, Switzerland in January 2013, Nestlé Chairman Peter Brabeck-Letmathe highlighted the global water shortage in relation to agriculture sourcing and production. Related geographies: worldwide	Nestlé supports better agricultural practices. Nestlé Chairman Peter Brabeck-Letmathe has warned that over the next two decades, the water shortfall would reduce global cereal production by a third and could trigger social unrest. He proposed collaboration and sustainable intensification of agriculture as a way to solve the world's water crisis and feed its growing population.
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. Related geographies: worldwide	Nestlé is committed to preserve natural capital, including forests. To ensure the palm oil we source is not associated with deforestation, it is essential to know where it comes from. We therefore work proactively with our suppliers to build traceability and carry out field assessments against our RSGs. RSPO certification is accepted as verification of compliance with the exception of the requirements on peatland and high carbon forest which must be independently verified. In addition, we accept traceable oil from smallholders and growers who are not yet compliant but who have an action plan and time line in place for meeting our RSGs. In 2013, we have already achieved 100% sourcing of RSPO certified sustainable palm oil, two years ahead of our public commitment. Nestlé Chief Executive Officer Paul Bulcke attended talks on climate change between some of the world's leading consumer goods companies and the United States government, with the aim of furthering their combined efforts to end deforestation.
Other: Harmonized methodology for the environmental assessment of food and drink, including GHG emissions	Support	The EU Single Market for Green Products initiative (European Commission - IP/13/310 09/04/2013) proposes to establish a harmonised methodology to measure environmental performance throughout the lifecycle, the Product Environmental Footprint and the Organisation Environmental Footprint. The EC has announced a three-year testing period to develop product- and sector-specific	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

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
		rules through a multi-stakeholder process. In 2013, we have engaged by actively participating in the development of the ENVIFOOD protocol, the harmonised methodology for the life cycle assessment of food and drinks products along their value chain. We tested the ENVIFOOD protocol for different Nestlé products including Nescafé, NaturNes, Vittel and Purina Gourmet. We presented the results in different conferences including the Society of Environmental Toxicology and Chemistry (SETAC) World Congress. In 2013, we together with European trade associations started preparing our application for the EU testing. Related geographies: Europe and beyond	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 addressing the negative 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: Climate Change adaptation	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. Nestlé Head of Group Control Juan Aranols participated in the CDP roundtable, to examine subjects such as how governments can encourage businesses to reduce carbon emissions profitably and encourage 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.

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?
Food Drink Europe	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. 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.
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	We fully support CGF position. Nestlé's CEO is a member of the Board of Directors of the CGF. We actively participate on the Sustainability Steering Committee, Deforestation Alignment Group, US Government Deforestation Initiative, Palm oil, Soy, Paper Working Groups, Refrigeration,

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?
		including sustainability. CGF 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." 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." 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)."	Sustainability -Measurements & Reporting group. We contributed to the CGF resolution to 'take action to mobilise resources within our respective businesses to begin phasing out HFC refrigerants as of 2015 and replace them with non-HFC refrigerants where these are legally allowed and available for new purchases of point-of-sale units and large refrigeration installations'. We also support the commitment on no deforestation and the CGF objective on measurement. Nestlé is also actively participating in the ongoing debate on environmental information to consumer. We contributed to the development of the consumer communication glossary defining terms used in environmental sustainability by the Consumer Goods Forum.
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	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. José Lopez, the Executive Vice President of Operations, now represents Nestlé in the WBCSD Council. As a first major action following renewed membership, we became the first signatory to the WBCSD's Manifesto for Access to Safe Water, Sanitation and Hygiene at the Workplace.

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?
		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 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. This should 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.	
European Food Sustainable Consumption and Production Round Table	Consistent	The European Food Sustainable Consumption and Production Round Table (RT) 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	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.

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?
		communication tools to consumers and other stakeholders, looking at all channels and means of communication; •Promotion of and reporting on continuous environmental improvement along the entire food supply chain and engaging in an open dialogue with its stakeholders. We actively participate in the consultations and steering meetings.	
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
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).

CC2.3d

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

No

CC2.3e

Do you fund any research organizations to produce or disseminate public work on climate change?

Yes

CC2.3f

Please describe the work and how it aligns with your own strategy on climate change

The Nestlé in Society Board Alignment board, chaired by our CEO, oversees the strategic implementation of climate change adaptation and air emissions reduction objectives and strategies. Specifically, the Board works to ensure alignment and coherence of all activities and work streams related to Nestlé's positioning in society; assess and draw appropriate conclusions from societal developments affecting Nestlé.

One example, of pubic work release in 2013:
Title of the work: Coffee irrigation in Vietnam The three-year study, which began in 2010, was developed with the aim of measuring consumptive use of water at the farm level, developing best practices and disseminating recommendations to improve water use in. In particular, areas of water scarcity and where climate change may exacerbate environmental challenges. It was based on climatic data and interviews with over 300 coffee farmers. Through different scenarios of combinations between groundwater and rainfall used for irrigation, the study developed recommendations resulting in more than 50% water savings versus conventional practices.
Topic: Climate change and water scarcity in areas where we source key agricultural raw materials. Coffee is the second largest export-earning crop in Vietnam, supporting the livelihoods of 2 million people. Irrigation of coffee plants is necessary to maintain a high yield, but it may decline in the future due to water scarcity and climate change.
Output: The results confirmed better irrigation scheduling and that agronomic practices can reduce the country's coffee water footprint; significant over-irrigation by farmers had accounted for 50% of the water loss identified. Policy recommendations were provided to bring the research into practice.
In closing remarks, government representatives recognised the importance of the study's findings and called for immediate action to formalise approval and introduce its recommendations through mass media and farmer training. The Ministry of Agriculture and Rural Development recently revised the official irrigation supply standards.
Organisations: After completing the study of the water footprint of coffee, the Western Highlands Agriculture and Forestry Science Institute, the International Water Management Institute and Embden, Drishaus and Epping Consulting presented research findings at a conference in Dak Lak Province, financed by Nestlé and the Swiss Agency for Development and Cooperation.
Over 80 participants attended from five major coffee-producing provinces, including representatives of the Ministry of Agriculture and Rural Development, the Department of Crop Production and the National Agricultural Extension Center.
How the results align with our strategy: The results support out strategy on climate change and water. Nestlé is leading in promoting sustainable irrigation in Vietnam and we are currently recommending best practices within our Farmer Connect network which even go beyond those presented in the Buon Ma Thuot Workshop. By 2016, we aim to raise awareness in 100% of our Farmer Connect network on improved irrigation management, to change long-held views that more water will yield

higher productivity and income.
How it aligns with Nestlé strategy on climate change: Climate change adaptation and water conservation is a key focus areas stated in The Nestlé Policy on Environmental Sustainability.

Other examples:
We support the Cambridge Programme for Sustainability Leadership and its Natural Capital Leaders Platform, which brings together leading thinkers and practitioners in the search for pragmatic and practical solutions. The Cambridge Programme for Sustainability Leadership published its Natural Capital Leadership Compact. We are a signatory to this and we have been active in publicising it, speaking at events at the Rio Sustainability Conference and explaining our approach.
As part of our commitment on Natural Capital, we are collaborating with other companies on the valuation of externalities.
The Natural Capital Leaders Platform convenes companies with significant environmental impacts and dependencies who are taking action to review, value, redesign strategies, set targets and report on natural capital use. The goal of the companies is to reflect the external costs incurred in product lifecycles onto their balance sheets and to communicate these to society.
Under the leadership of Nestlé Chairman Peter Brabeck-Letmathe, the Water Resources Group seeks new insights into water scarcity, explores the opportunities and costs of possible solutions, and fosters results-based stakeholder dialogue. It has established and successfully tested a new methodology, the water cost curve, which guides policymakers in making the best possible choices to balance demand and supply in any given watershed. What started essentially as a private sector initiative is now being adopted by a growing number of regional bodies, with a multi-stakeholder approach as one of its key features.

CC2.3g

Please provide details of the other engagement activities that you undertake

Engagement on climate change mitigation and adaptation activities undertaken with The Forest Trust
i) description of the method of engagement: We entered into a partnership with The Forest Trust (TFT), a global non-profit organisation whose main focus has been to provide solutions to the issue of deforestation.
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 work together to ensure the responsible sourcing of palm oil and pulp and paper. We are the first global consumer goods company to become a TFT member.
iv) actions advocated as part of engagement: By 2013, 100% of our palm oil was Roundtable on Sustainable Palm oil certified.

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.
iv) actions advocated as part of engagement: We're working together to develop and implement Responsible Sourcing Guidelines on sugar.

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 2013, we continued as members of these roundtable platforms to support an alignment of industry, NGOs and other stakeholders, and set a common performance standard.

CC2.3h

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 11 members. They are appointed for three years, and meet annually. In addition to advising the Chairman and CEO on our CSV agenda, the Board members also participate in our annual CSV Global Forum and select the winner of 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.

CC2.3i

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 - 2013 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 2013 Annual Report, the year in review 2013 and the 2013 Nestlé in society: Creating Shared Value and meeting our commitments 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/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC2.Strategy/The Nestlé Corporate Business Principles.pdf
https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC2.Strategy/The Nestlé Policy on Environmental Sustainability.pdf
https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC2.Strategy/Risk Matrix.pdf
https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC2.Strategy/2013 Nestlé Integrated Annual Report Pack.pdf
https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC2.Strategy/Nestlé Commitment on Climate

Change.pdf

Page: CC3. Targets and Initiatives

CC3.1

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

Absolute and intensity targets

CC3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
Abs1	Scope 1+2	100%	0%	2012	7097399	2013	Nestlé established a specific absolute target on direct and indirect GHGs of not increasing emissions, that is, our target was to cap 2013 emissions at the baseline level (2012 emissions)

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	Target year	Comment
Int1	Scope 1	100%	35%	metric tonnes CO2e per metric tonne of product	2005	118.4	2015	Nestlé established a specific target on GHGs reduction: Continue decoupling of energy generation and CO2 emissions, i.e. greenhouse gas emissions reductions of 35% on a comparable basis by 2015. The GHG emissions in 2005 were 4'305'111 tonne CO2e, that is, 118.4 tonne CO2e per tonne of product.

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	5			The average yearly percentage change of our production volume from 2005 corresponds to 4.5%. If we assume that this average percentage change remains constant until 2015, the production volume in 2015 will correspond to 53.3 million tonnes. Moreover, if the target "Int1" is achieved (76.96 kg of direct CO2e per tonne of product emitted in 2015) and our assumption regarding the production volume in 2015 is correct, the absolute direct GHG emissions in 2015 will correspond to 4.1 million tonnes of CO2e. Knowing that the direct GHG emissions in 2005 were 4.3 million tonnes of CO2e, this yields to a 5% decrease in the absolute direct GHG emission in 2015 vs. 2005.

