

# Nestlé

## Detailed assessment of Nestlé’s corporate industry association review

November 2022

This document outlines a detailed breakdown of InfluenceMap's assessment of the company's corporate disclosure on industry association climate policy engagement, using the traffic-light assessment framework summarized below. Further detail on the assessment methodology is available in the Appendix, and on our CA100+ Investor Hub [here](#).

Key	Explanation
<span style="color: green;">■</span>	Has broadly met investor expectations in this area.
<span style="color: yellow;">■</span>	Has made some progress on investor expectations in this area, but with significant deficiencies.
<span style="color: red;">■</span>	Has fallen short of investor expectations in this area.

A summary of Nestlé’s disclosures on industry associations is shown below. Nestlé has undertaken one review of its industry associations to date. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s industry association review process, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

Date of Review	Review Score
May 2022	14 / 100

This assessment focuses solely on Nestlé’s disclosure on industry associations and climate policy engagement, which can be [found here](#). This assessment does not include an analysis of the company’s direct climate policy engagement, which can be found on InfluenceMap's online profile of Nestlé [here](#).

Applying the traffic-light framework outlined above, the table below summarizes the company’s performance under the seven indicators which form InfluenceMap’s assessment. A more detailed breakdown, along with examples of best practice evidenced by other companies to date, can be found on the following page.

Disclosure & Transparency	Policy Alignment Process
<span style="color: red;">■</span> Corporate climate positions	<span style="color: red;">■</span> Identify & Assess
<span style="color: yellow;">■</span> Industry group climate positions	<span style="color: red;">■</span> Monitor & Review
<span style="color: red;">■</span> Alignment assessment method	<span style="color: red;">■</span> Act
<span style="color: yellow;">■</span> Framework for misalignment	

## Nestlé’s Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, Nestlé’s assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

### Disclosure & Transparency

#### Corporate climate policy positions and influencing activities

**To meet investor expectations under this indicator:** The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond ‘top-line’ climate statements. This includes descriptions of the company’s positions and policy engagement activities on specific items of regulation and legislation which are material to the company’s operations, business sector, and/or the region(s) in which it operates.

<p><b>Nestlé</b></p>	<p>Nestlé has not disclosed positions on specific climate-related policies. Nestlé disclosed its position on the Convention on Biological Diversity negotiations and upcoming EU ‘green claims’ legislation. However, these appear to be broader environmental policies and not specific climate-related regulations. Beyond this, Nestlé has limited its disclosures to top-line statements on carbon pricing, decarbonization, renewable energy and regenerative agriculture.</p> <p>As a result, Nestlé has omitted key instances of climate policy engagement. For example, in a March 2022 Ceres joint letter, Nestlé <i>supported</i> Maryland’s more ambitious greenhouse gas emissions target of net-zero by 2045, and an interim target of reducing emissions by 50% by 2030. Additionally, Nestlé has engaged on broader environmental policies. For example, in an October 2021 consultation response on the EU Sustainable Food Systems New Initiative, Nestlé <i>supported</i> the policy and introduction of standards under the Fit for 55 Package.</p>
<p><b>Best Practice</b></p>	<p><i>Shell</i> has disclosed case studies of its direct climate policy engagement in the EU and US. These case studies include Shell's positions on, and engagement with, specific items of EU and US regulation and legislation. The 2022 review also includes clear references to additional resources on Shell's corporate website, including advocacy updates on specific government policy consultations and links to public submissions via the EU Transparency Register and the US Lobbying Disclosure Act.</p>

### Industry association climate policy positions and influencing activities

**To meet investor expectations under this indicator:** The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.

<p><b>Nestlé</b></p>	<p>Nestlé has disclosed top climate policy positions of its industry associations. The company did disclose the positions of EUROOPEN on the European Green Deal and the EU Circular Economy Action Plan, however the company did not disclose positions or influencing activities on specific climate regulations by its other industry associations.</p> <p>Nestlé has not disclosed a detailed and accurate account of its associations' climate policy positions, overlooking key cases of negative climate policy engagement by Confederación Española de Organizaciones Empresariales (CEOE), European Roundtable for Industry, and Japan Electrical Manufacturers' Association (JEMA) (see Identify &amp; Assess for further details).</p>
<p><b>Best Practice</b></p>	<p>No companies have met investor expectations in this area, although <i>BASF</i> and <i>Shell</i> exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations' climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap's database.</p>

