

W0. Introduction

W0.1

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

Nestlé is the world’s largest food and beverage company. We have more than 2,000 brands ranging from global icons to local favorites, and we are present in 187 countries around the world. Creating Shared Value is at the heart of Nestlé’s approach to achieving our purpose: to unlock the power of food to enhance quality of life for everyone, today and for generations to come. That’s why we are taking action to advance regenerative food systems at scale. This means supporting the development of food systems that help protect, renew and restore the environment, improve the livelihoods of farmers and enhance the resilience and well-being of farming communities.

Our actions include committing to achieve net zero greenhouse gas emissions by 2050, supported by our [Net Zero Roadmap](#) with tangible, time-bound targets to reduce emissions, within and beyond our operations. With regard to our work on water, our Nestlé Waters business will advance the regeneration of the water cycle to help create a positive water impact everywhere our waters business operates by 2025. Across Nestlé, we will continue to work to achieve water resource management throughout our operations and agricultural supply chains.

In addition to our net zero commitment and water work, we have implemented a new Forest Positive strategy, building on our decade-long work to end deforestation in our supply chains. Forest Positive is our strategy for moving beyond managing deforestation risks in our supply chain to targeting a positive impact on our broader sourcing landscapes. This includes growing 200 million trees by 2030. We are signatories of the Ellen MacArthur Foundation Global Commitment on packaging, aiming to make our packaging 100% of recyclable or reusable and to reduce our use of virgin plastics by one-third by 2025.

W-FB0.1a

(W-FB0.1a) Which activities in the food, beverage, and tobacco sector does your organization engage in?

Processing/Manufacturing
Distribution

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2021	December 31 2021

W0.3

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

Algeria
Angola
Argentina
Australia
Bahrain
Bangladesh
Belgium
Bolivia (Plurinational State of)
Brazil
Bulgaria
Cameroon
Canada
Chile
China
Colombia
Côte d'Ivoire
Cuba
Czechia
Denmark
Dominican Republic
Ecuador
Egypt
Finland
France
Germany
Ghana
Greece
Guatemala
Hong Kong SAR, China
Hungary
India
Indonesia
Iran (Islamic Republic of)
Ireland
Israel
Italy
Japan
Jordan
Kenya
Lebanon
Malaysia
Mexico
Morocco
Myanmar
Netherlands
New Zealand
Nicaragua
Nigeria
Pakistan
Panama
Papua New Guinea
Peru
Philippines
Poland
Portugal
Qatar
Russian Federation
Saudi Arabia
Senegal
Serbia
Singapore
Slovakia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Thailand
Trinidad and Tobago
Tunisia
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Venezuela (Bolivarian Republic of)
Viet Nam
Zimbabwe

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

CHF

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Head Offices and Sales Points	Nestlé does not consolidate water inputs/outputs in its Head Offices and Sales Points at global level. They represent only a minimal volume of water (<1%) compared with the total water withdrawals of the company. Nestlé is focused on managing the much greater water inputs/outputs that occur in its industrial activities. We have has begun to implement a consolidation system that will include Head Offices and Sales Points.
R&D Centers	Global water inputs/outputs from Nestlé's R&D centers represent about 2% of water withdrawals. They represent only a minimal volume of water compared with the total water withdrawals of the company. Nestlé is focused on managing the much greater water inputs/outputs that occur in its industrial activities.
Distribution Centers	Global water inputs/outputs in Nestlé's Distribution Centers represent about 0.5% of water withdrawals. They represent only a minimal volume of water compared with the total water withdrawals of the company. Nestlé is focused on managing the much greater water inputs/outputs that occur in its industrial activities.
Some recently acquired factories	Some recent acquisitions occurring within the last three years (2019-2021) have not yet implemented Nestlé's reporting system for tracking water withdrawals at a corporate level. New factories represent only a minimal volume of water compared to the total water withdrawals of the company, and are only temporarily excluded. New acquisitions must comply with the Nestlé Environmental Requirements (NER) within more than three years to enable environmental tracking system at corporate level. An action plan for achieving compliance with these requirements must be established and documented.

W0.7

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

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

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	Direct use: It is vital that Nestlé operations have direct access to sufficient amounts of good quality freshwater. In our 354 factories, water is needed for purposes including food processing, our bottled water business, industrial cleaning, and employee hygiene and drinking water. Direct use rating: A sufficient amount of good quality freshwater is a vital resource for Nestlé's operations and the future of its business. Without good quality freshwater, Nestlé simply cannot run its business. Indirect use: Indirect access to sufficient freshwater of good quality is also vital for Nestlé. As a food and beverage company, we rely on agricultural raw materials, which need water for cultivation. In addition, consumers need clean freshwater to prepare and consume our products. Indirect use rating: Water is vital throughout the entire Nestlé value chain, from the supply of raw materials, to the processing, manufacturing and consumption of products. Sufficient amounts of agricultural water, adequate sanitation services and access to safe drinking water are needed by our suppliers, employees, customers and to consumers. Future (in)direct freshwater water use dependency: In future, Nestlé expects access to good quality freshwater to remain vital. Direct water use is expected to remain stable or increase slightly with business growth, while maintaining or improving our internal water use efficiency. Nestlé's indirect dependency on good quality freshwater in its supply chain and for consumer use is also expected to remain vital. Both direct and indirect water use may face stresses in future. Nestlé is already implementing projects to avoid any related disruption in its factories, supply chain or for customers and consumers.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Direct use: Recycled and produced water is mainly used directly for cleaning operations and employee facilities. In some cases, it is used for food processing and compliance with safety standards. We have implemented ZerEau technology in 20 factories for the dairy and infant formula product categories. ZerEau technology extracts water from fresh milk, which is then used in industrial processes. In addition, some coffee and Petcare factories use different water recycling technologies. Direct use rating: The direct use of recycled water is one important solution (among others) to avoiding direct water withdrawals. This relieves pressure on local water resources and helps increase water availability for local communities. Indirect use: Recycled water is indirectly used in many countries where Nestlé operates for irrigation in agriculture, in compliance with safety standards. Indirect use rating: Recycled water is important for the irrigation of agricultural raw materials that Nestlé sources, helping to reduce withdrawals and increase water availability for local communities. Future (in)direct recycled water use dependency: In water-stressed locations, the implementation of technologies that allow for the recycling and reuse of water is expected to increase in the future. In addition, collaboration between Nestlé operations and local agricultural communities is expected to grow. This may increase and improve the use of recycled (treated) industrial water in irrigation.

W-FB1.1a

(W-FB1.1a) Which water-intensive agricultural commodities that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodities	% of revenue dependent on these agricultural commodities	Produced and/or sourced	Please explain
Other, please specify (Fresh Milk)	21-40	Sourced	Fresh milk is an important commodity for various Nestlé dairy, nutrition and confectionery products. According to Nestlé's 2021 financial statements, dairy, nutrition and confectionery products accounted for 36% of sales. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2021 internal data, dairy products accounted for 30% of the water footprint of Nestlé's agricultural raw materials (cumulative green and blue water footprint).
Other, please specify (Coffee)	21-40	Sourced	Coffee is an important commodity for Nestlé's powdered and liquid beverage product category. According to Nestlé's 2021 financial statements, the powdered and liquid beverage product category accounted for 28% of sales. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2021 internal data, coffee accounts for 26% of the water footprint of Nestlé's agricultural raw materials (cumulative green and blue water footprint).
Other, please specify (Cereals)	21-40	Sourced	Cereals are important commodities for Nestlé. According to Nestlé's 2021 financial statements, the Nutrition and Health Science, Prepared Dishes and cooking aids, and PetCare product categories accounted for 15%, 14% and 18% of sales, respectively. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2021 internal data, cereals account for 12% of the cumulative green and blue water footprint of Nestlé's agricultural raw materials, and 27% of the blue water footprint of Nestlé's agricultural raw materials.
Other, please specify (Sugar)	21-40	Sourced	Sugar is present in many Nestlé product categories. Based on Hoekstra and Mekonnen (2012, The Water Footprint of Humanity) and 2021 internal data, sugar accounts for 5% of the cumulative green and blue water footprint of Nestlé's agricultural raw materials, but 23% of the blue water footprint of Nestlé's agricultural raw materials.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	This information is consistent across most indicators addressed in W1.2. Water withdrawals are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories and consolidated on a monthly basis at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water-use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV report: https://www.Nestlé.com/csv/performance
Water withdrawals – volumes by source	100%	This information is consistent across most indicators addressed in W1.2. Water withdrawals are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories and consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water-use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV report: https://www.Nestlé.com/csv/performance
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	This parameter is monitored in 100% of our factories. It is part of our standard internal environmental monitoring and reporting routine. Compliance with local and internal water quality regulations is measured "in continuous" by dedicated quality sensors and probes in each of our factories. Additional monitoring for specific local quality parameters is added, when necessary, based on regular sampling and analysis of local water quality. All this information is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water quality and overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV report: https://www.Nestlé.com/csv/performance
Water discharges – total volumes	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV report: https://www.Nestlé.com/csv/performance
Water discharges – volumes by destination	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories, this parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water use efficiency as well as potential impact on downstream users and ecosystems. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
Water discharges – volumes by treatment method	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water use efficiency as well as potential impact on downstream users and ecosystems. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
Water discharge quality – by standard effluent parameters	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water use efficiency as well as potential impact on downstream users and ecosystems. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
Water discharge quality – temperature	100%	This information is consistent across most indicators addressed in W1.2. Water discharges are monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water use efficiency as well as potential impact on downstream users and ecosystems. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
Water consumption – total volume	100%	This information is consistent across most indicators addressed in W1.2. Water consumption is monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement and is publicly reported in our Annual CSV Report: https://www.Nestlé.com/csv/performance .
Water recycled/reused	100%	This information is consistent across most indicators addressed in W1.2. Water reused/recycled is monitored in 100% of our factories. This parameter is part of our standard internal environmental monitoring and reporting routine. It is measured "in continuous" by flow-meters in each of our factories. It is consolidated monthly at factory level and reported in our internal environmental reporting system: SHE-PM. The data is then consolidated at corporate level. The data is used to track and evaluate our internal water use efficiency as well as our overall environmental performance. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Nestlé is a signatory of the WBCSD WASH Pledge and is committed to the implementation and continuous improvement of leading industry best practice on access to safe WASH practices in the workplace. Nestlé monitors implementation, progress and improvement in all its factories through annual self-assessments, follow-up and reporting. Nestlé performs follow-up assessments/audits every 2-3 years in factories. The data is collected and consolidated at corporate level. It is used to track and evaluate our compliance with the WBCSD WASH Pledge. It is reported to different stakeholders within the company (including executive management) to continuously drive improvement.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	97998.37	Lower	Nestlé has consistently reduced its water withdrawals even though production volumes have increased. This is due to continuous efforts to improve internal water-use efficiency. Water efficiency programs and water-saving projects in factories lead to lower water needs, even when production volumes rise. Nestlé expects that business will continue to grow with a continued commitment to improve factory water efficiency whenever possible, using the available opportunities and technologies. Nestlé will continue work on its ambition to be an industry leader on factory water-use efficiency. It will also continue to diversify and invest in external water saving initiatives at catchment level that aim to protect local resources, and in water stewardship initiatives. In the future, Nestlé expects total water withdrawals to remain similar while continuing to increase production. This number, which Nestlé discloses in its Creating Shared Value and Sustainability Report, is slightly lower than the sum of the figures reported in W1.2h as it excludes produced water, which Nestlé does not classify as a withdrawal. This is because Nestlé considers 1) its process of extracting water from milk is in line with CDP's definition of produced water; 2) it already accounts for the indirect water use of its milk products; and 3) it does not need to withdraw further water from the environment in such circumstances.
Total discharges	58971.16	About the same	Nestlé has consistently reduced its water discharges even though production volumes have increased. This is due to continuous efforts to improve internal water use efficiency. Water efficiency and water-saving projects in factories lead to lower water needs even when production volumes increase. Nestlé expects that business will continue to grow with a continued commitment to improve water efficiency whenever possible, using the available opportunities and technologies. Nestlé will continue its work on its ambition to be an industry leader on factory water-use efficiency. It will also continue to diversify and invest in external water saving initiatives at catchment level that aim to protect local resources, and in water stewardship initiatives. In the future, Nestlé expects total water discharges to remain similar while continuing to increase production.
Total consumption	39027.21	Lower	Nestlé has consistently reduced its water consumption even though production volumes increased. Therefore, annual water consumption has remained stable due to continuous efforts to improve factory water use efficiency. Nestlé operations implement water-saving projects which lead to lower water needs, even when production volumes rise. Nestlé expects that business will continue to grow and will continue to focus on ways to improve water efficiency at factories whenever possible, using the available opportunities and technologies. Nestlé will also continue to diversify and invest in external water saving initiatives at catchment level that aims to conserve local resources, and in water stewardship initiatives. In the future, Nestlé expects total water consumption to remain similar while continuing to increase production.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	26-50	About the same	WRI Aqueduct	Nestlé has developed a robust internal reporting method called the Combined Water Stress Index (CWSI) to assess water stress at all factory locations. This method uses data from four independent sources: WRI-Aqueduct, WWF-WRF, Pfister-WSI and Earth Stat Water Depletion. Each Nestlé factory is scored annually using these four datasets and the average score of physical water risk provides the CWSI score. The 2021 CWSI assessment showed that an average of 30% of Nestlé water withdrawals occur in water-stressed areas. These withdrawals occur in approximately 30% of Nestlé's 354 factories worldwide. Both factories and water withdrawals in water-stressed regions in 2021 are in the same range as in 2020.