CC3.1d

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

ID	% complete (time)	% complete (emissions)	Comment
Abs1	100%	100%	Our emissions declined by 2.2% from 2012 to 2013 on a comparable basis (i.e. excluding acquisitions/divestments), therefore we have exceeded our target of not increasing these emissions.
Int1	80%	100%	We met our objective to reduce direct GHG emissions two years ahead of schedule, with a 35.4% decrease in direct GHG emissions per tonne of product since 2005, resulting in an absolute reduction of 7.4%.

CC3.1e

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

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

Yes

CC3.2a

Please provide details of how the use of your goods and/or services directly enable GHG emissions to be avoided by a third party

Efficient coffee machines
i) 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 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 thrid party.
ii) An estimate of the amount of emissions
The estimation of the amount of emissions 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.
iii) The methodology, assumptions, emission factors and global warming potentials
In 2013, we 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.
iv) CERs or ERUs
We don't consider generating CERs or ERUs within the framework of CDM or JI (UNFCCC)
Processed food vs equivalent homemade food & Packaging source optimisation programme
i) Our food and beverages directly saves GHG emissions when compared with equivalent homemade food. For example, the preparation and consumption 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.
ii) An estimate of the amount of emissions
Per year with a 2012 baseline, an estimate of 2808675 tonne of CO2e were avoided in 2013 by drinking Nescafé instead of drip filter coffee.
Per year with a 2008 baseline, an estimate of 490 000 tonnes of CO2e were avoided in the last 5 years by our packaging source optimisation programme.
iii)The methodology, assumptions, emission factors and global warming potentials
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 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.
For packaging source optimisation programme, 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.
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)”
iv) CERs or ERUs
In this case, we don't consider generating CERs or ERUs within the framework of CDM or JI (UNFCCC). However, the environmental savings contribute towards a better environment.

CC3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and 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	606	229000
To be implemented*	107	68000
Implementation commenced*	0	0
Implemented*	90	35000
Not to be implemented	18	37000

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)	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, years	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 energy/water saving opportunities • Establishing an action plan together with the factory and Market with clear accountabilities and timing. As an integral part of Nestlé Continuous Excellence, we use i-nexus, a project-management system, to report any type of improvement projects, including energy savings. ETS aims at issuing a roadmap of energy improvement projects covering building, industrial services and	35000	9500000	39000000	4-10 years	10	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	processes. Examples of energy-, water- and CO2eq-saving projects implemented in 2013 include: The installation of a new evaporator at the Nescafé factory in Mainz, Germany, Which is expected to save 19 million kWh, 70000m3 of water and more than 3800 tonnes of CO2 annually; and replacing a gas boiler with a wood-fired boiler at our Mousline mashed potato factory in Rosières, France, which provides approximately 94% of the plant's fuel needs and will reduce CO2 emissions by 23000 tonnes a year. ii) This activity aims to reduce scope 1 and 2 emissions iii) Voluntary/mandatory: This is a voluntary measure.						
Transportation: fleet	i) Nature of the activity: Using telematics systems to monitor driving behaviours Telematics systems – similar to the black boxes in airplanes – remotely collect data on how vehicles are being driven as well as their engine performance. Tests ins several markets showed that telematics encourages safer driving behaviours and improves environmental performance. After these successful tests, Nestlé USA private fleet and Nestlé US Direct	5000	2280000	3000000	1-3 years	10	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	Store Delivery started in 2013 to roll out the implementation of telematics across their complete fleet of more than 3000 trucks and delivery vehicles. Based on pilot results, reduction in idle time could save as much as CHF 2'000'000 in fuel costs and approximately 5'000 tonnes of CO2 emissions. The engine diagnostics information could lead to CHF 280'000 in yearly maintenance savings. ii) This activity aims to reduce scope 1 emissions. iii) Voluntary/mandatory: This is a voluntary measure.						
Transportation: fleet	Optimising distribution 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 2013, we redesigned more than 10 distribution networks globally. Largest projects implemented are: • In Germany, we redesigned how we transport small orders through a central warehouse then via regional hubs, cutting CO2 emissions by around 830 tonnes. • In	2330	3500000	10000000	1-3 years	10	A distribution network redesign requires complex investments in different areas. Based on the expected savings in transport, an estimate for the transport related investments is taken.

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	the Philippines, a new central hub for raw and packaging materials has improved availability for our factories and helped avoid empty trucks on return journeys, cutting CO2 emissions by more than 300 tonnes. • In Brazil, we moved our central milk distribution centre to our factory site, avoiding unnecessary transport and reducing CO2 emissions by more than 1200 tonnes. ii) This activity aims to reduce scope 1 and 3 emissions. iii) Voluntary/mandatory: This is a voluntary measure.						
Transportation: fleet	i) Nature of the activity: Promoting long distance transportation in Europe by rail and short-sea: 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. In our European Nespresso operations, this shift has reduced the transport related CO2-emissions by 13% or around 700 tonnes of CO2. This switch to rail transport is normally cost-neutral but implies longer lead-times. Despite these achievements, much of our short-to-medium distance transportation continues to be by road. To mitigate its effects, projects	700	0	0	4-10 years	10	Shift from road to rail is in average cost neutral but implies longer leadtimes

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	we implemented are: optimising truck efficiency (with new engines, aerodynamic devices and eco-driving training); increasing the load factor to optimise transport capacity; 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). ii) This activity aims to reduce scope 3 emissions iii) Voluntary/mandatory: This is a voluntary measure. Investments are done by third party, so Investment and payback period are not available but we estimated between 4-10 years.						
Low carbon energy purchase	i) 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 2013, 22 Nescafé factories are using coffee grounds from manufacturing process as a source of renewable energy. In	8000		5300000	4-10 years	20	French boilers benefitted from state subsidies

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	2013, 16 Nestlé factories used wood as a source of renewable energy. Spent coffee grounds represent 3.8% of total on-site energy consumption, wood represents 4%, and an estimated 5.5% can be attributed to the purchase of electrical energy generated from other renewable sources. For example, Nestlé France's Challerange factory, which produces milk powder for Dolce Gusto capsules, now operates a wood-fired boiler using woodchips sourced from forests certified by the Programme for the Endorsement of Forest Certification meeting 96% of the plant's fuel needs. This initiative generates approximately 8,000 tonnes CO2 savings per year and helps us to minimise the impact of energy price increases. Two other wood-fired boilers came on at our Rosières (mashed potatoes) and Herta St Pol (sausages and hams) factories in 2013. These three wood boilers make CO2 estimated savings of 25% for Nestlé France. ii) This activity aims to reduce scope 1&2 emissions iii) Voluntary/mandatory: This is a voluntary measure.						
Fugitive	i) Nature of the activity: Phasing out			9000000	4-10	20	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
emissions reductions	the use of non-natural refrigerant with natural refrigerant: As part of our internal policy on voluntary basis, we are phasing out the use of non-natural refrigerant with natural refrigerant. So we are replacing our refrigeration plants with NH3 and CO2 refrigerant systems. ii) This activity aims to reduce scope 1 emissions iii) Voluntary/mandatory: This is a voluntary measure.				years		
Energy efficiency: Building fabric	i)Nature of the activity: We voluntary recommend applying an integrated approach similar to LEED in all new construction. This will cover not only the insulation of the building but all the environmental criteria, like materials, transportation, etc. ii) This activity aims to reduce scope 1, 2 and 3 emissions. iii) Voluntary/mandatory: This is a voluntary measure.				4-10 years	50+	Our new GBP 35 million Nestlé Waters factory in Buxton, UK, is one of Europe's most innovative and efficient bottling facilities. Rated 'Excellent' by BREEAM, the world's leading design and assessment method for more sustainable buildings, the production lines have enabled our water business to significantly lower its energy use and to cut packaging by an average 25% across the Buxton and Pure Life ranges. At the official opening, Lord de Mauley, a UK Environment Minister, said: "This investment will ensure

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
							Buxton remains the home of Nestlé Waters' bottling facilities long into the future, which is good news for the local community, the economy and the environment."
Behavioral change	i)Nature of the activity: As part of The Nestlé Policy on Environmental Sustainability, we educate all employees to live by the Nestlé corporate business principle on environmental sustainability We make Nestlé resourceful and therefore, we: • train all employees on The Nestlé Policy on Environmental Sustainability; • create conducive workplace conditions that help all employees take personal responsibility for protecting the environment by promoting application of this policy to day-to-day activities at the workplace as well as at home; • ensure environmental sustainability is covered as part of relevant training, workshops and meetings to raise commitment of our employees, suppliers, business partners and the community at large; • promote corporate and personal responsible behaviour towards the environment					10+	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	through publishing success stories and recognizing positive initiatives to embed these practices within Nestlé and the local community. Incentive video and tips are available for each employee at the HQ via our intranet and the screens displayed in the building; they show way to save energy and reduce greenhouse gas (GHG) emissions by example relying on natural light - simply by opening the curtains or blinds, limiting the business travels through use of teleconference and videoconference or using public transport, bicycle, or walk and drive only when necessary. In 2013, environmental awareness training and education for our employees were held in 79 countries. ii)This activity aims to reduce scope 1, 2 and 3 emissions. iii)Voluntary/mandatory: This is a voluntary measure.						
Behavioral change	i) Nature of the activity: Employee training and engagement: We give employees detailed guidelines and instructions relating to The Nestlé Policy on Environmental Sustainability, via the Company intranet. We also regularly communicate progress, performance					10+	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	and good practice through this and other channels, including face-to-face meetings. Engagement through e-learning: Employees receive training on the relevant procedures as part of their induction and on-the-job coaching. To make this training engaging for non-specialists, we have developed a special e-learning training tool on Environmental sustainability at Nestlé. This has now been deployed to more than 2,500 employees worldwide. In addition, our 'Environmental Sustainability at the Centre' initiative aims to build awareness and promote positive change at our headquarters. Engagement at Nespresso: MyEcolaboration™, is an employee engagement initiative launched by Nespresso to encourage innovation, collaboration and commitment to our sustainability initiative, Ecolaboration™. So far, the programme has reached more than 1,000 employees and has generated 407 ideas. In 2013, we launched the Nestlé Environmental Sustainability Leadership workshop to drive behavioural change in different business units. In 2013, we held three zones Safety, Health and						

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	Environmental Sustainability conference. Environmental Managers from 70 different countries participated. In 2013, we launched a video of ideas around mobility, food waste avoidance, recycling, business travel and energy-saving measures at the global headquarters, which has been replicated in some countries. We also organized awareness campaign on environmental sustainability and many lunch-time conferences with external guest speakers open to all employees. We continue to provide employee training and engagement sessions.. ii) This activity aims to reduce scope 1 & 3 emissions. iii) Voluntary/mandatory: This is a voluntary measure. We are committed to environmental awareness training to employees. We will continue to promote different training to employees worldwide.						
Product design	i) Nature of the activity: Systematically assessing the environmental performance of our products including GHG emissions: Our Nestlé Product Development Process requires the monitoring of the evaluation of environmental performance of all new innovation and renovation projects					10+ We are committed to the systematic assessment and optimisation of environmental impacts in the design of new and	We have implemented a mandatory environmental rating system for all new product and process developments. This uses a five-point scale to evaluate potential impacts, both adverse and beneficial. It is

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	through the Nestlé Environmental Sustainability Index – which incorporated carbon footprint. To optimise the environmental performance of our packaging, we continue to use the Packaging Impact Quick Evaluation (PIQET) tool for the eco-design of our packaging and the Global Environmental Footprint (GEF) tool for bottled water. To make the life cycle assessment process faster, more efficient and applicable to every product development project, we have started the roll out of an eco-design tool called EcodEX, a multi-criteria eco-design tool that covers both packaging and ingredients and can be applied to all product categories. Designed in partnership with software developer Selerant, EcodEX assesses different scenarios across a range of environmental indicators such as water, greenhouse gas emissions, non-renewable energy and minerals and ecosystem impact. It also help us understand the trade-offs associated with our environmentally informed choices. It will help us make environmentally informed choices on everything from ingredients to packaging to end-of-life options by systematically embedding					renovated products	designed to inform decisions at the earliest stage, before a project goes into development

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	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, years	Comment
	environmental considerations into the way we make our products. In 2013, we rolled out EcodEX in all Product Technology Centres, We will continue roll-out of EcodEX out in 2014. ii) This activity aims to reduce scope 1, 2, 3 emissions iii) Voluntary/mandatory: This is a voluntary measure. In 2014 we will continue to further roll out EcodEX.						