### Alignment assessment method

**To meet investor expectations under this indicator:** The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

<p><b>Nestlé</b></p>	<p>Nestlé has not disclosed a clear and detailed framework for assessing alignment with its industry associations. The company assessed whether each association's advocacy activities were aligned with the Paris Agreement, however it is not clear how Nestlé made these assessments. Nestlé also did not disclose the criteria its industry associations must meet to be considered aligned or not aligned.</p>
<p><b>Best Practice</b></p>	<p><i>BASF</i> has also disclosed a clear explanation of its alignment assessment method along with a clear and detailed explanation of how it has been applied to each industry association. The company also provided specific alignment indicators for EU climate policy such as the EU ETS to assess the alignment of key European industry associations.</p>

**Framework for addressing misalignment**

**To meet investor expectations under this indicator:** The company must disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

<p><b>Nestlé</b></p>	<p>Nestlé appears to have disclosed a framework for addressing misalignment with its industry associations on a separate <i>webpage</i> on industry association governance. The company states that when it does not agree with an industry association’s position, Nestlé communicates its position transparently and may engage with public authorities or other stakeholders on the matter.</p> <p>Nestlé also states that, in deciding to resign from an industry association, it considers if Nestlé is regularly opposed to the positions of the association; if the association has not delivered its expected outcomes; if the membership poses a risk to Nestlé’s reputation; and if the membership is not in line with Nestlé agenda, values, and principles. It is unclear however if these principles are related to climate change specifically. Nestlé’s framework also does not include deadlines for industry associations that do not amend misaligned practices.</p>
<p><b>Best Practice</b></p>	<p><i>BHP</i> has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.</p>

## Policy Alignment Process

Identify & Assess	
<p><b>To meet investor expectations under this indicator:</b> The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap’s <i>database</i> on corporate lobbying.</p>	
<p><b>Nestlé</b></p>	<p>Nestlé’s 2022 industry association review assessed 39 associations and found each one to be aligned with the Paris Agreement. However, InfluenceMap analysis indicates that the company likely has at least 1 membership to industry associations with climate policy engagement misaligned with the Paris Agreement (<i>Confederación Española de Organizaciones Empresariales (CEOE)</i>), and at least 3 memberships to industry associations with climate policy engagement potentially misaligned with the Paris Agreement (<i>Japan Electrical Manufacturers' Association (JEMA)</i>, <i>European Round Table for Industry (ERT)</i>, <i>Business Leadership South Africa</i>). Of these associations, Nestlé only included ERT in its review. InfluenceMap analysis finds that Nestlé’s associations have engaged negatively on climate-related policies, for example:</p> <ul style="list-style-type: none"> <li>■ <i>Confederación Española de Organizaciones Empresariales (CEOE)</i>: In a May 2022 statement on the EU, CEOE <i>advocated</i> for a technology neutral approach to carbon dioxide standards for light duty vehicles in the EU. In the same statement, CEOE also <i>supported</i> relaunching Iberian gas connections to diversify the European energy mix away from Russian fossil fuels. In a March 2022 statement on the Fit for 55 Package, the association also <i>appeared unsupportive</i> of increased 2030 climate targets, stressing the impact of costs under a more ambitious target.</li> <li>■ <i>European Round Table for Industry (ERT)</i>: In May 2022, ERT was <i>unsupportive</i> of the EU’s carbon border adjustment mechanism (CBAM), calling for it to be reviewed due to increased risk of carbon leakage. ERT also <i>called for</i> proposed reforms to the EU emissions trading system to be reviewed in May 2022. Furthermore, in a May 2022 statement on EU energy policy, ERT <i>supported</i> increased fossil gas production and infrastructure, despite also supporting “renewable and low carbon” hydrogen.</li> <li>■ <i>Japan Electrical Manufacturers' Association (JEMA)</i>: In a January 2022 position paper submitted to Japan's Agency of Natural Resources and Energy , JEMA <i>promoted</i> mechanisms that will extend the role of greenhouse gas-intensive fuels in the energy mix, including hydrogen and ammonia produced from fossil fuels, and the use of fossil fuels in thermal power generation.</li> </ul>
<p><b>Best Practice</b></p>	<p><i>Enel</i> is the only company to meet investor expectations in this area, identifying all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's database, although the company does not disclose additional details of why they are not fully aligned. InfluenceMap analysis indicates that most companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p>

### Monitor & Review

**To meet investor expectations under this indicator:** The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company’s alignment and engagement with the industry association concerning these activities.