W-FB1.2e

(W-FB1.2e) For each commodity reported in question W-FB1.1a, do you know the proportion that is produced/sourced from areas with water stress?

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

W-FB1.2g

(W-FB1.2g) What proportion of the sourced agricultural commodities reported in W-FB1.1a originate from areas with water stress?

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

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	5544.65	Lower	As a food and beverage company, Nestlé needs good quality water in its operations, and freshwater is its third largest source of water by volume. Even though the business is growing, Nestlé is committed to continuously improving the water use efficiency of its operations and this has resulted in lower year-on-year withdrawals from this source. Nestlé environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	Brackish/Seawater is not a source of water Nestlé uses. Unlike other industries, as a food and beverage company, this type of water source is neither adequate for food products from a quality point of view, nor feasible at this stage as the technology develops. Nestlé environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report.
Groundwater – renewable	Relevant	60460.62	Lower	As a food and beverage company, Nestlé needs good quality water in its operations and groundwater is the largest source of water by volume, especially for the bottled water business. Even though the business is growing, Nestlé is committed to improving factory water use efficiency and this has led to a year-on-year reduction in the volume of groundwater Nestlé withdraws. Nestlé environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	Nestlé strives to ensure that the groundwater it uses is managed sustainably, in line with its commitment on Water Stewardship and mandatory internal Nestlé Environmental Requirements (NER). It is also not in the interest of the business or the environment to unsustainably withdraw water. Nestlé environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report.
Produced/Entrained water	Relevant	1399.36	About the same	As a food and beverage company, Nestlé needs good quality water in its operations and produced water is an alternative source of water that helps preserve local natural water resources. Using our ZerEau technology, in 2021, Nestlé recovered more than a million cubic meters of water from fresh milk. This volume is about the same as last year, but should increase as Nestlé continues to implement ZerEau technology in more factories. The technology was first implemented in 2011.
Third party sources	Relevant	31951.06	Lower	As a food and beverage company, Nestlé needs good quality water, in sufficient quantity, in its operations, and third party sources are our second largest source of water by volume. Even as the business is growing, Nestlé is committed to improve the water use efficiency of its operations. This has led to a year-on-year decrease in the volume of third-party water used. Nestlé environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	25838.55	Lower	Even though Nestlé's business is growing, continuous efforts in factory water efficiency, the promotion of water recycling and improvements in effluent treatment have led to a year-on-year decrease in the volume of water discharged to surface freshwater bodies. Many factories operate their own effluent treatment plant to ensure that water discharged to the environment complies with local regulations and internal standards on water quality. This is important, as all volumes treated on Nestlé sites are returned to surface freshwater bodies. Depending on future business needs and growth, Nestlé expects these volumes to remain stable, as it continues to promote recycling and efficiency technologies in factories. All environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	This is not relevant as all volumes treated onsite are returned to surface freshwater bodies and Nestlé does not discharge effluents into brackish surface water or seawater.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	This is not relevant as all volumes treated onsite are returned to surface freshwater bodies and Nestlé does not discharge water into groundwater bodies.
Third-party destinations	Relevant	33132.6	Higher	Nestlé's business continues to grow. Despite efforts in factory water efficiency and the promotion of water recycling, the volume of water discharged to third parties for effluent treatment slightly increased in 2021 compared with 2020. For factories not operating onsite effluent treatment plants, Nestlé relies on third-party operated plants and checks that they comply with local regulations. This is relevant since >50% of Nestlé's effluents are treated by third parties. Nestlé expects these volumes to stabilize in future even as the business grows, as it continues to promote water recycling and efficiency technologies in its factories. All environmental KPIs are tracked and publicly reported in our Creating Shared Value and Sustainability Report.

W1.2j

(W1.2) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	13493.32	About the same	21-30	Twenty-three percent of the water Nestlé discharges to the environment annually is treated at tertiary level at onsite effluent treatment plants. The internal Nestlé Environmental Requirements define strict water quality standards before discharge and align with local regulations and international standards on water quality.
Secondary treatment	Relevant	31984.17	About the same	51-60	Fifty-four percent of the water Nestlé discharges to the environment annually is treated at secondary level at onsite effluent treatment plants. The internal Nestlé Environmental Requirements define strict water quality standards before discharge and align with local regulations and international standards on water quality.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	All water requiring treatment according to local regulations and the internal Nestlé Environmental Requirements (NER) before being discharged into the environment is treated to at least the primary level at onsite effluent treatment plants. The NER define strict water quality standards before discharge and align to local regulations and international standards on water quality.
Discharge to the natural environment without treatment	Relevant	0.35	About the same	1-10	Only 0.001% of the water that Nestlé discharges to the environment annually requires no treatment according to the internal Nestlé Environmental Requirements (NER). The NER defines strict water quality standards before discharge and align to local regulations and international standards on water quality.
Discharge to a third party without treatment	Relevant	13493.32	About the same	31-40	Twenty-three percent of annual factory effluents are treated by third-parties. These third-party partners are audited against our internal Nestlé Environmental Requirements, which define strict water quality standards before discharge and align to local regulations and international standards on water quality.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	All the water volumes Nestlé discharges annually from its factories are covered in the categories above.

W1.3

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

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	871000000	97998.38	888790.202450285	Nestlé anticipates that water use will continue to reduce in its factories due to water efficiency improvements, as business and revenue continue to grow.

W-FB1.3

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

Agricultural commodities	Water intensity information for this produced commodity is collected/calculated	Water intensity information for this sourced commodity is collected/calculated	Please explain
Other commodities from W-FB1.1a, please specify (Fresh Milk)	Not applicable	Yes	This information is consistent across all our commodities. Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The water intensity of this commodity was collected and calculated using the method and data from The Water Footprint Network (Hoekstra and Mekonnen, 2012, the Water Footprint of Humanity, https://waterfootprint.org/en/). In addition, where available, Nestlé uses specific local figures calculated by our agricultural services.
Other commodities from W-FB1.1a, please specify (Coffee)	Not applicable	Yes	This information is consistent across all Nestlé commodities. Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The water intensity of this commodity was collected and calculated using the method and data from The Water Footprint Network (Hoekstra and Mekonnen, 2012, the Water Footprint of Humanity, https://waterfootprint.org/en/). In addition, where available, Nestlé uses specific local figures calculated by our agricultural services.
Other commodities from W-FB1.1a, please specify (Cereals)	Not applicable	Yes	This information is consistent across all our commodities. Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The water intensity of this commodity was collected and calculated using the method and data from the Water Footprint Network (Hoekstra and Mekonnen, 2012, The Water Footprint).
Other commodities from W-FB1.1a, please specify (Sugar)	Not applicable	Yes	This information is consistent across all our commodities. Nestlé does not produce any agricultural raw materials, they are sourced through direct sourcing programs and/or third-party suppliers. The water intensity of this commodity was collected and calculated using the method and data from The Water Footprint Network (Hoekstra and Mekonnen, 2012, the Water Footprint of Humanity, https://waterfootprint.org/en/). In addition, where available, it uses specific, local figures, calculated by our agricultural services.

W-FB1.3b

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

Agricultural commodities

Other sourced commodities from W-FB1.3, please specify (Fresh Milk)

Water intensity value (m3)

1020

Numerator: Water aspect

Other, please specify (Total Green and Blue Water (Mekonnen and Hoekstra, 2012))

Denominator

Tons

Comparison with previous reporting year

Higher

Please explain

The water intensity value is calculated using purchased volumes and water footprint data from Mekonnen & Hoekstra. In 2021, water intensity associated with fresh milk increased due to business growth and improved data accuracy. Nestlé anticipates that in future this indicator may increase in line with business growth by a few percentage points year-on-year. This data is used to prioritize commodities with the greatest water impact in order to define and implement actions. This led to Nestlé identifying fresh milk as having one of the largest indirect water footprints of our agricultural raw materials. Focusing on regions and commodities with the greatest impact and improvement opportunities, such as fresh milk from India, Pakistan and South Africa, we promote and implement targeted water management practices. In addition, Nestlé has teams of agronomists in R&D centers working on selecting varieties/species of lower water intensity and/or that are better adapted to water-scarce locations. Nestlé's network of agronomists promotes the adoption of such varieties/species among farmers worldwide.

Agricultural commodities

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

Water intensity value (m3)

15897

Numerator: Water aspect

Other, please specify (Total Green and Blue Water (Mekonnen and Hoekstra, 2012))

Denominator

Tons

Comparison with previous reporting year

About the same

Please explain

The water intensity value is calculated using purchased volumes and water footprint data from Mekonnen & Hoekstra. In 2021, water intensity associated with coffee remained about the same despite business growth thanks in part to our water efficiency programs. Nestlé anticipates that this indicator may increase in future in line with business growth by a few percentage points year-on-year. This data is used to prioritize commodities with the greatest water impact in order to define and implement actions. This led to Nestlé identifying coffee as having one of the largest indirect water footprints of our agricultural raw materials. Focusing on regions and commodities with the greatest impact and improvement opportunities, such as coffee from Vietnam, Brazil and Mexico, Nestlé promotes and implements targeted water management practices. In addition, Nestlé has teams of agronomists in R&D centers working on selecting varieties/species of lower water intensity and/or that are better adapted to water-scarce locations. Nestlé's network of agronomists promotes the adoption of such varieties/species among farmers worldwide.