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. In 2013, we approved to invest CHF 87 million in environmental sustainability projects including the reduction on GHG emissions.
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.

Method	Comment
Internal incentives/recognition programs	Monetary reward and incentives are linked to attainment of energy savings, thus of GHG reduction targets.
Employee engagement	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. The Chief Engineer defines the energy saving objectives for the factories and supports the factories in energy savings matters. 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.
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.

CC3.3d

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

Further Information

Please see attached: - Consolidated Nestlé Performance Indicators (CNEPI) - Definition and Comments on Consolidated Nestlé Performance Indicators

Attachments

https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC3.TargetsandInitiatives/CNEPI 2013 FINAL online version.xls
https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC3.TargetsandInitiatives/Definition and Comments on 2013 CNEPI FINAL.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	Page/Section reference	Attach the document
In mainstream financial reports (complete)	We have attached our 2013 integrated annual report pack. This is the annual reporting pack and provides 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 2013 Annual Report, the year in review 2013 and the 2013 Nestlé in society: Creating Shared Value and meeting our commitments report. In section 'annual report', you can find information on our emissions (pdf page 4), our CC risks and opportunities (pdf page 71-72) and our environmental provisions (pdf page 121). In section 'the year in review' you can find information about our GHG emissions (pdf page 255), the fact that we came first in the Dow Jones Sustainability index and the CDP Climate Performance Index (pdf page 255), and were ranked number one in the Oxfam behind the Brands scorecard (pdf page 255). In section '2013 Nestlé in society: Creating Shared Value and meeting our commitments', you can find information on our emissions (pdf page 210; 230-231, 248), on our materiality matrix (pdf page 239) and on targets (pdf page 229-232). It also highlights some examples on the use of renewable energy in	https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/CC4.1/2013 Nestlé Integrated Annual Report Pack.pdf

Publication	Page/Section reference	Attach the document
	Mexico, Chile and USA (pdf page 231) and climate change adaptation and biodiversity conservation practices in the Philippines and Kenya (pdf page 225).	
In voluntary communications (complete)	See the followings section in the online 2013 Nestlé in Society full report GRIA+. *Climate change section (pdf page 264-270). Nestlé presents key environmental data, including direct and indirect GHG emissions performance. *Manufacturing section (pdf page 231-235) with details on initiatives taken to improve energy efficiency (energy savings initiatives) and investment in refrigeration system.*Targets section (pdf page 13)*Materiality section (pdf page 15-16)*Indicators (pdf page 18)	https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/CC4.1/Nestlé in society-Creating Shared Value and meeting our commitments 2013-full report.pdf
In voluntary communications (complete)	We have attached a pdf containing a print screen of our website dated 11.04.2014 www.nestle.com covering our commitment on climate change, 2013 actions ("What we're doing"), GHG emissions scope 1, 2 and 3 and planned actions for the future. Full document attached is on climate change. Link to website: http://www.nestle.com/csv/environmental-sustainability/climate-change	https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/CC4.1/Climate change section in Nestlé.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/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/CC4.1/Nestlé Commitment on Climate Change.pdf
In voluntary communications (complete)	We have published a leaflet summarizing our commitments and how we are meeting them. This document is given to interested stakeholders in ad-hoc events.	https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/CC4.1/Nestlé in society-Creating Shared Value and meeting our commitments 2013-leaflet.pdf

Further Information

In our 2013 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 2013 Annual Report, the year in review 2013 and the 2013 Nestlé in society: Creating Shared Value and meeting our commitments report. More specifically, it covers Corporate Governance and Compliance, The Nestlé Roadmap to Good Food, Good Life, and Financial review, 2013 performance summary including environmental, social indicators, a section on environmental sustainability, rural development, water and nutrition. 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, waste are covered in all sub elements of the 2013 integrated annual report pack, including the company's 2013 Annual Report, the year in review 2013 and the 2013 Nestlé in society: Creating Shared Value and meeting our commitments report. 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) 3.1

guidelines. The GRI has verified our report as meeting level A+. 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 2013, Nestlé has added 5 new commitments in environmental sustainability and water to the already existing 30 defined in 2012. This set of forward-looking commitments to society and on environment sustainability it aims to meet by 2016 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: 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 2015 (vs 2005) resulting in absolute reduction • Zero Waste: achieve zero waste for disposal in 10% of our factories by 2015 (2013: 12%, overachieved) • Water withdrawal: -40% per ton of product in every product category by 2015 (vs 2005) • Water stewardship: define water stewardship initiatives and start implementation in five high-priority locations by 2016 • Preserve natural capital, including forests: 30% of the volume of our 12 key commodities volume assessed and compliant with Responsible Sourcing Guidelines. Note: Please note that pdf pages given are refered to the page in the pdf rather than the page number in the botton-right corner.

Attachments

https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC4.Communication/2013 Nestlé Integrated Annual Report Pack.pdf

Module: Risks and Opportunities

Page: CC5. Climate Change Risks

CC5.1

Have you identified any 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 risks 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
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 will receive 80% of its allowances free of charge in 2013 but this will decrease annually to 30% in 2020. Nestlé has 19 factories participating in EU ETS, with a net positive emissions balance at the beginning of Phase III. However, Nestlé will most probably	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 10 CHF/t in 2020, financial implication of the EU-ETS is estimated at CHF 6 - 7m 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 last year due to CO2t price decrease. The financial implication scale is minor to the company.	We implemented projects to reduce GHG emissions by: i)improving energy efficiency; ii)switching to cleaner fuels and investing in renewable sources; iii)With the help of our Energy Target Setting Programme, our plants use efficient technologies and apply best practices to optimise energy consumption; utilise sustainably-managed renewable energy sources, where economically viable; recover energy from by-products; and control and aim to eliminate emissions, including greenhouse gases. Examples: In UK, we are using our Fawdon factory as	The cost of emission reduction activities worldwide accounted for CHF 89 million which include the investment of about CHF 61 million in energy savings of about 2 million GJ and the reduction of approximately 229,000 tonnes of CO2e.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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. Increased operational costs in factories participating in the scheme are thus expected. Some other countries have implemented similar Cap and Trade mechanism, like Japan, or Tax schemes like Australia, and some are considering it or are on the point to launch it, like the USA and China. Nestlé has							a pilot to test energy efficient techniques which we hope to scale up and use in other factories and over the next two years the aim is to reduce GHG emissions by 50%. In Germany, measures already implemented to reduce the CO2e include the installation of high pressure ammonia heat pump for heating of office building (500 t CO2e/year); low temperature heat supply (6900t CO2e/year). In 2013, improvements in Rosières and Saint Pol, resulted of 15k and 7kt Coe savings. We use wood fired boilers ins several countries such as Brazil, Italy Chile and China which help us to reduce	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	factories in 86 different countries, so such developments could pose a risk to Nestlé. Moreover the EU aims to link up the ETS with compatible systems around the world to form an expanded international carbon market. Cap and trades schemes could lead to an increase of the whole production costs for Nestlé.							CO2 emissions in 2013 by 245061 tonnes of CO2e. 2) These actions will reduce the magnitude of CO2 credit costs impact by CHF 3 – 3.6 Million over 1-5 years' timeframe.	
Product labeling 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	Increased operational cost	>6 years	Direct	Very likely	High	Assuming that an ISO compliant LCA assessment with a third party reviewed costs CHF 25000 on average , and we communicate environmental information of 10000 products, we estimate that the potential financial	1) The methods to manage the risks include: i) To conduct products GHG assessment faster, more efficient and applicable to every product development project, we have started the roll out of an eco-design tool called	The costs associated with these actions were in 2013 around CHF 1960K including CHF 450k for the co-development of ecodesign tools, CHF 550 for roll out of EcodEx, CHF 700k for RISE implementation,

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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 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						implications of the risk amounts to around CHF 250 million in the 5-10 years' timeframe. This is based on an increase in cost. The financial implication scale is minor to the company.	EcodEX, a multi-criteria eco-design tool that covers both packaging and ingredients and can be applied to all product categories. In 2013, we rolled out EcodEx in 11 product technology centres. ii) We have implemented RISE (Response-Inducing Sustainability Evaluation) to assess the sustainability of agricultural production in 18 countries. iii) Globally, in 2013 we completed more than 5200 eco-design analyses. iv)We advocate for international standards for assessment, databases and voluntary communication. In 2013, we actively participated in the	CHF 110k for costs of the licences of tools to assess the environmental performance of packaging, CHF 150k for the participation of ENVIFOOD experimentation