<p><b>Nestlé</b></p>	<p>Nestlé states that it regularly reviews its memberships to industry associations and the relevance of the company’s participation. However, Nestlé has not committed to publicly disclose an annual review of its industry associations’ alignment on climate change policy engagement, or to provide regular updates on its review process.</p>
<p><b>Best Practice</b></p>	<p><i>Shell</i> publishes detailed assessments of its industry association memberships at two-year intervals, with detailed updates on misaligned industry associations each year. Shell has published two full reviews of its industry associations (2019, 2021) and two review updates (2020, 2022). The review updates include actions taken within each industry association, key changes to the associations’ climate positions, and detailed next steps. Shell has committed to publish its next update in 2023.</p>

### Act

**To meet investor expectations under this indicator:** The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap’s *database* on corporate lobbying. The investor expectations outlined by *PRI*, *IIGCC* and *Ceres* include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

<p><b>Nestlé</b></p>	<p>Nestlé has shown no evidence of action to address cases of misalignment with its industry associations. The company does not appear to have addressed key cases of material and potential misalignment with the Paris Agreement identified by InfluenceMap’s database (see Identify &amp; Assess).</p>
<p><b>Best Practice</b></p>	<p>No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap’s database, although some companies have made more progress. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> suspended its membership to Queensland Resources Council in 2020 following its ‘Vote Greens Last’ advertising campaign and outlined detailed actions to be taken at four "partly aligned" industry associations. <i>Chevron</i> has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement. Similarly, <i>General Motors</i> has disclosed that it has not financially contributed to advocacy campaigns against the Build Back Better Act by the Business Roundtable and US Chamber, and has publicly advocated a supportive position to ensure its stance is differentiated from them.</p>

# Appendix A: Methodologies for Assessment

## Scoring Disclosures and Policy-Alignment

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

## Assessing Disclosures

Since BHP’s 2017 industry association review, around 60 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *‘Investor Expectations on Corporate Climate Lobbying’* report, the PRI highlights the need for disclosure on the company’s positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company’s stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

Disclosure Item	Score	InfluenceMap’s Assessment Criteria
<b>Corporate climate policy positions and influencing activities</b>		The company has disclosed a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond ‘top-line’ climate statements. This includes descriptions of the company’s positions and policy engagement activities on specific items of regulation and legislation which are material to the company’s operations, business sector, and/or the region(s) in which it operates.
		The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company’s description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.
		The company has made no attempt to disclose its climate policy positions and influencing activities, or the company’s disclosure is limited to a brief overview of its ‘top-line’ climate statements and operational commitments without reference to specific items of regulation and legislation.

<b>Industry association climate policy positions and influencing activities</b>		The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.
		The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
		The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation.
<b>Alignment assessment method</b>		The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation.
		The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3).
		The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3).
<b>Framework for addressing misalignment</b>		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.
		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices
		The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail.

## Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company's stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

Alignment Process	Score	InfluenceMap's Assessment Criteria
<b>Identify &amp; Assess</b>		The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.

		The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap’s <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of “potential” misalignment (industry associations with Organization Scores 51-75 in InfluenceMap’s database).
		The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap’s <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of misalignment (industry associations with Organization Scores 0-50) or more than three cases of “potential” misalignment (industry associations with Organization Scores 51-75 in InfluenceMap’s database).
Monitor & Review		The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company’s alignment and engagement with the industry association concerning these activities.
		The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe.
		The company has not committed to any follow-up processes as part of its review of industry associations.
Act		The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap’s <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
		The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of misalignment or “potential” misalignment identified by InfluenceMap’s <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap’s database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
		The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of misalignment or potential misalignment identified in InfluenceMap’s <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 400 companies and 200 industry associations globally, allowing like-for-like comparisons of organizations’ positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.