Agricultural commodities

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

Water intensity value (m3)

1644

Numerator: Water aspect

Other, please specify (Total Green and Blue Water (Mekonnen and Hoekstra, 2012))

Denominator

Tons

Comparison with previous reporting year

Higher

Please explain

The water intensity value is calculated using purchased volumes and water footprint data from Mekonnen & Hoekstra. In 2021, water intensity associated with cereals increased due to business growth and improved data accuracy. Nestlé anticipates that this indicator may increase in future in line with business growth by a few percentage points year-on-year. This data is used to prioritize commodities with the greatest water impact in order to define and implement actions. This led to Nestlé identifying cereals as having one of the largest indirect water footprints of our agricultural raw materials. Focusing on regions and commodities with the greatest impact and improvement opportunities, such as cereals from the USA, India and Mexico, Nestlé promotes and implements targeted water management practices. In addition, Nestlé has teams of agronomists in R&D centers working on selecting varieties/species of lower water intensity and/or that are better adapted to water-scarce locations. Nestlé's network of agronomists promotes the adoption of such varieties/species among farmers worldwide.

Agricultural commodities

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

Water intensity value (m3)

1666

Numerator: Water aspect

Other, please specify (Total Green and Blue Water (Mekonnen and Hoekstra, 2012))

Denominator

Tons

Comparison with previous reporting year

Lower

Please explain

The water intensity value is calculated using purchased volumes and water footprint data from Mekonnen & Hoekstra. In 2021, water intensity associated with sugar was lower despite business growth thanks in part to our water efficiency programs. Nestlé anticipates that this indicator may increase in future in line with business growth by a few percentage points year-on-year. This data is used to prioritize commodities with the greatest water impact in order to define and implement actions. This led to Nestlé identifying sugar as having one of the largest indirect water footprints of our agricultural raw materials. Focusing on regions and commodities with the greatest impact and improvement opportunities, such as sugar from Thailand, Brazil and Mexico, Nestlé promotes and implements targeted water management practices. In addition, Nestlé has teams of agronomists in R&D centers working on selecting varieties/species of lower water intensity and/or that are better adapted to water-scarce locations. Nestlé's network of agronomists promotes the adoption of such varieties/species among farmers worldwide.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for this coverage

Nestlé works with 165,000 direct suppliers and 500,000 individual farmers worldwide. Our Sustainable Sourcing team ensures that the raw materials we source have been produced in accordance with our Responsible Sourcing Standard. This Standard sets out our non-negotiable requirements and ways of working with regard to sourcing and production for all supply chain tiers, back to the origins of the goods and services we buy. The Nestlé Responsible Sourcing Standard is how Nestlé equips and incentivizes suppliers to report on their water use and water management practices. It sets out basic, non-negotiable standards and important Water Resource Management Practices for suppliers, employees, agents and subcontractors to respect and adhere to at all times. Our key partners and sourcing teams also carry out regular farm visits and assessments against our Responsible Sourcing Standard, in addition to third-party audits and certification where relevant. In coffee and cocoa, the Nespresso AAA Sustainable Quality™ Program, the Nescafé Plan and Nestlé Cocoa Plan provide additional requirements specific to these raw materials. Our key partners and sourcing teams also carry out regular farm visits and assessments against our Responsible Sourcing Standard, in addition to third-party audits and certification where relevant. Nestlé is committed to fostering responsible practices in our supply chain, while ensuring that its sourcing and supplier relationships deliver a competitive advantage and meet our social, environmental and ethical requirements.

Impact of the engagement and measures of success

Building on years of work with suppliers and farmers to source key raw materials that are traceable and responsibly sourced, we are now raising the bar with a more comprehensive and systematic approach to assessing, addressing and reporting on social, environmental and animal welfare risks in our supply chain. Our new approach will help build the foundations to advance regenerative food systems at scale. Going forward, we are focusing on the systematic deployment of our responsible sourcing requirements through our supply chain to help transform agricultural production practices, including water resource management practices, in a way that has a positive impact on people, nature and climate. To measure success, we have defined a new 'produced sustainably' key performance indicator (KPI) for our 14 priority raw materials that combines multiple requirements, including water impact. Our new 'produced sustainably' KPI builds on our Responsible Sourcing Standard, which sets out basic non-negotiable standards and important sustainability practices that we ask our suppliers and their employees, agents and subcontractors to respect and adhere to at all times when conducting business with us. It applies to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume: coffee; cocoa; dairy; sugar; cereals and grains; hazelnuts; palm oil; pulp and paper; soya; vegetables; spices; coconut; fish and seafood; and meat, poultry and eggs. 'Produced sustainably' means the origin of the key ingredient is known and the direct supplier is progressing to address social and environmental performance, including water. The minimum criteria to define if a raw material is produced sustainably are: – Traceable back to the point of origin (farm or group of farms); – Human rights and environmental due-diligence systems are in place to assess, address and report on the potential or actual impacts in the supply chain - including water; – The tier-1 supplier is measurably progressing in addressing actual or potential human rights and environmental impacts identified in its supply chain, as well as animal welfare where applicable. For each key raw material in scope, specific criteria have been defined to take into account their specificities - including water. Our key partners and sourcing teams also carry out regular farm visits and assessments against our Responsible Sourcing Standard, in addition to third-party audits and certification where relevant.

Comment

If non-compliance, issues or gaps with the Nestlé Responsible Sourcing Standard are found, a time-bound action plan is developed and implemented by the supplier. The implementation of this plan will be later verified by the auditor. In the event that a supplier refuses to undergo an audit or to collaborate on closing identified gaps, Nestlé may consider terminating the business relationship.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Incentivizing for improved water management and stewardship

Details of engagement

Water management and stewardship action is integrated into your supplier evaluation

Water management and stewardship is featured in supplier awards scheme

Offer financial incentives to suppliers reducing your operational water impacts through the products they supply to you

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

In selected Markets, premiums on the supplied raw material is given to farmers who implemented sustainable practices.

% of suppliers by number

26-50

% of total procurement spend

26-50

Rationale for the coverage of your engagement

Nestlé's greatest challenge in reducing water consumption lies in addressing the impacts of its complex agricultural supply chains. Water management and conservation is very area-specific and often varies over time. Nestlé research indicates that it can already achieve significant improvements in water use by introducing better agricultural techniques at a farm level. Nestlé's approach to ensure sustainable water use in its agricultural supply chain is based on the principle of 'Do what matters, where it matters'. Nestlé is currently involved in several major projects in agricultural supply chains located in identified water-stressed areas.

Impact of the engagement and measures of success

In Pakistan and South Africa, where drought and water stress are of concern, Nestlé is working with dairy farmers to implement the use of water sensors and develop water saving techniques for animal feed production. As one measure of success, our net zero dairy farm pilot in South Africa has reduced chemical fertilizer (mainly nitrogen) usage by 70%, replacing it with a balanced introduction of additional organic fertilizers from chicken manure. Reducing chemical farm inputs and optimizing organic fertilizers can help protect water resources. In Brazil, Nestlé is supporting farmers to install water meters and improve manure management techniques. Together with Embrapa, the Brazilian Agricultural Research Corporation, we are working on projects to train farmers in good farming and manure-management practices. A major project in Vietnam, which successfully concluded in 2019 in partnership with the Swiss Agency for Development and Cooperation, trained close to 50 000 farmers on best irrigation practices. This project resulted in 50 million m3 of water saved annually and generated more than USD 8 million in the local economy of smallholder coffee growers. Based on these successful results, Nestlé now has a similar project in Brazil.

Comment

In addition to best water management practices in agriculture, Nestlé respects the human right to water and supports access to water in communities surrounding its operations and in its upstream supply chains. In 2021, Nestlé continued to roll out its Guidelines on Respecting the Human Rights to Water and Sanitation, to ensure its operations and upstream supply chain do not have a negative impact on the human right to water.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes

W2.1a

(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Country/Area & River basin

France	Not known
--------	-----------

Type of impact driver & Primary impact driver

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

Primary impact

Impact on company assets

Description of impact

On 14 September 2021, a heavy rainstorm caused flooding at the Nestlé Water plant in Vergèze, France. Water damage to property including machinery, mechanical devices, electronic parts, inner facilities, direct materials and finished products occurred. The losses caused disruption in production and business operations.

Primary response

Improve maintenance of infrastructure

Total financial impact

7716787

Description of response

The response strategy consisted of a timely fixing and re-building of the damaged assets. This included the sorting and salvage of stocked goods, the mitigation of potential risks of building collapse and the prompt draining of the property. The total financial impact is the cost of the response strategy, which is based on a cost estimate derived by

the loss adjuster appointed for the claim of EUR 7.5m (7.7m CHF). This is considered substantive by Nestlé as it incurs a cost of >CHF 1 million. The claim is still open, and reserves have been put aside to cover the loss.

Country/Area & River basin

China	Not known
-------	-----------

Type of impact driver & Primary impact driver

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

Primary impact

Impact on company assets

Description of impact

On 22 July 2021, a torrential rainstorm caused inventory and property damage across two warehouses and 36 distribution stores in Zhengzhou, Henan Province.

Primary response

Improve maintenance of infrastructure

Total financial impact

461832

Description of response

The response strategy consisted of a timely fixing and re-building of the damaged assets. This included the estimation of potential recovery and salvage. The total financial impact is the cost of the response strategy, which is based on a cost estimate derived by the loss adjuster appointed for the claim of CNY 3,135,052 (CHF 461,832). This is not considered substantive by Nestlé as it incurs a cost of

Country/Area & River basin

Germany	Not known
---------	-----------

Type of impact driver & Primary impact driver

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

Primary impact

Impact on company assets

Description of impact

On 14 July 2021, rainwater entered the halls of Nestlé Purina PetCare Deutschland GmbH in Euskirchen via the roof and through rainwater drainage pipes. Water also penetrated through wall areas into the building interior. The losses are related to property damage.

Primary response

Improve maintenance of infrastructure

Total financial impact

353076

Description of response

The response strategy consisted of a timely fixing and re-building of the damaged assets. This included the estimation of potential recovery and salvage. The total financial impact is the cost of the response strategy, which is based on a cost estimate derived by the loss adjuster appointed for the claim of CNY 3,135,052 (CHF 461,832). This is not considered substantive by Nestlé as it incurs a cost of

Country/Area & River basin

India	Not known
-------	-----------

Type of impact driver & Primary impact driver

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

Primary impact

Impact on company assets

Description of impact

The Pantnagar factory in India witnessed flooding on 19 October 2021, due to high rainfall. External canals started to overflow, the entire industrial area was submerged and outflow from the factory was not possible. This flooding damaged part of the eastern boundary wall of the factory. The flood impacted business continuity for 28 hours until production could resume.

Primary response

Improve maintenance of infrastructure

Total financial impact

63650

Description of response

The response strategy included the prompt fixing of damaged assets and focused on restoring production. The site was cleaned, dried, and the affected equipment

disinfected to restart operations in the shortest delay. The total financial impact is the cost of the response strategy, which is based on a cost estimate derived by the loss adjuster appointed for the claim of INR 5 million (CHF 63 650). This is not considered substantive by Nestlé as it incurs a cost of

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

Yes, fines, enforcement orders or other penalties but none that are considered as significant

W2.2a

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

Row 1

Total number of fines

4

Total value of fines

12000

% of total facilities/operations associated

1

Number of fines compared to previous reporting year

Higher

Comment

We did not report any fines, enforcement orders or other penalties in 2021. None of the fines reported this year are considered significant, with four incidents leading to total penalties of approximately CHF12 000.

W3. Procedures

W-FB3.1

(W-FB3.1) How does your organization identify and classify potential water pollutants associated with its food, beverage, and tobacco sector activities that could have a detrimental impact on water ecosystems or human health?

The internal Nestlé Environmental Requirements (NER) acts as Nestlé's policy on pollutant management and defines mandatory safety measures and threshold limits to prevent any detrimental impact to ecosystems or human health due to our activities. The NER identifies and classifies water pollutants that may be associated with our activities. For example, increased turbidity, eutrophication, pH/redox variations, contamination by hydrocarbon or any hazardous material and over-exploitation (limiting water volume with consequences on dissolved elements concentration) are all identified as having potential detrimental consequences on natural water ecosystems, fauna and flora as well as human beings.