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	or if they have to comply with different labelling and verification requirements for different countries and retailers. In France, a company would need to carry out an environmental assessment in line with the French method (BP X30-323); in the UK, it would need to apply the PAS 2050 or the WRI GHG Protocol; in Switzerland, it would need to apply the Swiss approach (currently under development); in Italy, it would need to join the governmentally recognised carbon footprint scheme, and carry out yet another analysis. Governments such as France are assessing the introduction of an							development of international recognised, scientific ISO 14046 on Water footprint. iv) We co-chair with the European Commission the European Food Sustainable Consumption Production Round Table and actively participate in the development and testing of the ENVIFOOD protocol, scientifically reliable and harmonised environmental assessment methodologies for food and drinks products. V) We have in place Early warning systems to scan potential risks. 2)These actions could reduce the magnitude of the impact of the risk in CHF 200 million	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	obligation for producers to provide environmental data and information on specific aspects of the product. Greece, Thailand, China are considering to promote voluntary schemes and related tools emphasizing credible, substantiated environmental information. Nestlé has more than 10000 different products. New mandatory regulation on product environmental declaration can lead to increased costs. Providing consumers with accurate environmental information based on scientific evidence of a significant number							over 5-10 years' timeframe.	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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 5200 product eco-design assessments were conducted.								
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. However, ethanol and biodiesel industries compete with the	Other: Increased competition of scarce resources	1 to 3 years	Direct	Likely	Medium-high	The financial impact is estimated to be 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 cost of corn due to the US ethanol program, followed by	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 impact food and water security. Biofuels also might lead to increase in	The costs are estimated at CHF 61 million in 2013 .This considers the investments required of the Energy Target Setting in our factories conducted in 2013.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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 500 and 5,000 litres of water. This will, in the long term, cause a boost in the use of						correlated raw material costs to corn and biofuel program impact on the price of tallow.	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 example, he stated this in the TV talk Bilanz Standpunkte,	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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 biofuel production has had a massive impact on the increasingly fragile water-for-food equation and on							which aired in June 2013. 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 36 energy-saving projects in 2013. These projects have resulted in annual energy savings of about 2 million GJ and a reduction of approximately 229,000 tonnes of CO2e. 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
	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 risks that are driven by change in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
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	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 18 billion, assuming that	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	The cost of the loss prevention programme and specialist engineers visiting the sites amounts to CH 1.5 million in 2013. These costs include the sites

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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 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						151 properties identified under flood hazards are completely damaged and business is disrupted. The financial implication scale is significant. The higher potential implications are in Thailand and Philippines with potential losses of CHF 327 and 358m respectively. The estimated average damage per factory is CHF 125m leading to increased costs and decrease in revenue.	disruptions. 1) Management methods used i) The Nestlé Global Property Loss Prevention Programme provides a consistent view of our exposure to property risks around the world to floods, enabling us to make informed decisions about the future standards of prevention and protection throughout Nestlé sites. ii)Risk engineers experts inspect on a regular basis Nestlé sites and provide recommendations to improving standards of prevention to flooding. In 2013, 260 sites were assessed. iii) Flood emergency plans are in place in Nestlé sites exposed to flooding from any source. 2) These actions will	visits and recommendations by specialists and exclude the cost of measures implementation.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	may induce changes in natural resources and increase the occurrence and frequency of floods which can then affect our direct operations. We have identified 151 Nestlé factories located in areas of potential flood hazard. Flood related losses have significantly increased over the past years. While the origin of the floods and the meteorological conditions that lead to flooding usually cannot be prevented, the effects of flooding and the extent of damage it can cause can be controlled or reduced. Flood exposures can be present almost anywhere. Whether a facility is located in a mountain valley, in a basin,							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
	along a lake, river, channel, ditch or adjacent to the sea, the potential of flooding needs to be considered. Flood sources can include heavy rain, melting snow, tropical cyclones (typhoons or hurricanes), and obstructed waterways due to water-borne debris or ice. These sources can lead to flash flooding, surface water overflow, riverine flooding, seiche (water level changes in lakes), tidal flooding, coastal storm surge, and tsunamis. This can lead to property damage and/or business interruption increasing the operational cost. For example, floods in the Philippines in 2013 brought by Southwest								

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Monsoon Rains and Tropical Storm “Maring” caused widespread flooding due to massive water build up and overflow of water courser during the rainstorms. One of Nestlé’s warehouses suffered from flooding. The flood water was contaminated with mud and debris; it started to rise in the morning and only subsided after eight hours. The water damaged raw materials, packaging and finished goods to a total value of approximately CHF20000.								
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	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	By securing the long term supply of raw materials abundance triggered by climate change, we will be able to continue delighting consumers with our	The cost associated with these actions is estimated at CHF 600 million until 2020 which include The Nestlé Cocoa Plan and The Nescafé Plan

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	agricultural commodities. As Nestlé relies on raw material (coffee, sugar, cocoa, cereals etc.), this change will lead to the increased operational cost or even disrupt the business operations along the entire value chain of Nestlé. For example, the Western Cape region in South Africa has experienced severe droughts over the past few years. This led to the fact that important local water reservoirs such as the Wolvedans dam in Mossel Bay recorded water levels as low as 10% at the height of the drought. This had a direct impact on Nestlé's operations in South Africa as less water at a higher price was available to						change are estimating at CHF 148 million in increase in 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 Framework and can be considered of minor scale.	products globally. 1)The methods taken to manage the risk: i) Nestlé has developed an exposure related database where floods and other natural hazards exposures and actions plans are documented and continuously updated. ii) Our methods include purchasing our main raw materials directly from 686 000 small-scale suppliers in 2013. iii) The NESCAFÉ Plan provides support to farmers regarding climate change. We encourage farmers to implement climate change adaptation and mitigation and promote farms' resilience to climate change. iv) As part of the Nestlé Cocoa Plan, we are putting our plant science expertise	investment in key rural development initiatives. In 2013, the cost associated with these measures amounted to CHF 33 million.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Nestlé. The Nestlé Mossel Bay factory reduced its water consumption by more than 50% during this period, through re-using the water recovered from the milk evaporation process. 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.							to work; in 2013 distributed 1million higher-yielding, disease resistant cocoa plantlets. v)We have policies, processes and controls in place to mitigate such risks. Business continuity plans are in place. E.g. In Central America we have elaborated a list of substitution materials if the stock cover is affected. In Australia, we established alternative sourcing plan for coffee sourcing. 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	Our long-term success depends on the water	Inability to do business	>6 years	Direct	Likely	Medium-high	We have estimated that the potential	At Nestlé we take a comprehensive approach to assess	In 2013, the cost associated with these actions is

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
drivers	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 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						direct financial implication include the loss of investment of factory ranging between CHF 50 to 150 million negatively impacting our revenue due to potential disruptions. The financial implication scale is minor to the company.	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' e.g. we have played a leading role such as in the 2030 Water Resource Group. ii) In 2013, 171 water-saving projects were run in our factories saving 3.6 million m3 and nine Water Resources Review programmes were conducted at Nestlé sites. iii) In 2013, we continued to implement the	estimated at CHF 45 million. This includes CHF 35 million for the new cutting-edge water factory and CHF 10 million for water-saving and cleaning programmes.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	was identified as a main risk in the WEF 2014 Global risk report. A significant decline in the quality and quantity of fresh water combines with increased competition among resource-intensive systems, such as food and energy production poses risk to business. Water shortages will impede supply of agricultural raw materials, disrupt manufacturing sites and unable consumers to prepare and enjoy products. Changing weather patterns such as temperature increases and limited rainfall could generate more drought incidences and pose some challenges to existing agricultural production systems. Coffee production could be affected							Responsible Sourcing Guidelines for 12 of our key commodities and extension of our Water Guidelines for Suppliers of Agricultural Raw Materials. We implemented a further 10 projects associated with water in 2013 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
	as the coffee tree requires very reliable rainfall patterns for its growth and development which is a risk to Nestlé's successful coffee business. In addition coffee trees might, in the future, face additional challenges in some areas due to climate change, for example heat stress, pest pressure and water availability. For example, Nestlé buys 20% of Vietnam's total national Robusta production and support around 12 000 local farmers through our Farmer Connect programme. Irrigation of coffee plants is necessary to maintain a high yield, but it may decline in the future due to water scarcity. A study								

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	financed by Nestlé and the Swiss Agency for Development and Cooperation confirmed that better irrigation scheduling and agronomic practices can reduce Irrigation volumes to be 30% of current conventional. Government representatives recognised the importance of the study's findings and called for immediate action to formalise approval and introduce its recommendations through mass media and farmer training.								

CC5.1c

Please describe your 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 mitigation, deforestation and climate change adaptation 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. We have worked with SustainAbility, an independent think tank and strategic advisory firm, to identify and prioritise the issues deemed most important to our company and its stakeholders. In 2013, we developed our methodology to	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 21 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) Nestlé's methods to manage include: i) to proactively engage and partner with stakeholders including regulators, scientists, customers, business partners, civil society organisations and the community, in order to define, implement and evaluate solutions to the complex climate change challenges we face. ii) To disclose in our website, integrated annual report pack and on-line Nestlé in Society reports, our activities to mitigation and adaptation. E.g. In 2013, our on-line Nestlé in Society reports was granted a	The costs associated with these actions are estimated in CHF 745k in 2013. 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 improvements projects reported.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated Financial Implications	Management method	Cost of management
	determine our material issues by involving SustainAbility and GlobeScan, a global research firm specialising in sustainability. To understand the positioning and movement of issues, we used opinion-leader reputation research; surveys involving sustainability experts and consumers; feedback from stakeholder convenings; our engagement events; an extensive media scan; an internal business impact survey; and our corporate risk map.							GRI A+. iii) To work actively with governments, trade bodies and NGOs to assess and test responsible approaches to provide environmental information, including CO2 to consumers. E.g. In 2013, in Colombia we held our Global CSV Forum. More than 450 government, civil society and business representatives took part. 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	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated Financial Implications	Management method	Cost of management
								influence policy on climate change through direct engagement, trade associations and funding research organizations including, Consumer Goods Forum, Food Drink Europe, WBCSD, European Food Sustainable Consumption and Production Round Table, World Economic Forum 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 behavior patterns towards products that are perceived	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	1) Management methods used: i) To further optimise the	The costs are estimated in CHF 400k a year including the

