

ACT ANALYSIS

NESTLÉ

ACT is an initiative launched by the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) to encourage companies to move towards a path compatible with global warming of less than 2°C.

To achieve this goal, two of its founding members, the Agence de l'Environnement et de la Maîtrise de l'Énergie (ADEME) and the Carbon Disclosure Project (CDP), have jointly developed a methodology that allows for a sectoral assessment of companies' transition plans.

The ACT score is a number on a scale ranging from 0 to 20 that reflects the degree of alignment of the company's strategy with sectoral decarbonisation trajectories.

It is used as an indicator of the credibility of a company's ability to meet its climate targets. The rationale for using the ACT assessment, is that it assesses the elements that are likely to influence a company's ability to meet its targets. ACT assesses a company's objectives, investments, activities, decision-making processes, value chain, roles, responsibilities, management remuneration and skills. The ACT methodology is also recognised by the Glasgow Finance Alliance for Net Zero (GFANZ) as a tool for assessing the credibility of transition plans and for investors to engage with companies.

MODULE	SCORE / 100	WEIGHT	KEY ELEMENTS
TARGETS	78.4	15%	<ul style="list-style-type: none"> Short- and Long-term targets are deemed ambitious, approved by the SBTi and aligned with a low-carbon transition Targets cover 95% of the company's emissions
MATERIAL INVESTMENT	1.7	5%	<ul style="list-style-type: none"> No transparency on low-carbon CAPEX Past intensities and future trend of intensities of scope 1 and 2 are aligned with a 1.5°C benchmark
INTANGIBLE INVESTMENT	0	5%	<ul style="list-style-type: none"> No disclosure of detailed R&D investments information
SOLD PRODUCT PERFORMANCE	38.6	30%	<ul style="list-style-type: none"> Product interventions targeted towards the most significant source of emissions, i.e. dairy & livestock, soil & forests Trend in past scope 3 emissions is aligned with a 1.5°C benchmark
MANAGEMENT	85.7	10%	<ul style="list-style-type: none"> Oversight, expertise, strategy and transition plan, management incentives and climate scenario testing are in place for a low-carbon transition
SUPPLIER ENGAGEMENT	72.5	15%	<ul style="list-style-type: none"> Strategy and actions are in place to influence suppliers Supplier engagement actions only targets < 50% of suppliers
CLIENT ENGAGEMENT	20	5%	<ul style="list-style-type: none"> Lack of strategy and actions to influence client behaviour to reduce their GHG emissions and make more sustainable choices Strategy is only focused on adapting to client demand

POLICY ENGAGEMENT	55	5%	<ul style="list-style-type: none"> • Transparent policy on engagement with associations, alliances, thinktanks and lobbying practices • No significant position on climate policies • Only membership but no active participation in (cross-)sectoral initiatives against climate change. • Lack of collaboration with local authorities and actors below national level
BUSINESS MODEL	30.6	10%	<ul style="list-style-type: none"> • Current share of revenue from low-carbon products is not significant • Majority of company actions targets decarbonisation of existing business models' value chain instead of creating new low-carbon business models • Key actions include changes in product offering, more plant-based products, and agricultural practices aligned with a low-carbon economy

SUMMARY RESULTS

Nestlé obtained a 10/20 which is considered a relatively good score as the company has a transparent climate action plan, its net zero roadmap, with key actions and their expected reductions. Nestlé also has set ambitious SBTi approved targets and reports on its progress annually. The narrative score of “C” shows that the company could improve its behaviour as it is exposed to serious environmental controversies as per Ethos’ analysis. The trend score of “+” shows that the company is on a positive trend to transition to a low-carbon economy.

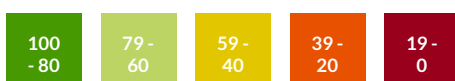
ACT ASSESSMENT

10 / 20
PERFORMANCE SCORE
 Transition alignment metrics
 1 – 20

C
NARRATIVE SCORE
 Analysis of overall consistency
 A - E

+
TREND SCORE
 Forecast of future changes
 + = -

Scale



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