The NER describe actions that aim to prevent such issues from arising from construction within our factories (to prevent contaminant spills), the operation of water wells within our factories, and in our effluent water.

Example of sources of contamination requiring specific buildings or operations include:

- Oils, grease and lubricants from scrap
- Impounded rainwater within chemical storage spill containment (bundling), and similar
- Bio solids from waste activated sludge
- Compressor and compressed air blowdown
- Oil containment measures include permeable surfaces, oil water separators, absorbents, infiltration ditches, soakways etc.

The sustainability of an internally operated water well, withdrawing water from a local resource, must be demonstrated through a local hydrogeological study. This prevents over-exploitation of water resources and potential detrimental damages to local water-dependent ecosystems. This must be renewed every five years.

Any water discharged into rivers and waterways must be treated effectively to ensure the water returned to the environment is of a high quality. Nestlé applies the most efficient technologies and internal standards to treat the water it uses, prior to reuse or release into the environment. The following physico-chemical parameters are continuously monitored in its effluents (reported monthly), with defined thresholds for: pH, Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Total Suspended Solids, Total Nitrogen, Total Phosphorus, Oil and Grease, Color. For example, we have set an internal limit of 125 mg O₂/L for COD that is mandatory in all operations.

The types of risks, as well as the most adapted response(s), vary across Nestlé operations worldwide. However, the NER standard covers a wide range of parameters to ensure a comprehensive assessment of the situation. To ensure that, Nestlé has rolled out a digital NER compliance assessment and monitoring tool to ensure all its plants comply with the standard. Nestlé has also improved training on water effluents through its Environmental Sustainability workshops.

W-FB3.1a

(W-FB3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your food, beverage, and tobacco sector activities.

Potential water pollutant

Other, please specify (Chemical Oxygen Demand (COD))

Activity/value chain stage

Manufacturing – direct operations

Description of water pollutant and potential impacts

Effluent water generated from Nestlé operating sites and factories is managed in on-site treatment plants or diverted to a local third-party facility. In 2021, Nestlé continued to invest in maintenance and improved treatment facilities. Measures of success: These actions resulted in an average water quality discharged in 2021 of 73.3 mg COD (Chemical Oxygen Demand) per liter. Nestlé has also reduced water discharged per ton of product by 30% since 2011 (10 years). COD is an indicator of load of organic matter present in effluent water. High load(s) of organic matter in effluent water can have a negative impact on the environment. High COD in natural water can lead to anaerobic conditions, which are harmful to higher aquatic life forms. This can be detrimental to co-dependent ecosystems, food-chains and/or human activities. Many governments impose strict regulations regarding the maximum COD allowed in waste water before it can be returned to the environment.

Management procedures

Waste water management
Follow regulation standards
Adapt food containers and packaging

Please explain

By quantifying the amount of oxidable pollutants found in (waste)water, COD is useful when it comes to water quality as it provides a global metric to determine the environmental impact an effluent will have on the receiving water body. By monitoring (and reporting) closely on this indicator, we ensure the water we discharge to the environment will not adversely impact water ecosystems and/or downstream users. Many governments impose strict regulations regarding the maximum chemical oxygen demand allowed in waste water before they can be returned to the environment. For example, in Switzerland, a maximum chemical oxygen demand between 200 and 1000 ppm must be reached before waste water or industrial water can be returned to the environment. We measure success based on our internal limit, mandatory in all operations, of 125 ppm. In 2021, average water quality discharged was 73.3 mg COD (Chemical Oxygen Demand) per liter. We evaluate compliance with this threshold value by consolidating 12 month rolling average values for each of our factories discharging water in water bodies. This is the minimum internal requirement. When local regulations are stricter than our internal regulations, we must comply with local (stricter) regulations. To ensure our COD level remain within limits, we implement various techniques ranging from flocculation, ozone oxidation or specific chemical reactants. We monitor the COD level "in-line" and know instantaneously what the levels are and perform necessary adjustments if needed. In addition to ensuring high quality standards for the water we discharge from our factories, Nestlé committed to 100% recyclable or reusable packaging by 2025. The vision is that none of its packaging, including plastics, ends up in landfill, in oceans, lakes and rivers. Nestlé is determined to reduce its use of single-use plastics, by introducing reusable packaging, new delivery systems and innovative business models everywhere it operates and sells products. Building on this commitment, it will reduce the use of virgin plastics by one third by 2025. To drive innovation and understanding of a circular economy for plastics, Nestlé became a partner of the New Plastics Economy. This initiative, led by the Ellen MacArthur Foundation, was designed to bring together key stakeholders to rethink and redesign the future of plastic.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise risk management
International methodologies and standards
Databases

Tools and methods used

Water Footprint Network Assessment tool
WRI Aqueduct
WWF Water Risk Filter
Alliance for Water Stewardship Standard
Environmental Impact Assessment
Life Cycle Assessment
IPCC Climate Change Projections
ISO 14001 Environmental Management Standard
ISO 14046 Environmental Management - Water Footprint
FAO/AQUASTAT

Contextual issues considered

Water availability at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Water regulatory frameworks
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

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

Comment

Nestlé annually assesses water risks at all factory locations using an internal methodology called the Combined Water Stress Index (CWSI). This combines the results of four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat, to provide a single water-stress assessment score for each site. By cross-referencing these scores with annual factory water consumption, Nestlé defines a list of Where It Matters (WIM) sites to prioritize action. Nestlé also uses the WRI Aqueduct water risk projections for 2040 (using IPCC scenarios), in order to evaluate potential risks to its operations in the next 20 years. Nestlé also conducts regular, on-site assessments of local water resources and water use inside and outside its factories, including stakeholder engagement activities. In addition, the Nestlé Group Enterprise Risk Management Framework (ERM) identifies water risks and opportunities in order to minimize/seize their potential impact. This annual top-down assessment at Group level allows Nestlé to understand business, social, physical, regulatory, reputational and environmental mega-risks.

Value chain stage

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise risk management
International methodologies and standards
Databases

Tools and methods used

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

Contextual issues considered

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

Stakeholders considered

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

Comment

The Nestlé Responsible Sourcing Standard requires all Nestlé suppliers to comply with a set of legal and environmental requirements (including for water) and to demonstrate continuous improvement. This Standard describes the requirements and ways of working that Nestlé applies together with all our 165,000 direct suppliers and more than 500,000 farmers, in order to ensure the sustainable long-term supply of materials and services to Nestlé. The Standard is how Nestlé equips suppliers to report on their water use and water management practices. It sets out basic, non-negotiable standards as well as important Water Resource Management Practices that Nestlé asks its suppliers, employees, agents and subcontractors to respect and adhere to at all times when conducting business. Our new 'produced sustainably' KPI builds on our

Responsible Sourcing Standard. It applies to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume. In addition, to comply with the Responsible Sourcing Standard, Nestlé conducts an annual assessment of water risk at sourcing locations of key agricultural commodities including Coffee, Dairy, Sugar, and Cereals, using the CWSI method that combines results from four publicly available tools: WRI Aqueduct, WWF Water Risk Filter, Pfister Water Stress Index and the Water Depletion dataset by EarthStat, applied to entire sourcing areas. This is also done for future trends using WRI aqueduct 2040 global water risk. Finally, Nestlé uses the Water Footprint Network methodology to assess the water footprint of key agricultural commodities. Benchmarking the results of the water footprint assessment and water risk enables accurate identification of risk and prioritization of actions in our supply chains.

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Nestlé assesses water stress at all (100%) locations where it operates, using the Nestlé Combined Water Stress Index (CWSI). The index takes an average of results from four leading water-stress indicators listed under 3.3a, above: WRI Aqueduct, WWF Water Risk Filter, Earth Stat Water Depletion method and ETH Pfister et al, 2009. This gives Nestlé a risk score, helping to determine the risk associated with reduced water quantity or quality. These methods were selected as they are internationally recognized methodologies and the best available databases and tools and the market. These methodologies, tools and databases supplement our enterprise-wide Group Risk Management System.

Since 2017, Nestlé has been working on a Context-Based Approach (CBA) to water stewardship. The CBA aims to drive operations toward a new way of working, focused on water-related actions "Where it Matters" (WIM). Nestlé has identified a list of WIM sites where particular focus and investment should be made to address water-related risk. WIM factories have priority access to CAPEX for implementing water-saving initiatives.

Additionally, Nestlé is working to provide threshold benchmarks of water use efficiency (m³/t) for key categories (Coffee, Dairy, Nutrition, Bottled Water and Pet Care) to all our sites (regardless of their water scarcity level or withdrawal volumes). This offers a chance to spotlight factories in need of improvement and set priorities beyond the WIM list.

Other methods (LCA, FAO/AQUASTAT and internal knowledge) are used to assess risks and identify opportunities along the value chain, including agriculture and product consumption. In particular, we use the Water Footprint Network and FAO/AQUASTAT to estimate average water use for crops and lifecycle analysis to estimate the environmental performance of Nestlé products along the value chain, including their water use.

The operational scope of the risk assessment covers the entire value chain of Nestlé products including agriculture, manufacturing and consumption.

The contextual issues and stakeholders selected in 3.3a are included to help ensure the outcomes of our risk assessments can be used in the following ways:

- Priority access to CAPEX for factories identified as WIM
- Selection of sites for Alliance for Water Stewardship certification -> de facto generating Water Stewardship actions at catchment level
- Selection of water-related projects for implementation in our agricultural supply chains
- Selection of locations for implementing WASH initiatives in the communities neighboring Nestlé factories.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Nestlé runs a materiality assessment with external stakeholders every two years. This helps Nestlé identify the economic, social and environmental issues throughout its value chain, including water-related risks, that matter most to its business and stakeholders. For each issue, the materiality assessment rates the degree of stakeholder concern as well as the potential business impact. Our materiality assessment is integrated into the Group's Enterprise Risk Management (ERM) process to ensure that wider sustainability risks are incorporated into the risks and opportunities under consideration across the company.

The assessment has a four-level risk rating scale which enables us to categorize the level of impact of each risk:

- Internal stakeholders rate the impact of the risk on Nestlé's success as major, significant, moderate or negligible
- External stakeholders rate the level of importance of the risk to them as major, significant, moderate or negligible

Both qualitative and quantitative factors are considered when rating a risk:

- does the issue have the potential to substantively affect the Group's strategy or its business model (either at a global level, category level, or across multiple categories)?
- does the issue have the potential to substantively affect one or more of the capitals the Group uses or accesses (e.g. talented, engaged workforce, capital funding)?
- does the issue have the potential to substantively influence the assessments and decisions of stakeholders?

Based on the results of the materiality assessment, Nestlé tailors its activities. Nestlé defines as a substantive strategic impact as those issues identified as being most material to its business, developing ambitious goals to advance the health of our planet, drive societal progress and support regenerative food systems. Our ERM risk rating is the metric used to identify change, and the threshold which indicates substantive change is a significant or major risk as opposed to a moderate or negligible risk.

In our most recent materiality assessment in 2020, water stewardship (incl. bottled water) was identified as one of Nestlé's material issues, being rated internally as having the potential to have a significant impact on Nestlé's success, while external stakeholders rated this issue as being of significance to them.