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated Financial Implications	Management method	Cost of management
	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 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						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 21.3 million losses in revenue and it is based on Nestlé Group Enterprise Risk Management Framework. The financial implication scale is minor to the company.	environmental performance of our products in 2013, we rolled out of EcodEx, a multi-criteria ecodesign tool that covers both packaging and ingredients in all product categories, to 11 product technologies centres. ii) We continue to invest in new packaging options. E.g. The new NESCAFÉ refill pack, with an improved environmental performance than the previous 150g glass jar, has been roll out in different countries. In Italy, e.g. the new pack resulted in reduction of GHG by 79% and water by 72% compared with previous option. iii) To provide meaningful and	license of Eco-designs tools, and LCA communication tools.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated Financial Implications	Management method	Cost of management
	behaviour changes towards competitors companies that are perceived as products having lower carbon footprint than Nestlé. Consequently, this could lead to a potential reduction in the demand for our products. A Consumer Insight study by Data Monitor estimates that 47% of consumers are highly attentive to packaging information about how a product is manufactured. 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							accurate environmental information to consumers about our products, we launched a communication programme worldwide Nestlé Beyond the Label. E.g. In UK, Kit Kat provides environmental information to consumers through the use of smart phones. In Germany, Maggi provides communication through QR codes. iv) We implemented the new eco-mode (auto standby after 20 minutes), in our new NESCAFÉ Dolce Gusto machine range, reduced in 32% the GHG emissions per 120 ml cup compared to the first model launched in 2006.	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated Financial Implications	Management method	Cost of management
	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. Consumers can scan the code to access information on nutrition, sourcing of ingredients and energy and water used throughout the product lifecycle.							2) These actions could reduce the magnitude of impact of the risk by reducing the financial implication by 50%.	
Other drivers	According to FAO, food wastage is the third emitter of GHG globally after USA and China. 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	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	1) Management methods include: i) investment in technology that lead to milk losses reduction. e.g. In countries like Brazil, Chile, China, India, Mexico and Pakistan, Nestlé provides facilities and support to develop the local supply chain.	The costs are estimated at CHF 50 million including financial assistance provided to more than 47 000 farmers.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated Financial Implications	Management method	Cost of management
	emissions will be emitted annually that may exacerbate environmental challenges. When looking at milk losses in particular, FAO estimates that milk waste can makes up approximately up to 40-65% of total food waste some countries. For Nestlé, this poses a risk as milk losses can reduce the availability of milk supply to our collections points. In addition, milk losses contribute to the generation of Scope 3 GHGs. In the traditional networks, losses of milk are in the order of 16% - 27% according to FAO. Nestlé, with its system of collecting directly from farmers, has succeeded in halving milk losses between the cooling facilities and the						storage tanks, chill centers and veterinary aid.	This includes local collection, storage and chilling facilities, providing a reliable route to market and product quality assurance. ii) We provide technical advice and training to farmers. E.g. In Indonesia, around 32 000 dairy farmers supply milk to Nestlé's Kejayan factory through 31 dairy cooperatives. ii) In 2013, total NCE initiatives to avoid bacterial contamination in Panama helped saving 1.9 million kg of milk. As stated by the FAO, the average global emissions from milk production, processing and transport is estimated to be 2.4 CO2-eq. per	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated Financial Implications	Management method	Cost of management
	factory in the district of Renala, Pakistan. Based on the total amount of directly purchased milk per year by Nestlé (in countries such as Pakistan, India, China and others, i.e., in relatively difficult climatic conditions), and further Based on the GHG emission estimated for producing milk on a farm, this reduction in milk losses means savings in the order of 1.22 million tonne CO2e per year. Nestlé may face scarcity of raw materials and water, and threaten its food business, if no actions are taken.							kg of FPCM (fat and protein corrected milk) at farm gate. By implementing these initiatives, Nestlé saved more than 4.5 million CO2e. 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 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 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 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 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 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
Cap and trade schemes	Cap and trade schemes present incentives to cutting greenhouse gas emissions cost-effectively through energy efficiency in our factories which reduced GHG emission. In 2013, Nestlé had 19 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	Reduced operational costs	1 to 3 years	Direct	Virtually certain	Low	Potential financial implications for Nestlé are estimated at 6 - 7m by 2020 if no specific actions for CO2 emission reduction are taken. This is estimated with an increasing price from 4 (2013) to 10 (2020) € per t of CO2. By 2020 we estimate we will need to buy ½ m credits which will imply a cost of CHF 6 - 7m, if all planned efficiency measures are taken, showing an opportunity of	1)To exploit this opportunity, our management methods include: i) To 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 participating in EU-ETS resulted in saving more than 192k t of CO2 in 2013. Replacing a gas boiler with a wood-fired boiler at our Mousline	The costs associated with these measures are estimated at CHF 15 million. This includes capital cost of measures implemented in 2013. In addition, in the UK, we would estimate that the management of the EU-ETS is about 0.25 FTE per annum. In addition fees and subsistence payments to the regulator can amount to CHF40K per year. The full process of ETS for sites involved in EU-

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	sites generated less emission than allowances received. It represents an opportunity and an incentive for even continuing reducing CO2e emissions in each site. The cost of allowances is expected to rise as demand increases and the amount of allowances available on the market decreases. The fact that Nestlé will have to buy EU ETS credits from 2018 (forecast) generates an additional incentive to reduce the total CO2e emissions in						cost reduction of CHF 2.4 - 3m. The financial implication scale is minor to the company.	mashed potato factory in Rosières, France, which provides approximately 94% of the plant's fuel needs and will reduce CO2 emissions by 23 000 tonnes a year and help minimise the impact of energy cost increases. 2) By doing so, this flexibility ensures that emissions are reduced in the most cost-effective way.	ETS will approach CHF 300K.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	order to reduce as well the total costs of credits which will have to be bought. The new technologies we are implementing and the experience acquired to reduce GHG emissions in EU will also be implemented in our other worldwide factories and this will be clearly an additional competitive advantage where other countries will put in place GHG emissions reduction mechanisms (e.g. Australia-China).								
Product labeling	New regulations	Increased demand for	1 to 3 years	Direct	Virtually certain	High	The opportunities	1)To exploit this	The annual costs of these

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
regulations and standards	and initiatives to provide environmental communication to consumers based on scientific evidence are expected in some countries (e.g. European Union, France, Belgium, Sweden, Germany, Greece, China, Thailand, Japan, Mexico). For example, a recent public EU consultation assessed the effectiveness of potential mandatory provision of environmental information to consumers in different patterns. Among consumers with high awareness of	existing products/services					driven by product labelling regulations and standards can increase demand for existing products. Assuming that this will result in 0.3% of sales increase, the estimated financial implications of this opportunity could be circa CHF 400 million per year, in increase in revenue. The financial implication scale is minor to the company.	opportunity, our management methods include i) We use the most efficient technologies to further optimize energy and water consumption. E.g. In 2013, we reduced our GHG emissions and water use per tonne of product by 35% and 33%, respectively since 2005. ii) We participate in the development of harmonised methodologies to assess environmental performance. E.g. in 2013 we tested the ENVIFOOD protocol in different products iii)	actions are estimated at CHF 2 million which includes the development of ecodesign tools, LCAs and communication tools and CHF 87 million in environmental improvements approved for our factories.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	climate change, this represents an opportunity for Nestlé for its processed food considering that in general it has a better environmental performance as compared to equivalent home made products. For example, a Life Cycle Assessment (LCA) showed that a cup of soluble coffee has a better environmental performance than a cup of drip filter coffee. Demand could thus increase for Nestlé products due to the labelling regulations and standards. This could lead to an							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 2013, fact based environmental information is accessible in 109 countries. iv) We systematically assess the environmental performance of our product categories. e.g. We launched the development of EcodEx, an eco-design tool, a holistic approach that covers the entire value chain. 2)	

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	increased demand for our products. Nestlé has already conducted LCA for all its categories and incorporated ecodesign tools at the earliest stage in the development of its new and renovated products.							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.	
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 and social impacts as part of their	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	Indirect (Client)	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 leaders in climate change. The	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 109 countries. At a global level Nestlé published its 2013 Nestlé in	The costs associated with the production of the report are estimated at CHF 745k. These costs include stakeholder convenings, environmental case studies, report writing, materiality and external assurance.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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 information to stakeholders provides an						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.	Society report GRA+ which includes environmental material issues. In 2013, we implemented a more advanced system, SHE-PM, to track our environmental performance indicators in every site. 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.	

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

CC6.1b

Please describe the 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	Nestlé relies on agricultural raw materials (e.g. coffee, cocoa, milk, sugar, soy) and the changes in extreme temperatures may favour the growth of some of them by increasing their yield and extend	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. Increasing supply of coffee,	1)To exploit this opportunity, our management methods include: i) To help farmers to increase the output of their limited resources and improve the quality of their product so they can receive a	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 39 million of direct financial

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	their harvesting period. To secure long term supply of raw materials, we work to ensure the development of Nestlé's suppliers, and make significant contributions to helping small farmers, including women farmers. This presents a competitive opportunity to Nestlé. By helping farmers secure long term availability, farmers increase the output from their limited resources, and improve the quality of their product so they can receive a higher price. This is a win-win opportunity as this provides Nestlé with a						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.	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. ii) To employ a large number of technical advisors who train and consult on agricultural practices and farm business management practices to the farmers. E.g. In 2013, 300,000 farmers were trained through capacity-building programmes and 59 000 farmers benefitted from financial assistance. iii) To find improved	assistance was provided to farmers and CHF 33 million was spent on activities with cocoa and coffee farmers in 2013.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	reliable supply of high-quality raw materials In northern Europe, for example, climate change is expected to bring sugar yield increases of around 1 t/ha, for the period 2021-2050 according to the Hadley climate change model. Considering that the global demand for sugar is expected to rise by 2020, and that land competition due to ethanol production made out of sugar canes may increase, new sourcing regions presents an opportunity as Nestlé will be able to source some from regions where it was impossible							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
	to grow before. This can results in a secure supply of raw materials and also a decrease in operational cost related to transportation.								
Change in temperature extremes	Change in temperature extreme can result in an increase of sales of refreshing products such as ice creams and bottled 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	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 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	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 right place and time to delight consumers that seek a refreshing product under increased temperatures. E.g. in 2013 we launched Egypt Dolceca Ice Cream. ii)we use consumer insights to understand what they desire under these temperature	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
	the USA, hot weather during summer helped boost demand for ice cream parlours, impulse ice cream sales and bottled waters. Summer 2012 was the third hottest summer in the US on record according to the National Oceanic and Atmospheric Association. In turn, consumers decided to buy ice cream and water to cool down, benefiting 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						the sales of ice-cream and bottled beverages will increase between 1 and 2 % per year.	conditions. In fact, the Nestlé range of ice cream products offers delights and pleasures. In places with increasing temperatures, we have developed our first solar assisted powered ice cream freezer cabinets. Today we have 25 units in operation in field trials in Australia and China. Further, all of our new ice cream chest freezers in Europe will use natural refrigerants by 2014. Already today, we have installed more than 18000 ice cream chest freezers using natural refrigerants e.g. in Austria, Switzerland and Germany. iii)We	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	temperature increases can result in an opportunity with a positive impact driven by increase demand for existing Nestlé water and ice creams products. Change in temperature extreme can result in an increase of sales of refreshing products such as ice creams and bottled water in hot areas. For example, ice cream sales tend to be higher during the summer months when the temperatures are higher. In 2013, Australia, China and UK experienced one of their hottest							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, 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 driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	summers in history. Consumers tend to buy more refreshing products, such as bottled water and ice cream when the temperatures are high. In 2013, our portfolio of strong local brands performed well, notably Buxton bottled water in the UK. 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							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
	demand for existing Nestlé water and ice creams products.								
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 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	New products/business services	3 to 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 implication scale is minor to the company.	1) To optimise the opportunity: i) Over the last ten years, Nestlé has reduced GHG per tonne of product by 35%. 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 waste use by 30% per tonne by 2020. In 2013, 22 out of 28 Nescafé factories used use spent coffee grounds as fuel in all factories. In 2013, we have 5200 product evaluated using eco-design. E.g. in March 2013 a communication	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.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	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.							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 in 2012. In 2013, 17% of the share of the 12 key commodities that have been assessed against our Nestlé Responsible Sourcing Guidelines. 2) These measures are expected to enhance the magnitude of the opportunity to high as well as this also results in the business growing.	

