

Nestlé S.A. (NESN:SW) – Climate Transition Analysis

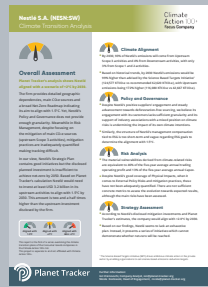
Questions for investors and lenders to ask management of companies concerning their 2030 scenario

Recommended Questions	
Q.1	<p>Will Nestlé provide a GhG mitigation investment target to 2030, rather than to just 2025?</p> <p>Background: Nestlé plans to invest USD 3.5 billion by 2025 to reduce its absolute Scope 1, 2 & 3 emissions by 20%. No investment number is provided to 2030. (see p.18 of the Planet Tracker report).</p>
Q.2	<p>Does the company intend to join the Global Methane Pledge?</p> <p>Background: One of Nestlé’s main source of emissions is Dairy and Livestock sourcing (p.18). Thus, with methane representing around 50% to 80% of emissions footprint for meat and dairy companies as stated by a recent study by Changing Markets Foundation and Institute for Agriculture and Trade Policy (IATP), setting reduction targets and separate reporting of methane could be key to the alignment with a 1.5°C pathway by 2030.</p>
Q.3	<p>In the future, when changes are made to its success targets, will these be referenced by management?</p> <p>Background: Regarding deforestation, in 2018 Nestlé referred to five ‘key commodities’ listed as ‘palm oil, soya, cocoa, cattle and pulp and paper’. However, in subsequent years, the firm refers to ‘key ingredients’ and ‘key agricultural commodities’ listed as palm oil, sugar, soy, meat, pulp and paper (p.9).</p>
Q.4	<p>Will the company disclose the Key Performance Indicators (KPIs) for ESG used in management bonuses?</p> <p>Background: Since 2021, ESG-related KPIs are included in the Short-Term Bonus plan of the Executive Board. As a result, 85% of the remuneration is linked to the Group’s financial performance, while 15% is tied to ESG objectives (p.12).</p>

Report’s Key Takeaways

- Greenhouse gas emissions (GhG) from upstream Scope 3 activities would represent 93% of total emissions by 2030. If not mitigated, these would be more than 2.5 times higher than the Science Based Targets Initiative recommended.
- Most of Nestlé’s initiatives lack granularity and disclosures to determine the company’s alignment with 1.5°C on their own (especially Scope 3 actions).
- Nestlé’s allocated budget for mitigating its main emissions should be two and a half times higher than the upstream investment disclosed by the firm.

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