To support in the Group's identification and assessment of potential substantive climate-related risks and opportunities, Nestlé is implementing the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. In 2021, we continued to develop a qualitative and quantitative climate modeling process across our value chain to assess our portfolio's resilience under different external conditions. We use a climate modeling tool developed with the University of Cambridge's Centre for Risk Studies. Modeling simulations evaluated the potential directional impacts on Nestlé's operations and supply chains for both transition and physical risks. Physical risks considered included water-related risks such as precipitation variability, drought, and coastal, river and flash flooding.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	5	Less than 1%	In 2021, we continued to develop a qualitative and quantitative climate modeling process across our value chain to assess our portfolio's resilience under different external conditions. We use a climate modelling tool developed with the University of Cambridge's Centre for Risk Studies. Modeling simulations helped us to identify key climate-related risks and evaluate their potential directional impacts on Nestlé's operations and supply chains for both transition and physical risk factors. The scenario analysis included an overview of possible water-related risks such as precipitation variability, drought, and coastal, river and flash flooding. Potential impacts considered were: • Direct asset damage to facilities • Indirect impacts including: operational capability e.g. storm surges affecting production, supply chain, health and safety; extended value chain, e.g. water availability affecting sourcing and quality of raw materials On timing: • Acute risks already occur today, we expect the severity and frequency to increase • Chronic risks are more likely to manifest over the longer term, weighted to mid-century and beyond In 2020, we assessed our resilience over a five-year time horizon under different external conditions. In 2021, we extended the simulation from 2025 to 2030 for transition risk, and to 2040 for physical risk. The five facilities selected here face potential water stress/drought and flooding risk with high exposure in terms of operational disruption and direct physical damage. For example, concerns about access to water from communities surrounding bottled water factory in Pakistan have put our license to operate at risk and generate reputational issues, potentially reflected in sales.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Ecuador	Daule & Vinces
---------	----------------

Number of facilities exposed to water risk

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

The Nestlé confectionery operations in Ecuador have to cope with the regional evolving climatic variations. The Guayaquil factory has been identified for being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss. There is also a smaller exposure linked to physical asset damage driven by flooding.

Country/Area & River basin

China	Yangtze River (Chang Jiang)
-------	-----------------------------

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

The Nestlé beverage (coffee) operations in China have to cope with the regional evolving climatic variations. The Shanghai factory has been identified for being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

Country/Area & River basin

Pakistan	Indus
----------	-------

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

The Nestlé dairy and bottled water operations in Pakistan have to cope with the regional evolving climatic variations. The Sheikhpura factory has been identified for being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

Country/Area & River basin

India	Ganges - Brahmaputra
-------	----------------------

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

The Nestlé infant nutrition operations in India have to cope with the regional evolving climatic variations. The Samalkha factory has been identified for being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

Country/Area & River basin

Chile	Other, please specify (According to WFF Water Risk Filter, this factory is located in the "Region Metropolitana de Santiago", within a River Basin listed as "Chile (Other)". WRI-Aqueduct hasn't any River Basin name listed for this location.)
-------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

The Nestlé dairy operations in Chile have to cope with the regional evolving climatic variations. The Macul factory has been identified for being at risk from drought/water stress and flash flooding. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Ecuador	Daule & Vinces
---------	----------------

Type of risk & Primary risk driver

Acute physical	Drought
----------------	---------

Primary potential impact

Disruption to sales

Company-specific description

Situation: We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans. Task: Nestlé has assigned a Threat Assessment Grade (TAG) rating to each facility based on its underlying geographic grid cell in the Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of an annual probability. Each facility has been assigned a TAG rating and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change are then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The Climate Change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction in likelihood. Action: Our confectionery operations in Ecuador have to cope with evolving regional climatic variations. The Guayaquil factory was assigned a A--- for drought/water stress and an A for flooding. This indicates there is a high likelihood that the site may experience a drought today, but climate change impacts should decrease the risk of flooding looking 20 years out. There is also a high likelihood that the site may experience flooding today, but climate change is not expected to increase the flood risk. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss. There is also a smaller exposure linked to physical asset damage driven by flooding.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

20000000

Potential financial impact figure - maximum (currency)

40000000

Explanation of financial impact

The Threat Assessment Grade quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility to recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational disruption.

Primary response to risk

Develop drought emergency plans

Description of response

Based on the findings of our risk analysis, we will set up an action plan to assess local opportunities for responding to the identified risks. The action plan will be integrated into the site's strategic and financial planning.

Cost of response

Explanation of cost of response

This information will be available once we have proper responses in place.

Country/Area & River basin

China	Yangtze River (Chang Jiang)
-------	-----------------------------

Type of risk & Primary risk driver

Acute physical	Drought
----------------	---------

Primary potential impact

Disruption to sales

Company-specific description

Situation: We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans. Task: Nestlé has assigned a Threat Assessment Grade (TAG) rating to each facility based on its underlying geographic grid cell in our Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of an annual probability. Each facility has been assigned a Threat Assessment Grading (TAG) and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change are then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The climate change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction in likelihood. Action: Our beverage (coffee) operations in Shanghai have to cope with evolving regional climatic variations. One Nestlé's factories in Shanghai was assigned a A for drought/water stress and an A++ for flash flooding. This indicates there is a high likelihood that the site may experience a drought today, but climate change impacts should neither increase or decrease the water stress risk of flooding looking 20 years out. For flooding event there is also a high likelihood that the site may experience flooding today, and climate change will drive a medium increase of the flood risk. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

20000000

Potential financial impact figure - maximum (currency)

40000000

Explanation of financial impact

The model quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility to recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational

disruption.

Primary response to risk

Amend the Business Continuity Plan

Description of response

Based on the findings of our risk analysis, we will set up an action plan to assess local opportunities for responding to the identified risks. The action plan will be integrated into the site's strategic and financial planning.

Cost of response

Explanation of cost of response

This information will be available once we have proper responses in place.

Country/Area & River basin

Pakistan	Indus
----------	-------

Type of risk & Primary risk driver

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

Primary potential impact

Closure of operations

Company-specific description

Situation: We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans. Task: Nestlé has assigned a Threat Assessment Grade (TAG) rating has been assigned to each facility based on their underlying geographic grid cell in our Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of an annual probability. Each facility has been assigned a Threat Assessment Grading (TAG) and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change are then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The climate change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction in likelihood. Action: Nestlé's dairy and bottled water operations in Pakistan have to cope with evolving regional climatic variations. The Sheikhpura factory was assigned a B+++ for drought/water stress and flooding indicating a moderately high likelihood that the site may experience a drought and/or flooding event today and that climate change will drive a significant increase in this probability over the next 20 years. Drought and/or flooding have the potential to disrupt operations which translates into revenue loss. There is also a smaller exposure linked to physical asset damage driven by flooding.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

40000000

Potential financial impact figure - maximum (currency)

70000000

Explanation of financial impact

The model quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility to recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational disruption and to a lesser extent physical asset damage.

Primary response to risk

Amend the Business Continuity Plan

Description of response

Based on the findings of our risk analysis, Nestlé will set up an action plan to assess local opportunities for responding to the identified risks. The action plan will be integrated into the site's strategic and financial planning.

Cost of response

Explanation of cost of response

This information will be available once we have proper responses in place.

Country/Area & River basin

India	Ganges - Brahmaputra
-------	----------------------

Type of risk & Primary risk driver

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

Primary potential impact

Disruption to sales

Company-specific description

Situation: We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans. Task: Nestlé has assigned a Threat Assessment Grade (TAG) rating has been assigned to each facility based on their underlying geographic grid cell in our Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of an annual probability. Each facility has been assigned a Threat Assessment Grading (TAG) and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change are then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The climate change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction in likelihood. Action: Nestlé's infant nutrition operations in India have to cope with evolving regional climatic variations. The Samalkha factory was assigned a A+++ for drought/water stress and flash flooding indicating a high likelihood that the site may experience a drought and/or flooding event today and that climate change will drive a significant increase in this probability over the next 20 years. For riverine flooding, the factory has a B rating i.e. a moderately high likelihood of a hazard event occurring today, but climate change is not expected to increase the exposure. A drought/water stress event and/or flash or riverine flooding have the potential to disrupt operations which translates into revenue loss. There is also a smaller exposure linked to physical asset damage driven by flooding.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

30000000

Potential financial impact figure - maximum (currency)

50000000

Explanation of financial impact

The model quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility to recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational disruption and to a lesser extent physical asset damage.

Primary response to risk

Amend the Business Continuity Plan

Description of response

Based on the findings of our risk analysis, we will set up an action plan to assess local opportunities for responding to the identified risks. The action plan will be integrated into the site's strategic and financial planning.

Cost of response

Explanation of cost of response

This information will be available once we have proper responses in place.

Country/Area & River basin

Chile	Other, please specify (According to WFF Water Risk Filter, this factory is located in the "Region Metropolitana de Santiago", within a River Basin listed as "Chile (Other)". WRI-Aqueduct hasn't any River Basin name listed for this location.)
-------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Type of risk & Primary risk driver

Acute physical	Drought
----------------	---------

Primary potential impact

Disruption to sales

Company-specific description

Situation: We operate facilities all over the world and already face risks related to extreme weather events. Insight into the potential severity and frequency of extreme weather events helps to strengthen our mitigation plans. Task: Nestlé has assigned a Threat Assessment Grade (TAG) ratings has been assigned to each facility based on their underlying geographic grid cell in our Climate Risk Atlas. This determines how likely the location is to experience a physical hazard event, in terms of an annual probability. Each facility has been assigned a Threat Assessment Grading (TAG) and a Climate Change Rating by threat type. TAGs are defined for the present day (based on the recent historical record of extreme weather events, 1980-2020). The expected change in hazard probability due to climate change are then denoted with Climate Change Ratings based on the future modelled climate hazard. The TAG determines how likely the facility is to experience a threat event, with A being the highest and F being the lowest likelihood. The climate change rating determines how this likelihood is expected to change over the next 20 years, with +++ representing a large increase and --- representing a large decrease in hazard. The classification of +++ signifies a significant increase in the likelihood of an event, while negative (---) implies a reduction

in likelihood. Action: Our dairy operations in Chile have to cope with evolving regional climatic variations. The Macul factory was assigned a A+ for drought/water stress and flash flooding indicating a high likelihood that the site may experience a drought today and that climate change will drive a small increase in this probability over the next 20 years. For flash flooding, the factory has a A- rating i.e. a high likelihood of a hazard event occurring today, but climate change will result in a small decrease in this exposure. A drought/water stress event and/or flash flooding have the potential to disrupt operations which translates into revenue loss.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

30000000

Potential financial impact figure - maximum (currency)

50000000

Explanation of financial impact

The model quantifies the aggregate risk of multiple extreme weather threat types including drought/water stress and flooding. Expected loss is a useful metric to indicate average losses from weather events given the set of possible events. Characteristic drought scenarios were defined representing small, medium, and large magnitude events. The vulnerability of a facility to an event determines how severe an initial shock would be in terms of lost capacity, with estimates made on the duration of initial severity and how quickly the facility to recover back to 100% capacity. The estimated financial impact disclosed here expresses the loss in revenue in case of operational disruption.

Primary response to risk

Amend the Business Continuity Plan

Description of response

Based on the findings of our risk analysis, we will set up an action plan to assess local opportunities for responding to the identified risks. The action plan will be integrated into the site's strategic and financial planning.

Cost of response

Explanation of cost of response

This information will be available once we have proper responses in place.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Switzerland	Rhine
-------------	-------

Stage of value chain

Other, please specify (Water Catchment)

Type of risk & Primary risk driver

Chronic physical	Declining water quality
------------------	-------------------------

Primary potential impact

Constraint to growth

Company-specific description

The recharge area of our Henniez springs in Broye, Switzerland, where we operate a water-bottling plant, is located in an area that had previously been subject to intensive agriculture. Strong measures at catchment level, such as land use change, regenerative agricultural techniques and reforestation were needed to prevent nitrate concentration from rising in the natural spring water and affecting the quality of our product.