CC6.1c

Please describe the 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 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	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 7 million on our revenue. This estimation is based on Nestlé Group Enterprise Risk 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.	1)To exploit this opportunity, our management methods include: i)In our operations we continue to identify and implement projects to improve our environmental impact by reducing non-renewable energy consumption, GHG emissions, avoiding waste and improving the environmental performance of our products. E.g: • In our European operations, shifting from road to rail and short-sea shipping has delivered a reduction of approximately 2330 tonnes of CO2e. • In 2013 we published the	The cost associated with the preparation of the Nestlé in Society report amounts to CHF 750k. This does not include the environmental improvement projects that result in GHG emission reduction in 2013.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	trustful partnerships with our customers, consumers and stakeholders. As Nestlé is taking leadership approach in climate change, this can result in an increase in reputation and increased demand for our products. By continuing to communicate our actions and performance on climate change (Nescafé plan and Nestlé Cocoa plan, Nestlé in society report) we will be able to take advantage of this opportunity. At the same time, our actions could impact our human resources							Nestlé in Society report highlighting our commitment to climate change leadership. In 2013 we met our objective to reduce direct GHG emission two years ahead of schedule with a 35% decrease in direct GHG emissions per tonne of product since 2005 resulting in absolute reduction of 7.4%.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.	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	management by recruiting competent employee engaged to our environmental commitments.								
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 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	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 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.	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 achieve zero net deforestation by 2020. The deforestation commitment includes preservation of “high carbon stock” forests and “high carbon stock” soils. • In 2013, 100% of our palm oil purchases came from sustainable sources. ii)Focus on establishing traceable supply chains and on	The cost associated with these action amounts to CHF 1.5 million which includes the RSPO membership and internal costs.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	actions against deforestation and by achieving in 2013 100% of RSPO certified sustainable palm oil bought, two years ahead of our public commitment, this will potentially lead to increased demand for existing products .							assessing and developing suppliers against the Responsible Sourcing Guidelines. iii)We systematically identify and exclude companies owning or managing plantations linked to deforestation. •In 2013, 74% of our suppliers fully comply with the Nestlé Supplier Code. 17% 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	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								RSG action plans. 2) These measures are expected to enhance the 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. We work with our suppliers and customers to cooperate on the use of delivery vehicles and avoid lorries being empty on a return journey. In Nestlé Indochina region, the opportunity of	Other: Increased customer loyalty	1 to 3 years	Indirect (Client)	More likely than not	Medium	We have estimated that this opportunity has a likelihood of between 50-80%. The impact on revenue is negligible.	1)To exploit this opportunity, our management methods include: i) engage with customers on their environmental related projects. ii) optimise distribution networks and route planning across all our operations. E.g., we now use one vehicle to collect raw materials from Dungannon and Craigavon in Northern Ireland and deliver them to our factory in Wisbech, Cambridgeshire.	Regular monitoring is performed over time. The cost of management has not being estimated in 2013.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	working with customers on environmental improvements projects was identified.							This same vehicle then collects finished products from the factory and delivers them to our distribution centre in Hams Hall, Warwickshire ii)explore opportunities to improve transportation, e.g. use sea and rail instead of road; iii)expand driver training both from a safety and environmental efficiency perspective, use telematics and latest technology on our vehicles where practical, and recommend the same to our suppliers; E.g. Nestlé USA private fleet and Nestlé US Direct Store Delivery started in 2013 to roll out the implementation of telematics across their complete fleet of more than	

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								3000 trucks and delivery vehicles. In 2013, we launched the project pick-up in the UK to reduce empty vehicles on the road, cutting mileage fuel use and reducing GHG emissions. 2) These measures are expected to increase the reputation that consumers have on Nestlé and therefore increase the magnitude of the impact. In addition, some of these measures have contributed to economic saving estimated in more than CHF 2 million in 2013.	

CC6.1d

Please explain why you do not consider your company to be exposed to 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 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 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)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Sun 01 Jan 2012 - Mon 31 Dec 2012	3706080	3391319

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

For question CC7.4: please find attached an Excel spreadsheet with the emission factors.

Attachments

https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC7.EmissionsMethodology/Nestlé 2013 Emission Factors-CDP.xlsm

Page: CC8. Emissions Data - (1 Jan 2013 - 31 Dec 2013)

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

3985115

CC8.3

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

3814017

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 Scope 2 emissions excluded from this source	Explain why the source is excluded
Head offices	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	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	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 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.
Distribution centers and transportation	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 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
More than 2% but less than or equal to 5%	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.	More than 2% but less than or equal to 5%	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 complete

CC8.6a

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

Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Limited assurance	https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/CC8.6a/Nestle CDP Statement template - Scope 1 - FINAL 27.05.2014.pdf		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 your reported Scope 2 emissions

Third party verification or assurance complete

CC8.7a

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

Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of Scope 2 emissions verified (%)
Limited assurance	https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/CC8.7a/Nestle CDP Statement template - Scope 2 - FINAL 27.05.2014.pdf		ISO14064-3	100

CC8.8

Please identify if any data points other than emissions figures have been verified as part of the third party verification work undertaken

Additional data points verified	Comment
Product footprint verification	As per our communication policies: all product footprints that are used for external claims and communications are third-party verified.
Year on year change in emissions (Scope 1)	This was part of the assurance of Nestlé's 2013 annual report.
Year on year change in emissions (Scope 2)	This was part of the assurance of Nestlé's 2013 annual report.
Year on year change in emissions (Scope 1 and 2)	This was part of the assurance of Nestlé's 2013 annual report.
Year on year change in emissions (Scope 3)	This is part of the assurance of our answer to the CDP 2014 questionnaire.
Year on year emissions intensity figure	This was part of the assurance of Nestlé's 2013 annual report.
Progress against emission reduction target	This was part of the assurance of Nestlé's 2013 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 2013 annual report: change against base years 2003 and 2009.
Change in Scope 2 emissions against a base year (not target related)	This was part of the assurance of Nestlé's 2013 annual report: change against base year 2009.
Emissions reduction activities	This was part of the assurance of Nestlé's 2013 annual report: environmental initiatives and investments identified in 2013 and expected to deliver 229 000 tonnes of CO2eq per year.

CC8.9

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

Yes

CC8.9a

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

815598

Further Information

Page: CC9. Scope 1 Emissions Breakdown - (1 Jan 2013 - 31 Dec 2013)

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	694546
Mexico	197220
India	232232
Brazil	199323
China	355069
France	176340
Spain	152626
United Kingdom	169526

Country/Region	Scope 1 metric tonnes CO2e
Philippines	154191
South Africa	153660
Pakistan	134110
Japan	98182
Chile	113643
Germany	92710
Italy	80347
Rest of world	981390

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 Partner Worldwide	90301
Dairy Partners America	125784

Business division	Scope 1 emissions (metric tonnes CO2e)
Nespresso	6227
Nestlé Nutrition	181807
Nestlé Professional	17916
Nestlé Waters	129984
Other Nestlé Food	3433096

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	80348		
ES PL Girona	97885	41.9878	2.793
IN PL Moga	64063	30.82125	75.15060
PH PL Cagayan de Oro Factory	61562	8.475004	124.730444
PK PL Kabirwala Factory	59362	30.37212	71.883432
MX PL Toluca - Cafes y Culin.	51724	19.289575	-99.617103
PK PL Sheikhupura Factory	73956	31.42	73.58
US PL Freehold	56062	40.259088	-74.275648
JP PL Himeji Factory	50607	34.896607	134.734424
US PL Bloomfield Nppc-gp	55250	36.875364	-89.871318
ZA PL Estcourt	61622	-29.007803	29.870603
ID PL Kejayan	41689	-7.708246	112.861328
PH PL Cabuyao Factory	40245	14.260338	121.125239
FR PL Dieppe	48096	49.914	1.0902
US PL Nestle Anderson	55889	40.042454	-85.740477
IN PL Nanjangud	52886	12.141711	76.659937

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude
CN PL NSL Shuangcheng	97510	45.3743	126.324
CN PL Hsu Chi Dongguan	59307		
NG PL Agbara	41264	6.502306	3.091294
IN PL Samalkha	38466	29.221404	77.007315
Rest of factories	2797322		

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)
Confectionery	343402
Milk products and Ice cream	1336402
Nutrition and HealthCare	380843
PetCare	469803

Activity	Scope 1 emissions (metric tonnes CO2e)
Powdered and Liquid Beverages	967119
Prepared dishes and cooking aids	357562
Water	129984

CC9.2e

Please break down your total gross global Scope 1 emissions by legal structure

Legal structure	Scope 1 emissions (metric tonnes CO2e)

Further Information

Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2013 - 31 Dec 2013)

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 metric tonnes CO2e	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling accounted for CC8.3 (MWh)
United States of America	1296629	2363459	
China	570147	990002	
Germany	134328	317594	750
India	133216	146008	
United Kingdom	130462	305250	
South Africa	125836	144999	
Australia	118498	113264	
Russia	111415	181811	
Malaysia	108509	205599	
Philippines	65796	136790	
Mexico	64648	263123	144997
Thailand	62079	121038	
Brazil	61435	508215	
Indonesia	59787	84316	
Chile	57543	132954	
Rest of world	713690	2467224	106031

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 (metric tonnes CO2e)
Cereal Partners Worldwide	83487
Dairy Partners America	40635
Nespresso	1020
Nestlé Nutrition	139715
Nestlé Professional	34496
Nestlé Waters	547883
Other Nestlé Food	2966781

CC10.2b

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

Facility	Scope 2 emissions (metric tonnes CO2e)
CN PL Yinlu Hubei	129573
US PL Nestle Anderson	90065
CN PL Yinlu Xiamen	88289
CN PL Hsu Chi Dongguan	70154
CN PL Yinlu Shangdong	63471
US PL Little Chute	52545
ID PL Kejayan	50997
US PL Davenport Nppc	46061
US PL NW Hawkins Factory	42056
US PL Solon	41013
US PL NW Mecosta Factory	40564

Facility	Scope 2 emissions (metric tonnes CO2e)
RU PL Kuban Coffee	40513
US PL Gaffney	39682
US PL Mt Sterling	37370
MY PL NMM-Shah Alam	36676
US PL Oklahoma City Nppc	36310
US PL Atlanta Nppc	34125
IN PL Moga	33608
US PL Burlington	32907
IN PL Nanjangud	32872
Rest of factories	2775166

CC10.2c

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

Activity	Scope 2 emissions (metric tonnes CO2e)
Confectionery	491909
Milk products and Ice cream	1033964
Nutrition and HealthCare	230573
PetCare	457346
Powdered and Liquid Beverages	549445
Prepared dishes and cooking aids	502897
Water	547883

CC10.2d

Please break down your total gross global Scope 2 emissions by legal structure

Legal structure	Scope 2 emissions (metric tonnes CO2e)

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 fuel, electricity, heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Fuel	16540042
Electricity	7625452
Heat	34124
Steam	822065
Cooling	0

CC11.3

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

Fuels	MWh
Anthracite	850016
Butane	6493
Diesel/Gas oil	767775
Liquefied petroleum gas (LPG)	464834
Lignite	400157
Methane	51134
Natural gas	11889578
Propane	37060
Residual fuel oil	2543840
Landfill gas	47989
Other: Spent coffee grounds	989614
Wood or wood waste	1031689

CC11.4

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

Basis for applying a low carbon emission factor	MWh associated with low carbon electricity, heat, steam or cooling	Comment
Tracking instruments, Guarantees of Origin	750	Our factory in Weiding, Germany, contracted a green tariff with the power provider E.ON. Electricity generated from hydropower.
Power Purchase Agreements (PPA) not backed by instruments	144997	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 wind power. The power purchase agreement entered into force in 2012 and started to deliver its environmental benefits since July 2012.
Tracking instruments,	106031	Nestlé Spain covered its electricity consumption with Guarantees of Origin through its contract with

Basis for applying a low carbon emission factor	MWh associated with low carbon electricity, heat, steam or cooling	Comment
Guarantees of Origin		E.ON.