Timeframe

More than 6 years

Magnitude of potential impact

High

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

6000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

This is the estimated avoided cost of drilling new wells to reach new water sources with a lower concentration of nitrate. The drilling cost was estimated at 6 million CHF. Accounting for the potential limitation/disruption of our activities would have far greater financial impact.

Primary response to risk

Upstream	Other, please specify (Implement holistic water stewardship management at catchment level)
----------	--------------------------------------------------------------------------------------------

Description of response

Situation: Nestlé sought to create business and societal benefits through the various activities carried out to avoid drilling new wells. Action: The project at Broye saw investments in a range of activities to maintain nitrite levels in the water at an acceptable level. Task: Strong measures were carried out at catchment level to prevent nitrate concentration from rising in the natural spring water and affecting the quality of our product. These included the introduction of regenerative agricultural techniques and reforestation. Results: • 120 ha of agricultural land and 5ha forest improved for better ecosystem services; • 2500ha of biodiversity corridors; • 1700 tonnes of CO2 avoided thanks to a biogas project (manure management); • Avoided cost of new water well for communities.

Cost of response

250000

Explanation of cost of response

The cost of response is an annual figure, accounting for 100'000 annual direct investments in the implementation of catchment-level projects such as regenerative agricultural techniques and reforestation, plus 150'000 in employment costs to manage the project.

Country/Area & River basin

Brazil	Other, please specify (Rio Quartel basin)
--------	-------------------------------------------

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical	Drought
----------------	---------

Primary potential impact

Supply chain disruption

Company-specific description

Nestlé's considers efficient water management to be fundamental in helping to ensure long-term business sustainability. In Brazil, irrigated agriculture accounts for 67% of water consumption. Inefficient irrigation and water use by other users can exhaust aquifers, reduce river flows, pollute rivers and springs (with fertilizers, chemical products, etc.), and salinize water. In the Brazilian State of Espírito Santo, coffee production represents one of the most important economic activities (about 35% of Gross Domestic Product) and generates about 400 000 direct and indirect jobs. Coffee is present in 60,000 of the 90,000 agricultural properties in the state (73% are family-based agricultural properties with an average size of 8 hectares). Espírito Santo is the largest national Conilon coffee producer and the second-largest coffee producing state in Brazil (Conilon and Arabica), with an average participation of 75% and 25% of national production respectively. Water directly influences the yield and cost of coffee and other crop production, as well as coffee quality and the incomes of producer families. Therefore, properties with more efficient water management have better conditions to prosper and encourage youth to remain in agriculture. A study conducted by the State Agency of Water Resources of Espírito Santo (AGERH, 2017) on the water balance for the State of Espírito Santo demonstrated that several of the state's coffee producing municipalities and hydrographic basins show critical or negative water balance due to over-exploited water resources. Nestlé buys significant volumes of coffee from these areas, and is dependent on the quality and quantity of its coffee production. Water risks are a direct risk to coffee production and a direct risk to Nestlé's activities.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

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

Primary response to risk

Upstream	Map supplier water risk
----------	-------------------------

Description of response

In 2019, together with coffee supplier The Neumann Foundation, Nestlé launched a project to help introduce efficient irrigation and improved water management in the Baixo Quartel Rural Community, in the Municipality of Linhares, in Espírito Santo. The objectives of the study are: - Initial evaluation of water stress in rural properties producing Conilon coffee in the region. - Identify and document suited tools to help increase availability and improve water management in Conilon producer properties. - Promote digital technologies for developing an intelligent irrigation management system in Conilon producer communities, to help increase irrigation efficiency of irrigation and enhance rational water use. - Implement technologies and good agricultural practices in Conilon producing properties to help increase drought resilience and reduce dependence on irrigation. - Promote greater youth inclusion in the community and build a community cooperation agreement for participatory water management. - Disseminate the project results and guidelines for state and municipal government. This study is important for producing families and public policy state managers, as it enables analysis, through trend estimates for 2030 and 2050 for the region, of (i) availability of water to meet the demand for Conilon coffee production and (ii) the proper temperature range for the production. To apply the water availability and agricultural climate risk modeling, 10 pilot properties in the community were selected. For this purpose, climate data referring to the regional model Eta-HadGEM2-ES were used. The data refer to the concentration of greenhouse gases (GHG) RCP 8.52 scenario, prepared by the IPCC. The results allow all affected players to find solutions to shared issues while lessons learned from the project can encourage and guide the state in developing strategies to adapt to climate change and more efficient water management in producing communities.

Cost of response

Explanation of cost of response

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

Country/Area & River basin

Pakistan	Indus
----------	-------

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical	Drought
----------------	---------

Primary potential impact

Other, please specify (Water stress and reputational risk)

Company-specific description

Pakistan is one of the most water-stressed countries in the world, access to clean drinking water is a key development challenge. More than 95% of the country's usable water is used for agriculture in rural areas, while 2% is used by urban municipalities and 2% by industry. This high pressure on limited water resources not only generates strong risks of shortages for users but can also trigger further repercussions. Without any intervention, Nestlé will be at risk of increased operating cost (higher prices on water), production shortages (water supply disruption), and brand damages through reputational battles challenges.

Timeframe

More than 6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Brand damage through reputational issues is complex to define and assess.

Primary response to risk

Supplier engagement	Work with supplier to engage with local communities
---------------------	-----------------------------------------------------

Description of response

Situation: Pakistan is one of the most water-stressed countries in the world and Nestlé faces risks of increased operating costs and supply chain disruption. Task: Nestlé seeks to improve water stewardship in our operations and throughout the supply chain. Action: Nestlé Pakistan has signed a partnership with WWF Pakistan and implemented the Alliance for Water Stewardship (AWS) Standard at our Sheikhpura and Islamabad manufacturing facilities. Nestlé Pakistan has also entered into partnerships with Lahore University of Management Sciences (LUMS) Centre for Water Informatics and Technology to co-develop smart soil sensors that send information to farmers' phones about which areas of land to irrigate and how much water to use. Result: Nestlé Pakistan's support for farmers in its dairy supply chain has resulted in the implementation of improved irrigation practices on more than 5,000 ha of land. The cost of these activities is incorporated into our strategic and financial planning.

Cost of response

300000

Explanation of cost of response

This is a cumulative figure of our investment in water stewardship projects in Pakistan over the last three years.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Markets

Primary water-related opportunity

Strengthened social license to operate

Company-specific description & strategy to realize opportunity

Company-specific description: Our bottled-water business, including brands such as Perrier, S.Pellegrino, Vittel and Buxton, aims to advance the regeneration of the water cycle to help create a positive water impact everywhere it operates by 2025. Why this opportunity is considered strategic: This is a strategic opportunity to strengthen our license to operate in catchments and operations around the world, with the aim of maintaining and / or increasing sales of our local and international bottled water brands. Strategy to realize opportunity: Our plan is to implement more than 100 projects around our 48 global waters sites, supported by a CHF 120 million investment. From 2025 onwards, our aim is for these projects to help nature retain more water than our bottled- water business uses. All projects are measurable, using the World Resources Institute's Volumetric Water Benefit Accounting methodology. This methodology provides consistency in analyzing water management activities and helps focus our activities on addressing current and future shared water challenges. Using this methodology, a newly created external panel will review the relevance and sustainability of the projects and give feedback on whether they are helping to address local challenges and opportunities. Nestlé Waters will strive toward continued reporting of water usage at each of its sites and on what its projects contribute to the area. Example of action taken to realize opportunity: Situation: Benha, Egypt is home to one of our water bottling facilities and to the local community of Kafr Arbeen. This village of 27,000 people was lacking much-needed access to clean water. Task: Together with local municipalities Nestlé Egypt undertook several projects to help address the issue. Actions: Activities included rehabilitating a canal that provides irrigation for agricultural land around the village of Kafr Arbeen. Results: We cleaned organic waste from the old canal, repoured the walls and floors with cement to stop leakage and improved the velocity of the water so it reaches as much agricultural land as possible. Now we are working with the local water authority to renovate the village's water station and help provide residents with access to clean and safe water. This is helping improve crop health and yield, meaning more profits for the farmers and a better outcome for the local community.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4000000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The potential financial impact is based on the assumption that advancing the regeneration of the water cycle to help create a positive water impact everywhere Nestlé Waters operates will help maintain and/or possibly increase sales of our many local and international bottled water brands, valued at CHF 4 billion in 2021.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

EC PL Guayaquil

Country/Area & River basin

Ecuador	Daule & Vincas
---------	----------------

Latitude

-2.172841

Longitude

-79.939013

Located in area with water stress

No

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

49.48

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

49.482

Total water discharges at this facility (megaliters/year)

28.61

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

28.619

Total water consumption at this facility (megaliters/year)

20.86

Comparison of total consumption with previous reporting year

Lower

Please explain

Continuous improvement in water use efficiency is leading to further decreases in water use and water consumption.

Facility reference number

Facility 2

Facility name (optional)

CN PL NSHL Shanghai

Country/Area & River basin

China	Yangtze River (Chang Jiang)
-------	-----------------------------

Latitude

31.22

Longitude

121.48

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

20.23

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

20.231

Total water discharges at this facility (megaliters/year)

21.62

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

21.624

Total water consumption at this facility (megaliters/year)

-1.39

Comparison of total consumption with previous reporting year

Much lower

Please explain

Continuous improvement in water use efficiency is leading to further decreases in water use and water consumption.

Facility reference number

Facility 3

Facility name (optional)

PK PL Sheikhpura Factory

Country/Area & River basin

Pakistan	Indus
----------	-------

Latitude

31.42

Longitude

73.58

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

1277.55

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

1277.55

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

616.35

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

616.358

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

661.19

Comparison of total consumption with previous reporting year

Higher

Please explain

Increased in production resulted in an increase in water use and water consumption.

Facility reference number

Facility 4

Facility name (optional)

IN PL Samalkha

Country/Area & River basin

India	Ganges - Brahmaputra
-------	----------------------

Latitude

29.221404

Longitude

77.007315

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

394.24

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

394.242

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

113.81

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

113.816

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

280.42

Comparison of total consumption with previous reporting year

Lower

Please explain

Continuous improvement in water use efficiency is leading to further decreases in water use and water consumption.

Facility reference number

Facility 5

Facility name (optional)

CL PL MACUL

Country/Area & River basin

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

Latitude

-33.494676

Longitude

-70.612671

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

602.6

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

602.609

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

190.25

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

190.257

Total water consumption at this facility (megaliters/year)

Comparison of total consumption with previous reporting year

Lower

Please explain

Continuous improvement in water use efficiency is leading to further decreases in water use and water consumption.

W5.1a**(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?****Water withdrawals – total volumes****% verified**

Not verified

Verification standard used

<Not Applicable>

Please explain

EY selected a representative sample of 11 factories and 16 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2021.

Water withdrawals – volume by source**% verified**

Not verified

Verification standard used

<Not Applicable>

Please explain

EY selected a representative sample of 11 factories and 16 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2021.

Water withdrawals – quality by standard water quality parameters**% verified**

Not verified

Verification standard used

<Not Applicable>

Please explain

EY selected a representative sample of 11 factories and 16 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2021.

Water discharges – total volumes**% verified**

Not verified

Verification standard used

<Not Applicable>

Please explain

EY selected a representative sample of 11 factories and 16 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2021.

Water discharges – volume by destination**% verified**

Not verified

Verification standard used

<Not Applicable>

Please explain

EY selected a representative sample of 11 factories and 16 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2021.

Water discharges – volume by final treatment level**% verified**

Not verified

Verification standard used

<Not Applicable>

Please explain

EY selected a representative sample of 11 factories and 16 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2021.

Water discharges – quality by standard water quality parameters

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

EY selected a representative sample of 11 factories and 16 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2021.

Water consumption – total volume

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

EY selected a representative sample of 11 factories and 16 entities for assurance based on their activity, contribution to the consolidated indicators being assured, location and a risk analysis. None of the facilities exposed to water risk listed in W5.1 were in the sample in 2021.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

Scope	Content	Please explain
-------	---------	----------------

	Scope	Content	Please explain
Row 1	Select facilities, businesses, or geographies only	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Description of water-related standards for procurement</p> <p>Reference to international standards and widely-recognized water initiatives</p> <p>Company water targets and goals</p> <p>Commitment to align with public policy initiatives, such as the SDGs</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to water-related innovation</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to water stewardship and/or collective action</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities</p> <p>Acknowledgement of the human right to water and sanitation</p>	<p>The Nestlé Policy on Environmental Sustainability identifies water preservation as a key focus area. This policy is complemented by the Nestlé Commitment on Water Stewardship, which describes our dependency and impact on water by stating that "Nestlé recognizes that the long-term success of the company is built upon effective water stewardship in the watersheds where its raw materials are sourced from, where its factories are located, and where suppliers and consumers live". The Nestlé Commitment to Water Stewardship sets a framework for commitments on water that go beyond regulatory compliance. This includes a commitment on collective action, tackling water challenges through platforms like the Alliance for Water Stewardship. The commitment also describes: - Business impact on water: "agriculture is the major user of water and Nestlé is one of the worlds' largest buyers of agricultural raw materials from farms and forests". - Performance standards for direct operations, including commitments for working to achieve water efficiency across our operations. - Additional commitments on innovations in water efficiency and water treatment, advocacy, supplier engagement, stakeholder awareness and reporting. - Support for public policy initiatives and widely recognized water initiatives including the 2030 Water Resources Group, the Alliance for Water Stewardship, and the CEO Water Mandate. The Nestlé Responsible Sourcing Standard describes water-related standards for procurement, including requirements that go beyond regulatory compliance for tier-1 suppliers, upstream intermediaries and farmers. In addition, the Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation are based upon the guidance on respecting the human right to water provided by the UN CEO Water Mandate. In 2021, we launched a Human Rights Framework and Roadmap that recognizes the right to clean water and sanitation as one of Nestlé's salient human rights issues. All documents are publicly available and apply to all geographies and sites. The reason the scope of our water policies is companywide is that water is critical to the future success of our business and our value chain. Together, the Nestlé Commitment on Water Stewardship, Responsible Sourcing Standard, and Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation ensure companywide application of our water policies.</p>

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	<p>At Board level, as of the Annual General Meeting 2021, Nestlé split its existing Nomination and Sustainability Committee into a separate Nomination Committee and a dedicated Sustainability Committee. This reflects the importance of sustainability in Nestlé's corporate governance and allows Board members to dedicate more time and focus to each of these important topics. The Sustainability Committee provides strategic guidance on water-related matters and reports to the full Board of Directors, which has overall oversight. The Sustainability Committee of the Board meets at least three times per year. It reviews the Company's commitments on environmental, social and governance aspects as well as the annual Creating Shared Value report and discusses periodically how other material non-financial risks affect the Company's financial performance and how its long-term strategy relates to its ability to create shared value. In 2021, the Sustainability Committee approved the creation of the ESG and Sustainability Council to replace three previous bodies, including the Caring for Water Steering Committee. It also discussed additional water reduction projects that had been identified. An Environmental, Social and Governance (ESG) and Sustainability Council has been established at the Executive Board level. The ESG Sustainability Council provides governance, strategic leadership and execution support. It drives implementation of Nestlé's sustainability strategy, including implementation of our water strategy and goals.</p>

W6.2b

(W6.2b) Provide further details on the board’s oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	At Board level, as of the Annual General Meeting 2021, Nestlé split its existing Nomination and Sustainability Committee into a separate Nomination Committee and a dedicated Sustainability Committee. This reflects the importance of sustainability in Nestlé’s corporate governance and allows Board members to dedicate more time and focus to each of these important topics. The Sustainability Committee provides strategic guidance on water-related matters and reports to the full Board of Directors, which has overall oversight. The Sustainability Committee of the Board meets at least three times per year. It reviews the Company’s commitments on environmental, social and governance aspects as well as the annual Creating Shared Value report and discusses periodically how other material non-financial risks affect the Company’s financial performance and how its long-term strategy relates to its ability to create shared value.

W6.2d

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

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	One Board member has specific expertise in agriculture and food systems and one further board member in water use in our operations.	<Not Applicable>	<Not Applicable>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other committee, please specify (ESG and Sustainability Council)

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

As of January 2021, an Environmental, Social and Governance (ESG) Sustainability Council (ESG Sustainability Council) was established at the Executive Board level to take over the management responsibility on water-related matters. The ESG Sustainability Council provides governance, strategic leadership and execution support, amongst others, on water security matters. It drives implementation of Nestlé’s sustainability strategy, including the implementation of its water strategy, ensuring focus and alignment on execution. The ESG Sustainability Council meets every month and reports progress to the full Executive Board monthly. To drive implementation and execution of strategies at operational level, an ESG Strategy and Deployment Unit was created. It integrates external developments and defines Nestlé’s sustainability strategies in support of Nestlé’s ESG commitments. It coordinates the ESG sustainability activities and has oversight of ESG related data and external disclosures.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Executive Vice President (EVP) Head of Strategic Business Units and Marketing and Sales)

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The ESG Sustainability Council is chaired by the Group's Executive Vice President (EVP) Head of Strategic Business Units and Marketing and Sales.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Americas (United States of America, Canada, Latin America, Caribbean))

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Executive Vice President Chief Executive Officer Zone Europe, Middle East and North Africa (EMENA) is a member of the ESG Sustainability Council.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA))

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Executive Vice President Chief Executive Officer Zone Asia, Oceania and sub-Saharan Africa (AOA) is a member of the ESG Sustainability Council.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Executive Vice President Global Head of Operations)

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Executive Vice President Global Head of Operations is a member of the ESG Sustainability Council established at Executive Board level. As of January 2021, we have put in place an ESG Strategy Unit led by the Global Head of ESG, reporting to the EVP Global Head of Operations.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Executive Vice President Chief Technology Officer)

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Executive Vice President Chief Technology Officer is a member of the ESG Sustainability Council.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Executive Vice President General Counsel, Corporate Governance and Compliance)

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Executive Vice President General Counsel, Corporate Governance and Compliance is a member of the ESG Sustainability Council.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Executive Vice President Chief Financial Officer)

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Executive Vice President Chief Financial Officer is a member of the ESG Sustainability Council.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	To ensure focused implementation of Nestlé's sustainability strategy, sustainability-related KPIs including on water are included in the 2021 Short-Term Bonus plan of the Executive Board.

W6.4a

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

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Board/Executive board	Reduction of water withdrawals	To ensure focused implementation of Nestlé's sustainability strategy, sustainability-related KPIs including on water are included in the 2021 Short-Term Bonus plan of the Executive Board.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, funding research organizations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Multiple considerations shape our advocacy priorities, including:

- Our long-term business strategy
- Internal alignment on themes to focus on at global level, and their regional and local 'cascading' to fit business context and ensure relevance
- Internal policies and guidelines
- External consultations with key stakeholders.

Process used to ensure consistency

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

- Nestlé is regularly in opposition with the positions / agendas of the organization (includes inappropriate lobbying practices)
- The organization has not delivered the outcome expected for many years
- Weak governance putting at risk Nestlé's reputation
- The evolution of the membership of the organization is not aligned with Nestlé's agenda, values and principles.

Action taken if inconsistency is discovered

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

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

2021-annual-review-en.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Water impacts are included in our long-term business objectives with a time horizon of 5-10 years through our internal governance processes. The setting of targets and public commitments on water issues is overseen by our Board-level Sustainability Committee. The Executive Board level ESG and Sustainability Council is responsible for approving and reviewing the performance of water-related initiatives - from factory water efficiency projects to WASH and water use in agriculture. For example, in 2021 the ESG and Sustainability Council approved our Nestlé Waters Pledge to help create a positive water impact everywhere it operates, and our Human Rights Framework, which includes the right to water and sanitation as one of Nestlé's salient human rights issues that we will work to address in the long term. Our business strategy incorporates water risks and opportunities driven by regulation, physical and reputational aspects. It covers aspects of water quantity and quality both in our direct operations and wider value chain as well as access to water and sanitation for our employees and communities in our value chain.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	The impacts of water stress are already being felt locally by communities, including by farmers and consumers. As such, our strategy for achieving long-term objectives (long-term time horizon of 5-10 years) in our operations and supply chains must be local, or context-based, too. Nestlé uses various sets of publicly available data from four independent sources to evaluate the water stress at our factory and sourcing locations. Each Nestlé site or sourcing region receives a score, allowing us to identify a list of Where It Matters locations to prioritize actions. Our context-based approach involves a three-step roadmap from local to wider catchment level: compliance as a minimum, then best practice in water resources management, and collective action. Our approach to water management is overseen by the ESG and Sustainability Council, supported by the ESG Strategy and Deployment Unit. For example, to realize a positive linkage with long-term carbon emission reductions, we are integrating the management of water resources through the transition to regenerative agriculture in our supply chains by 2030 and in delivering on our broader Forest Positive strategy and Net Zero Roadmap.
Financial planning	Yes, water-related issues are integrated	5-10	Investment in improving water efficiency at our factories is built into our financial planning with a long-term time horizon of 5-10 years. In addition, we are investing CHF 1.2 billion by 2025 to spark regenerative agriculture across our supply chain, a portion of which will support the restoration of water cycles. For example, our bottled-water business, including brands such as Perrier, S.Pellegrino, Vittel and Buxton, aims to advance the regeneration of the water cycle to help create a positive water impact everywhere it operates by 2025 and maintain a positive water impact from that point forward. This is a strategic opportunity to strengthen our license to operate in catchments and operations around the world, with the aim of maintaining and / or increasing sales of our local and international bottled water brands. The Nestlé Waters pledge is included in our financial planning in the form of a CHF 120 million investment to support our aim that, from 2025 onward, these projects help nature retain more water than our bottled- water business uses.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

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

W7.3

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

	Use of scenario analysis	Comment
Row 1	Yes	Scenario analysis allows us to better understand the impacts of climate change and how they could affect our company. It is a critical tool for strategic and financial planning and risk management. In 2020, we assessed our resilience over a five-year time horizon under different external conditions. In 2021, we extended the simulation to 2030 for transition risk, and to 2040 for physical risk. Scenarios are not forecasts; they help to evaluate a range of hypothetical outcomes, considering a variety of plausible future states under a given limited set of assumptions. Modeling the impacts of climate change is evolving and subject to ongoing scientific debate, which impacts the modeling of longer-term horizons. The further we look out, the more challenging it is to model external conditions. The results summarized in the following section should be reviewed in light of these limitations.