Further Information

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?

Increased

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	Comment
Emissions reduction activities	3.44	Decrease	A 3.44% decrease of our emissions was due to our emission reduction activities. Indeed, if Nestlé had produced its 2013 production volume with the same carbon intensity as in 2012, it would have emitted 8.04 million tonnes CO2e in 2013; but as a result of our emission reduction activities, we emitted 7.80 million tonnes CO2e which leads to a 3.44% decrease in emissions. 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, utilise sustainably managed renewable energy sources, recover value from by-products and control and eliminate emissions, including greenhouse gases. 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.

Reason	Emissions value (percentage)	Direction of change	Comment
			Noticeably, we increased significantly the use of renewable fuels (+22% from 2012 to 2013) and the use of renewable electricity (+11% from 2012 to 2013). In 2013, we identified 610 projects, requiring a total investment of about CHF 61 million and expected to deliver annual energy savings of about 2 million GJ, 229 000 tonnes of CO2eq and 2.6 million m3 of water. Below are some examples of our recent emission reductions initiatives: - The installation of a new evaporator at the Nescafé factory in Mainz, Germany, which is expected to save 19 million kWh, 70 000 m³ of water and more than 3800 tonnes of CO2 annually. - Three wood boilers installed in Rosières and Herta St-Pol and the one in Challerange together make CO2 savings of 25% for Nestlé France. - A boiler at Nestlé Chile's Osorno factory uses wood sourced from local forests certified by the National System of Wood Certification of Chile and prevents the emission of approximately 10,000 tonnes of CO2e per year compared to an equivalent boiler using non-renewable sources. - In California, USA, Nestlé Waters has introduced two wind turbines at its bottling plant in Cabazon. The turbines will provide wind power to generate some 30% of the facility's electricity needs, offsetting CO2eq emissions equivalent to more than 20 000 barrels of oil. - Twenty-two Nescafé factories use coffee grounds from the manufacturing process as a renewable energy source.
Divestment			
Acquisitions	11.08	Increase	Nestlé made significant acquisitions in China, a country where coal is commonly used as a primary energy or for the production of electricity. Coal is a very carbon-intensive fuel, and this had a major negative impact on our emissions as the total contributions of these acquisitions represent 0.79 million tonnes CO2e, that is, 11.08% increase compared to 2012 (7.10 million tonnes CO2e).
Mergers			
Change in output	1.26	Increase	Excluding the Acquisitions (see the item "Acquisitions" above), the increase in output in 2013 resulted in an increase in absolute GHG emissions. Data used for the calculation: In 2013, the production volume increased by 0.59 million tonnes. If no measures had been introduced, by using the same efficiency as in 2012, the emissions related to this additional production volume would be 0.9 million tonnes CO2e, that is, 1.26% increase compared to 2012 (7.10 million tonnes CO2e).
Change in methodology	0.99	Increase	Some of our conversion factors (GHG emission factors as well as Net Calorific Values) were updated in the course of 2013. This resulted in an increase of the 2012 baseline from 7.10 million tonnes CO2e to 7.17 million tonnes CO2e, equivalent to 0.99%.
Change in boundary			
Change in physical operating conditions			
Unidentified			
Other			

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	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
0.000081	metric tonnes CO2e	unit total revenue	0.62	Decrease	A 0.62% 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 2013, we identified 610 projects, requiring a total investment of about CHF 61 million and expected to deliver annual energy savings of about 2 million GJ, 229 000 tonnes of CO2eq and 2.6 million m3 of water. Noticeably, we increased significantly the use of renewable fuels in 2013 (+22% from 2012) and the use of renewable electricity (+11% from 2012). Our environmental reporting is based on operational control. The intensity calculation would require adapting 2012 and 2013 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 excluding joint ventures, which is why our 2012 revenue figure was restated in our 2013 annual report (89'721 mioCHF instead of 92'186 mioCHF). Emissions related to our joint ventures must be removed from the environmental scope as explained above. Recently acquired joint operations in China were also included in the 2012 revenue figure but not in the emissions figure. Indeed, as per our policy, acquisitions have up to 3 years to start reporting environmental data, and these joint operations acquired in 2012 started reporting in 2013. Their 2012 emissions can be estimated (from their 2013 emissions and 2012/2013 revenues) to include them in the 2012 environmental scope and have consistency with the 2012 revenue figure. Finally, the 2012 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 0.62% per

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
					unit of revenue.

CC12.3

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
23.1	metric tonnes CO2e	FTE employee	4.5	Decrease	A 4.5% decrease of our emissions per FTE employee 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 2013, we identified 610 projects, requiring a total investment of about CHF 61 million and expected to deliver annual energy savings of about 2 million GJ, 229 000 tonnes of CO2eq and 2.6 million m3 of water. Noticeably, we increased significantly the use of renewable fuels in 2013 (+22% from 2012) and the use of renewable electricity (+11% from 2012). Our environmental reporting is based on operational control. The intensity calculation requires to adapt 2012 and 2013 FTE employee figures (based on financial scope) so they reflect the same organizational boundary as the emissions data. A recent change in our accounting rules now requires to exclude certain joint ventures, this is why our 2012 FTE employee figure was restated in our

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
					2013 annual report (333'220 FTE employees in 2012 as restated, instead of 339'397 FTE employees). FTE employees related to our main joint ventures must be included again in the FTE employee scope to reflect environmental reporting. Recently acquired joint operations in China were also included in the 2012 FTE employee figure but not in the emissions figure. Indeed, as per our policy, acquisitions have up to 3 years to start reporting environmental data, and these joint operations acquired in 2012 started reporting in 2013. Finally, the 2012 emissions figure was also recalculated using updated conversion factors (see "Change in methodology" under 12.1.a). After performing all these adaptations and calculating 2012 and 2013 carbon intensities, we have a decrease in CO2e emissions of 4.5% per FTE employee.

CC12.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
149.7	metric tonnes CO2e	metric tonne of product	0.3	Decrease	A 0.3% reduction of emissions per unit of production volume 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 2013, we identified 610 projects, requiring a total investment of about CHF 61 million and expected to deliver annual energy savings of about 2 million GJ, 229 000 tonnes of

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
					CO2eq and 2.6 million m3 of water. Noticeably, we increased significantly the use of renewable fuels in 2013 (+22% from 2012) and the use of renewable electricity (+11% from 2012).

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	Tue 01 Jan 2008 - Tue 31 Dec 2013	3368941	0	2825372	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 before the end of 2013.
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. From 2008 to 2013, 6 factories have left the scheme, because of the reduction of their rated thermal input below 20 MW, of which 3 opted out in the UK.
At the end of 2013, 19 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 Europe) 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

Please see attached: - Nestlé in Society - Creating Shared Value and meeting our commitments 2013 full report

Attachments

https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC13.EmissionsTrading/Nestlé in society-Creating Shared Value and meeting our commitments 2013-Full report.pdf

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 primary data	Explanation
Purchased goods	Relevant,	49984382	i. Data used: We used the total global raw materials,	67.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
and services	calculated		packaging and finished goods purchases broken down in 316 purchasing categories as primary data, from 35 categories. For each category, a GHG emission factor (secondary data) from a representative product is selected. 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 or Quantis internal database of processes built during previous LCA performed for Nestlé (both using IPCC 2007 GWP 100). This allows to identify the purchasing categories that are likely to be contributing most to the impact. The data provided allowed to calculate GHG emissions for 67% of the total purchasing by Nestlé in 2013. A linear extrapolation was performed to account for 100% of spent. 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.		
Capital goods	Relevant, calculated	1285110	i. Data used: The primary data used are the purchases from fixed assets and IT supplies for 2013 in monetary terms, broken down in 30 sub-categories. Each category is associated with an economic sector from the 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 2008. 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.	0.00%	
Fuel-and-energy-	Relevant,	1759414	i. Data used: The primary data used are the types and	100.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
related activities (not included in Scope 1 or 2)	calculated		quantities of fuels and electricity purchased worldwide in 2013. 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 2013 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.		
Upstream transportation and distribution	Relevant, calculated	2730778	i. Data used: For the assessment of this category's 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.	0.00%	
Waste generated in operations	Relevant, calculated	183309	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	100.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
			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.		
Business travel	Relevant, calculated	254687	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 34% 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.	74.00%	
Employee commuting	Relevant, calculated	318400	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	0.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
			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 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	3510262	i.Data used: 2012 data, as 2013 data is not yet available. For transport with own fleet, the reported fuel consumption is converted into CO2e-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 CO2e-emission using DEFRA factors. For non-road transport (always outsourced), the transportation volume is calculated in tonne.kms, which are then converted to CO2e-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 CO2e-emissions for transportation are summed up and shown with the following KPIs: absolute CO2e-emissions, CO2e-effectivness (kg CO2e per tonne sold), CO2e-efficiency (g	60.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
			CO2e per tonne.km), average distribution distance, breakdown to transport modes based on tonne.km transported (road, combined, rail, sea, air). The data of the reporting markets is aggregated separately for water and non-water businesses. The global CO2eemissions for transportation are extrapolated to the complete sold volume, using separately the average CO2e-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 70 biggest warehouses used by Nestlé). The electricity consumption is converted into indirect CO2e-emission using country specific indirect CO2e emission factors. Extrapolation to global level for warehousing by applying the average CO2e-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 CO2e-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 products	Relevant, calculated	26667453	i. Data used: Sales figures by branch and per country were 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	100.00%	

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
			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	900766	i. Data used: Sales figures by branch and brand were used to extrapolate 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 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. As such, emissions are underestimated. It is planned to use next year a similar approach to the category "Use of sold products" in order to increase accuracy.	0.00%	
Downstream leased assets	Not relevant, explanation provided				We usually operate our own assets. Downstream leased assets have a negligible

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
					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	7542580	i. Data used and ii. Methodology: Eight 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 2008. 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 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.	1.00%	
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 complete

CC14.2a

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

Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of Scope 3 emissions verified (%)
Limited assurance	https://www.cdp.net/sites/2014/42/12942/Investor CDP 2014/Shared Documents/Attachments/CC14.2a/Nestle CDP Statement template - Scope 3 - FINAL 27.05.2014.pdf		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	17.4	Increase	Our production volume increased by 9.2% from 2012 to 2013, growth driven mostly by recent large acquisitions in China. Our purchases mechanically increased, as well as the scope 3 emissions related to this category.
Purchased goods & services	Change in methodology	2.2	Decrease	2.2% decrease due to the refinement of the model from 35 to 316 categories allowing to apply more refined emission factors relevant to the purchased material.
Capital goods	Change in output	2.8	Decrease	
Capital goods	Change in methodology	10.2	Decrease	10% decrease due to the change of input/output data from Open IO in 2012 to Simapro IO database in 2013.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Change in output	12.5	Increase	Our production volume increased by 9.2% from 2012 to 2013, growth driven mostly by recent large acquisitions in China. 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 methodology	3.3	Increase	3.3% increase due to the change in emission factors (2013 DEFRA guidelines) for well-to-tank emissions of electricity and fuels, as well as T&D losses for electricity and heat consumption.
Upstream transportation & distribution	Change in output	25.4	Increase	Our production volume increased by 9.2% from 2012 to 2013, growth driven mostly by recent large acquisitions in China. Our purchases and the transportation and distribution of those mechanically increased, as well as the scope 3 emissions related to this category.
Waste generated in operations	Change in output	9.2	Increase	
Waste generated in operations	Emissions reduction activities	5.6	Decrease	A 5.6% decrease in emissions for this category is due to emissions reduction activities. If Nestlé had produced its 2013 production volume with the same scope 3 emissions intensity in this category as in 2012, it would have emitted 319'482 tonnes CO2e in 2013 for this category of emissions. However, as a result of our emissions reduction activities, we emitted 303'107 tonnes CO2e, which represents 5.6% of 2012 emissions in this category. Avoiding waste through the entire life cycle of our products is an important

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
				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. We have set ourselves a realistic goal to achieve this in 10% of Nestlé factories by 2015, and to date, 61 Nestlé factories (12%) have achieved zero waste for disposal. This total includes 10 out of 14 UK factories, a major milestone towards a further ambition to achieve zero waste in all UK factories by 2015, and in all European factories by 2020.
Waste generated in operations	Change in methodology	41	Decrease	Emissions from incineration with energy recovery (hazardous and non-hazardous) replaced by transportation to facility: -111'000 tCO2-eq. The reduction is important as 11% of the total waste generated in operations is incinerated with energy recovery. The process used in 2012 for incineration with energy recovery was of 505 kgCO2-eq/tonne. The process used in 2013 is of 4.7 kg C2-eq/tonne (transportation to the incineration facility, assuming a distance of 35km).
Business travel	Change in output	6.1	Increase	
Business travel	Change in methodology	18.2	Increase	Due to change of emission factors from DEFRA in 2012 to ecoinvent in 2013.
Employee commuting	Change in output	2.2	Decrease	Our headcount decreased, which resulted in a decrease of our emissions related to employee commuting.
Employee commuting	Change in methodology	27.1	Increase	Increase of 27.1% due to the inclusion of transportation category "others" as public transport in 2013. This was not accounted for in 2012.
Upstream leased assets				This source of emissions is not relevant and was excluded from our assessment.
Downstream transportation and distribution	Emissions reduction activities			We could only provide 2012 data as an estimate for 2013 (2013 data not yet available), and therefore were not able to compare 2013 against 2012. However, we implement a range of emissions reduction activities: - Optimise distribution networks and route planning across all our operations globally - Explore opportunities to promote transport shifts, for example by using sea and rail instead of road - Expand driver training, both from a safety and environmental efficiency perspective - Use telematics and the latest technology on our vehicles where practical, and recommend our suppliers to do the same - Explore alternative engines such as electric cars - Support the development and use of safe and efficient natural refrigerant solutions for commercial applications, and progressively phase out HFCs appliances, and - Implement-energy saving initiatives in

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
				our distribution warehouses.
Processing of sold products				This source of emissions is not relevant and was excluded from our assessment.
Use of sold products	Change in output	0.2	Decrease	
Use of sold products	Change in methodology	293	Increase	The first assessment conducted in 2012, although with a limited data granularity, allowed identifying this category as an important contributor to the total scope 3 emissions. We considerably refined the assessment of this category in 2013, thanks to more accurate and more granular activity data. This resulted in a significant increase in emissions due to this change of methodology.
End-of-life treatment of sold products	Emissions reduction activities	16.6	Decrease	A 16.6% decrease in emissions for this category is due to emissions reduction activities. Our packaging optimization programme saved 66'600 tonnes of packaging material, which corresponds to 165'176 tCO2 avoided. This is a reduction of 16.6% compared to our 2012 emissions in this category. Our goal is to optimise our packaging by reducing the amount of material used as well as using renewable resources that meet our quality standards. We take a science-based, life cycle analysis (LCA) approach, developing internal capacity through a network of packaging experts, ecodesign tools and collaboration with external stakeholders. For example: - Working with our suppliers, we've been encouraging the use of the thinner 10 micron film in Europe to further improve environmental performance and lower costs. - In Brazil, Nestlé Waters launched a new 0.5L PET (polyethylene terephthalate) bottle in 2012 that is 20% lighter than the previous version. Today, it is the lightest bottle in the bottled water market in Brazil. We launched a new jar for Nescafé Gold in five countries in Europe in 2010, since when we have saved 650 tons of glass per year. - We use renewable materials in some of our packaging such as the cap for Ninho fortified milk (Brazil) and Purina ONE® beyOnd™ dry pet food bags.
Downstream leased assets				This source of emissions is not relevant and was excluded from our assessment.
Franchises				This source of emissions is not relevant and was excluded from our assessment.
Investments	Change in output	1.7	Increase	
Investments	Change in methodology	30.8	Increase	Increase due to the change of Input/output data from Open IO in 2012 to Simapro IO database in 2013.

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Other (upstream)				This source of emissions is not relevant and was excluded from our assessment.
Other (downstream)				This source of emissions is not relevant and was excluded from our assessment.

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 engagements 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: In 2013, 2507 first tier suppliers were audited. We are on track to have completed 10 000 responsible sourcing audits by 2015.
ii) % of volume traceable and compliant with Nestlé RSGs: In 2013, 17% of purchased volumes of our 12 key commodities are traceable and 100% of our palm oil was RSPO certified, two years ahead of our public commitment.
iii) Number of farmers trained: In 2013, 48 000 coffee farmers and 27 000 cocoa farmers were trained. We will continue providing technical assistance. In 2013, 62 299 tonnes of cocoa and more than 148 198 tonnes of coffee were sourced directly from farmers through Farmer Connect. By 2015, we will 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 2013, 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 19 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	Comment
10000	95%	10000 suppliers cover 95% of Nestlé’s supplier spend (out of a total list of 28000).

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 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 the12 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

How you make use of the data	Please give details
	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 factory in UK generated zero waste in 2013 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 14.4b: 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 2013 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
Pascal Gréverath	Nestlé AVP, Head of Environmental Sustainability	Environment/Sustainability manager

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 agricultural emissions that you have identified as relevant produced 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 agricultural emissions produced 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 CC8.3 of the core climate change questionnaire?

FBT1.3a

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

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

FBT1.3b

Please explain why you do not account for agricultural emissions produced 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	Description of activity	Driver	Comment

FBT1.4b

Does your implementation of these agricultural management practices have secondary 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	Management of impacts

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

Do you account for 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

FBT1.6

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

Yes

FBT1.6a

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	Description of activity	Your role	Description of role	Driver	Comment
1	Promoting more environmentally sustainable 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.	Operational	Thousands of Nestlé agronomists work out in the field, building 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, Mexico is one of Nestlé's largest dairy markets, but agriculture faces big challenges. As 77% of freshwater withdrawal is for agriculture, and climate change is	Emissions reductions and increasing resilience	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	Description of activity	Your role	Description of role	Driver	Comment
			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.		
2	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.	Operational	Water resources are conserved: Excessive or wasteful water use is all too common and can result in long-term-supply problems.	Increasing resilience	
3	Conservation of biodiversity: The 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	Nestlé (Malaysia) Berhab has embarked on an ambitious project to reforest 2400 hectares of land along the lower Kinabatangan River in Sabah. Project RiLEaf will provide a natural buffer to filter pollutants, mainly soil sediments and chemical fertilizer run-off, giving the river a chance to repair itself over time. By December 2013, more than 179800 trees had been planted	Other: Conservation of biodiversity	
4	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	Operational	The 4C of conduct sets out 28 principles that cover environmental sustainability including soil conservation: Topsoil erosion can cause productivity losses and threaten the sustainability of farmland. Nestlé has soil conservation practices in place	Other: Conservation of soil	By December 2013, more than 179800 trees had been planted

Activity ID	Description of activity	Your role	Description of role	Driver	Comment
	coffee.				
5	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.	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-farm energy sources	Emissions reductions	

FBT1.6b

Does the implementation of these agricultural management practices in your value chain have secondary 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	Management of impacts
1	Yes	Yes	Yes	Yes	Yes	Yes	In 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	Yes	Yes	Yes	Yes	Yes	No	Water conversation and preservation	Nestlé helps farmers implementing water

Activity ID	Impact on yield	Impact on cost	Impact on soil quality	Impact on biodiversity	Impact on water	Other impact	Description of impacts	Management of impacts
							means cleaner surface water and securing the long-term water supplies of underground aquifers. Both are key to the long-term sustainability of coffee production and processing.	conservation and preservation strategies, such as better irrigation systems and efficient wet milling.
3	Yes	Yes	Yes	Yes	Yes	No	By conserving biodiversity, this helps maintaining the ecological balance of the farm. Moreover, it can also create favorable climate conditions for crops and prove effective in reducing diseases and pests.	Reforestation of 2400 hectares of land along the lower Kinabatangan River in Sabah.
4	Yes	Yes	Yes	Yes	Yes	Yes	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	Yes	Yes	Yes	Yes	Yes	Yes	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.

FBT1.6c

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

Yes

FBT1.6d

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 emissions from processing activities that you have identified as relevant produced 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 CC8.2 and/or the Scope 2 figure reported in CC8.3 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	3985115	Some recently acquired factories	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 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	3814017	Some recently acquired factories	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 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 emissions from distribution activities that you have identified as relevant produced 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 CC8.3 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 consumption activities relevant to your climate change disclosure?

Yes

FBT4.1b

Please explain why consumption activities 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.