W7.3a

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

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Climate-related	Scenario analysis allows us to better understand the impact of climate change and how it could affect our company. It is a critical tool for strategic and financial planning and risk management. In 2021, we continued to strengthen our methodology and tools to identify, assess and manage our climate risks and opportunities, including water-related impacts. Modeling simulations evaluated the potential directional impacts on Nestlé for both transition and physical risk factors. We partnered with Resilience using methodology and scenarios from their academic partner, the Centre for Risk Studies at the University of Cambridge Judge Business School. We assessed two types of risk: transition risk and physical risk. In 2020, we assessed our resilience over a five-year time horizon under different external conditions. In 2021, we extended the simulation from 2025 to 2030 for transition risk, and to 2040 for physical risk. The insights from this work further strengthen the importance and relevance of our climate-related actions outlined in our Net Zero Roadmap. Transition risk is related to the nature, pace and timing of decarbonization of the global economy. The pathway to reduce emissions may be gradual and managed or may be rushed and abrupt. Therefore, to analyze transition risk, we used three different scenarios, based on low-, intermediate- and high-emission pathways: • Low-emission pathway: Immediate and coordinated action to curb emissions limit warming to 1.5°C by 2100. • Intermediate pathway: Reliance on existing/planned policies leads to warming of +2°C to +3°C by 2100. • High-emission pathway: Few or no steps taken to limit emissions lead to warming of +4°C to +5°C by 2100. Physical risks associated with a changing climate can be felt today. The Earth’s temperature has risen since the beginning of the industrial age (by around +1.1°C) and further warming is unavoidable. Over the next few decades scientists estimate that the global temperature will most likely increase by a minimum of 1.5°C by 2040. This is caused by the GHG emissions already in the air. To analyze the physical risk, we used this most likely scenario.	Our assessment of climate risk shows that: - In the short to medium term, Nestlé must navigate transition risks. These can vary significantly depending on the nature and speed at which countries act to align to a Paris Agreement trajectory. For example, policies to constrain emission-intensive activities may lead to increased raw material costs and land use restrictions in our supply chains. - In the longer term, physical risks could pose a greater threat to sourcing of raw materials. By 2040, climate, heatwaves and drought/water stress-related risks are forecast to increase in frequency and severity. These hazards may impact the availability and quality of key raw materials such as coffee and cocoa through lower yields, yield variability and, in the longer term, a reduction in suitable areas for cultivation. These hazards may also disrupt our facilities and/or damage our assets. The analysis provides further insight into the potential severity and frequency of extreme weather events and helps to strengthen our mitigation plans. The impact of extreme weather events on Nestlé’s facilities today is low. The physical risks highlighted could lead to a small increase in potential losses above what is experienced today, but our analysis does not identify any material financial impacts until 2040.	We monitor water efficiency and the quality of the water we discharge at our factories, and promote and implement better water management practices in water-stressed areas in our agricultural supply chains to help protect watersheds and regenerate the water cycle. Mitigation strategies already in place for identified transition risks include: • Supporting farmers to improve water stewardship and increase productivity without increasing water use through our regenerative agriculture program. • Advancing regenerative agriculture at scale (20% of our key ingredients by 2025; 50% by 2030). • Substituting product ingredients. • Reviewing products and business models based on their environmental footprint. Nestlé’s mitigation of and adaptation to physical risks from climate change is aided by the sustainable sourcing actions our company has invested in for more than 20 years. Building on this our commitment to advance regenerative agriculture aims to make farmers more resilient. Relevant initiatives include distributing new coffee plantlets that perform better in locations affected by extreme weather events. In our operations, we manage risks related to extreme weather through site-specific loss prevention and business continuity strategies. For example, our Mossel Bay dairy factory in South Africa is located in one of the Western Cape’s most water-stressed regions. The site uses water recovery, treatment and recycling technology to reuse and recycle water.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

Nestlé doesn't have a price on water, but it is currently exploring water valuation practices. Nestlé has developed a methodological framework to guide our investments and ensure sound arbitration of our projects. At project level, the associated cost of water reduction in factories is assessed, among other factors. This enables us to channel capital toward the most efficient water reduction projects, similar to the way we allocate CAPEX or marketing resources.

W7.5

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

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	<Not Applicable>	Other, please specify (Our focus is on addressing high water impact products as the risks are greater and solutions will offer a better return on investment. We are working to identify products that can be classified as low water impact products in the future.)	Our water stewardship strategy is to focus on reducing water risk from higher water impact products. We may investigate opportunities to classify products as low water impact during the next two years.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals Brand/product specific targets and/or goals Country level targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	At Nestlé, we aim to take a holistic approach to water stewardship that considers our operations, our bottled-water business, our agricultural supply chains and the communities affected throughout. Nestlé sets public commitments to ensure we deliver on this approach. The setting of targets and public commitments on water issues is overseen by our Board-level Sustainability Committee. The Executive Board-level ESG and Sustainability Council is responsible for approving and reviewing the performance of water-related initiatives – including factory water efficiency projects, WASH and water use in agriculture. The target setting process relies on: - Assessment of local water stress at the location of our manufacturing sites (quantitative and qualitative) using various sets of data (i.e. WRI Aqueduct, WWF WRF, EarthStat Water Depletion and Pfister 2014). - Assessment of local water stress in the agricultural supply chain and within key watersheds where Nestlé operates (quantitative and qualitative) using various sets of data (i.e. WRI Aqueduct, WWF WRF, EarthStat Water Depletion and Pfister 2014). - Detailed field assessments of water-related risks and opportunities (quantitative and qualitative) - Assessment and mapping of key stakeholders to engage with, in its entire value chain and beyond (authorities, NGOs). Business-level, brand-level, and basin-specific commitments relate to the Nestlé Waters pledge. To develop the pledge and review the relevance and sustainability of projects that contribute to it, we have established an external panel of non-governmental organizations and academia, including representatives from The Nature Conservancy, Global World Challenge and the CEO Water Mandate, among others. We will continue to engage in a transparent manner with this panel on our water usage at each of our sites and on what our projects aim to contribute.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Procurement/production of sustainable raw materials

Level

Company-wide

Primary motivation

Risk mitigation

Description of target

We aim for 100% of key raw material volumes to be produced sustainably by 2030. Key ingredients applies to 14 key agricultural raw materials that cover 95% of our annual sourcing by volume: coffee; cocoa; dairy; sugar; cereals and grains; hazelnuts; palm oil; pulp and paper; soya; vegetables; spices; coconut; fish and seafood; and meat, poultry and eggs. 'Produced sustainably' means the origin of the key ingredient is known and the direct supplier is progressing to address social and environmental performance in areas including water impact.

Quantitative metric

% increase in procurement/production of crops using sustainable agriculture practices

Baseline year

2021

Start year

2021

Target year

2030

% of target achieved

16.3

Please explain

Building on years of work to source key raw materials that are traceable and responsibly sourced, we are now raising the bar with a more comprehensive approach to assessing, addressing and reporting on social, environmental and animal welfare risks in our supply chain. We are focusing on the systematic deployment of our responsible sourcing requirements throughout our supply chain to help transform agricultural production practices in a way that has a positive impact on people, nature and climate. To measure progress, we have defined a new 'produced sustainably' key performance indicator (KPI) for our 14 priority raw materials that combines multiple requirements. This replaces our two previous commitments and related KPIs that came to a close in 2020: percentage of volume traceable and percentage of volume responsibly sourced. As our new KPI is more ambitious than the previous ones, results are not comparable with prior years' performance.

Target reference number

Target 2

Category of target

Watershed remediation and habitat restoration, ecosystem preservation

Level

Brand/product

Primary motivation

Increase freshwater availability for users/natural environment within the basin

Description of target

Nestlé Waters will advance the regeneration of the water cycle to help create a positive water impact everywhere our water business operates by 2025. Our plan is to implement more than 100 projects around our 48 global water sites, supported by a CHF 120 million investment. From 2025 onwards, we aim for these projects to help nature retain more water than our bottled- water business uses. All projects are measurable, using the World Resources Institute's Volumetric Water Benefit Accounting methodology. This provides consistency in analyzing water management activities and helps focus our activities on addressing current and future shared water challenges. Using this methodology, a new external panel will review the relevance and sustainability of the projects and give feedback on whether they are helping to address local challenges and opportunities. Nestlé Waters will strive toward continued reporting of water usage at each of its sites and on what its projects contribute to the area.

Quantitative metric

Other, please specify (All projects are measurable using the WRI Volumetric Water Benefit Accounting methodology. This provides consistency in analyzing water management activities and helps focus our activities on addressing current and future shared water challenges.)

Baseline year

2021

Start year

2021

Target year

2025

% of target achieved

0

Please explain

This is a new commitment introduced partway through 2021. We plan to start reporting progress from 2022 onward.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Other, please specify (Certification of factories)

Level

Brand/product

Motivation

Recommended sector best practice

Description of goal

Nestlé Waters will certify all its bottling water facilities with the Alliance for Water Stewardship (AWS) standard by 2025. This commitment is part of Nestlé's broader program on caring for water across four key areas, which cover: factories, watersheds, agricultural supply chains and communities where it operates. By pledging to certify all our Nestlé Waters sites against this publicly recognized, credible water stewardship standard, it demonstrates how we positively contribute to water resources where we operate toward the shared benefit of all. AWS provides a common language for those willing to be pro-active in Water Stewardship activities through an eye-opening implementation approach and a credible external auditing/certification process. AWS guides companies in assessing risks and needs, and in focusing efforts where it matters most and for the benefit of all.

Baseline year

2017

Start year

2017

End year

2025

Progress

Across our bottled-water business, at the end of 2021, we certified 19 sites to the AWS Standard, compared to 41 in 2020. This number decreased due to the sale of Nestlé Waters North America, which accounted for a number of factories in our portfolio. The 19 certified sites represent 40% of remaining water bottling sites. We are on track to meet our commitment for 2025.

Goal

Other, please specify (Across Nestlé, we will continue to work to achieve good water resource management throughout our operations and agricultural supply chains)

Level

Company-wide

Motivation

Reduced environmental impact

Description of goal

Sustainable water use has long been a central focus for Nestlé. Over many years, we have implemented programs to continuously improve water efficiency at our factories and have worked at reducing water withdrawals, even as production volumes increase. Nestlé is aware that it must double its efforts in the implementation of water-saving initiatives throughout the value chain, particularly in water-stressed regions. Nestlé will work collaboratively with its agricultural suppliers and local communities to invest in water-saving technologies that deliver both environmental and social benefits. At the same time, Nestlé will work with other stakeholders from catchment areas surrounding its facilities to develop joint responses to local water protection.

Baseline year

2021

Start year

2021

End year

2022

Progress

We continuously strive to improve water savings at Nestlé factories. In 2021, we delivered absolute savings of 2.3 million m3 of water through more than 150 projects. Supporting watersheds and the regeneration of the water cycle, particularly in water-stressed areas, is a priority action that forms part of our approach to regenerative agriculture. Essential to this is optimizing organic fertilization, soil conservation, structure and organic matter content, and improving irrigation technology. We continue to engage with suppliers, especially those in agriculture, on water resource management. We use the Nestlé Responsible Sourcing Standard to specify to the more than 150000 direct suppliers and more than 500000 farmers we work with what we expect in terms of water use and water management practices. It sets out basic, mandatory standards as well as important and urgent sustainability practices, including water resources management. For example, In Pakistan and South Africa, where drought and water stress are of concern, Nestlé is working with dairy farmers to implement the use of water sensors and develop water-saving techniques for animal feed production. In Brazil, Nestlé is supporting farmers to install water meters and improve manure-management techniques.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W8 Targets	W8.1b Progress: In 2021, we delivered absolute savings of 2.3 million m3 of water through more than 150 projects.	ISAE 3000	In 2021, we engaged EY to provide independent assurance on the selected key performance indicators (KPIs) of high strategic importance including water use reduction in our factories. This assurance engagement was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 to provide limited assurance. Water use reduction in factories is defined as annualized savings from Nestlé factories obtained from qualifying improvement projects delivering benefits in 2021 and measured in m3 of water saved during 2021. All entities that are or were Nestlé factories during 2021 were in scope.
W8 Targets	W8.1a Target 2 W8.1b	AA1000AS	Bureau Veritas has provided independent assurance of the accuracy, reliability and objectivity of the information included in our 2021 Creating Shared Value and Sustainability Report, and that it covers our material issues. The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (AA1000AS v3) Type 2 at moderate level of assurance.

W10. Sign off

W-FI

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

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

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

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms