

Nestlé's Concept of CSR: Creating Shared Value

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This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

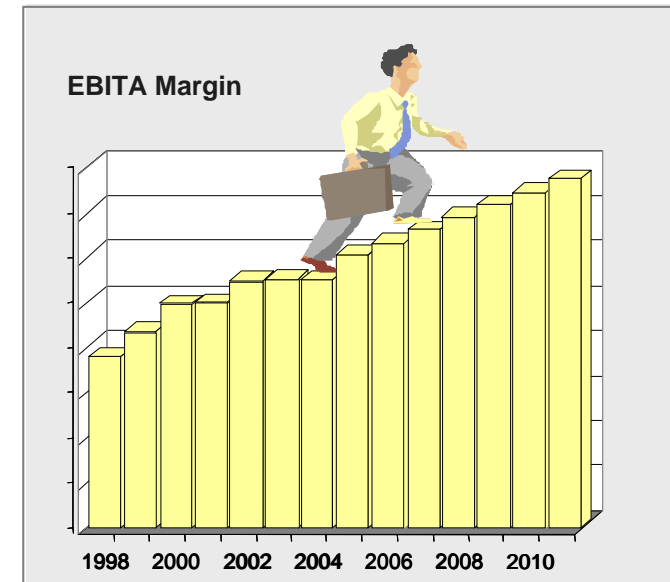
- Founded 1866 in Switzerland as a nutrition company
- CHF 91.1 bn sales in 2005/ CHF 30 bn in emerging markets
- 500 factories; about half in developing countries
- 250'000 employees worldwide
- Strong portfolio of brands and innovations driving growth
- Transforming into Nutrition, Health & Wellness company



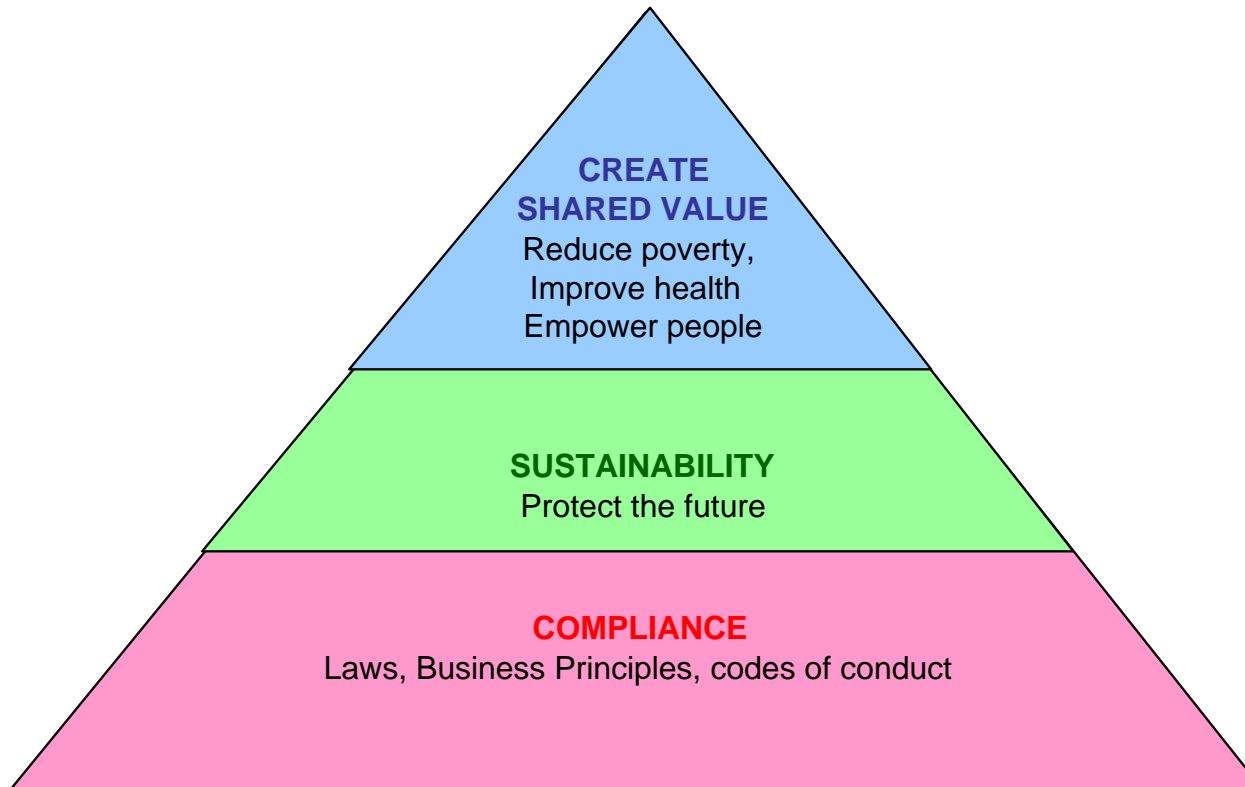
- SAM: "Nestlé in the top group of all food companies on sustainability aspects"
- **Highest scores** for Environmental policy/ performance and reporting, Healthy Products, Risk & Crisis Management and Human Capital Development

Nestlé Model: It's about sustainable, long-term Shareholder value creation

1. Sustainable **Organic Growth** of 5 - 6%
2. Continued year after year improvement of **EBITA margin**
3. Responsible **capital management** (Working Capital / Business ROIC)

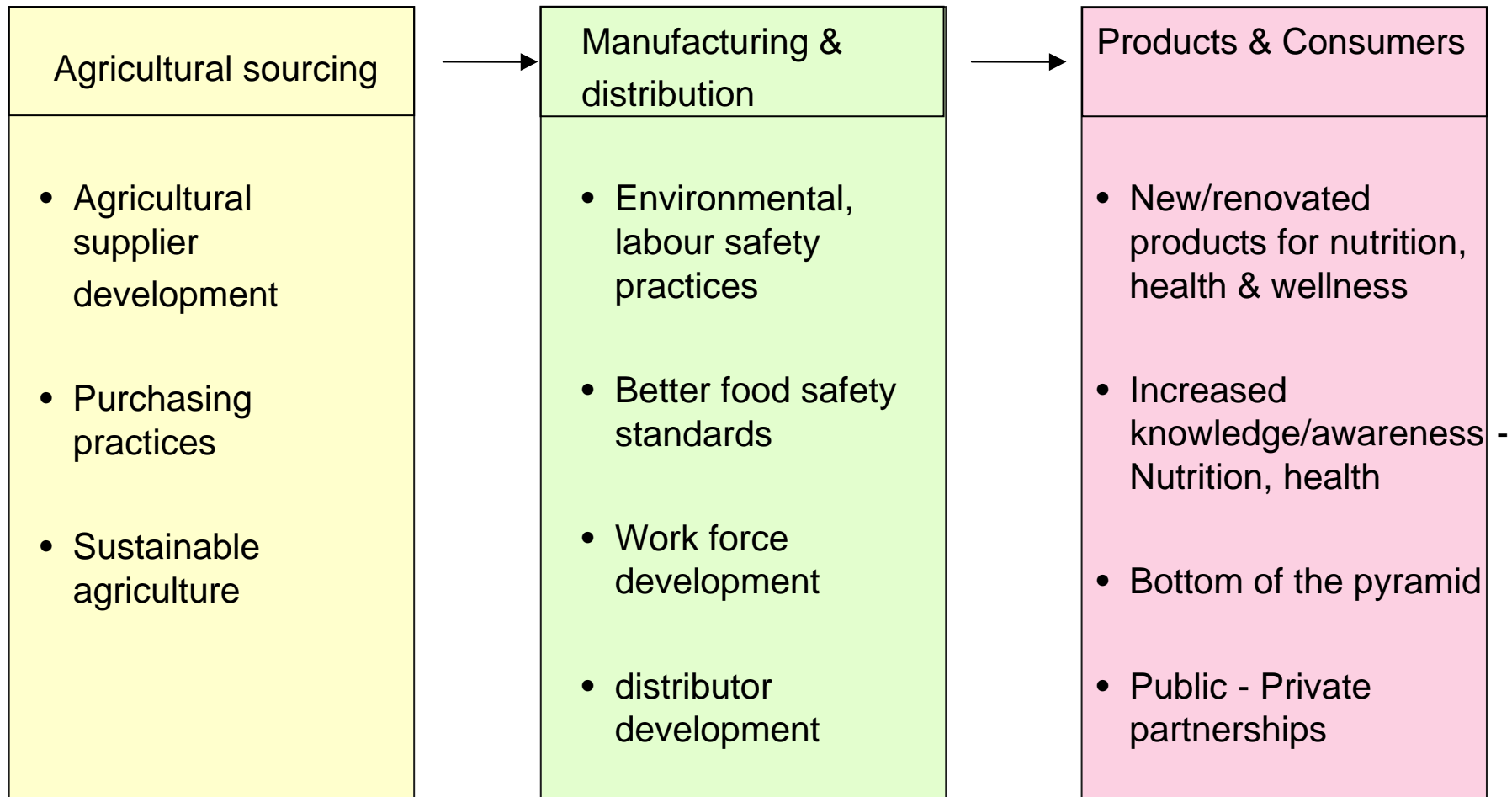


CSR is an integral part of Nestlé's business model



To Create Value for Shareholders, Must Create Value for Society: Building Trust in the Nestlé Brand

Creating shared value for our shareholders and stakeholders



Creating shared value for 400,000 farmers in total

Milk districts in India, Pakistan, China, Morocco, Brazil, Chile, Colombia, Mexico, Indonesia.....

- Improved animal nutrition
- Improvements through genetics
- Developing farm infrastructure
- Improved yield and farm income
- **Pakistan: 5,000 female agricultural extension workers trained with UNDP**



Creating shared value for 400,000 farmers in total

Coffee projects in Ethiopia, Nicaragua, El Salvador, Costa Rica, Thailand, Vietnam....

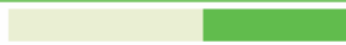
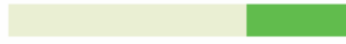
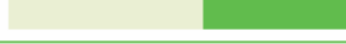
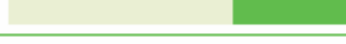


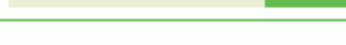
- 15% / 100,000 tonnes p.a. purchased direct from producers
- "Partners Blend": Fairtrade certified
- Nespresso AAA: sustainability, traceability, grand cru quality: Rainforest Alliance certified
- 4C Program: Common Code for the Coffee Community



Shared value, manufacturing and the environment

– Year on year progress

Nestlé environmental progress

		Variation 2001-2005
Water consumption	m ³	 -42.7%
Energy consumption	gigajoules (GJ)	 -29.7%
Waste water generation	m ³	 -42.4%
Greenhouse gases	kg CO ₂	 -33.5%
Air acidification potential	kg SO _x equiv.	 -53.5%
Ozone depleting substances	g R-11 equiv.	 -73.7%
By-products/waste generation	kg	 -24.2%
By-products/waste recovery	%	

Consolidated environmental performance indicators



Water treatment plant, El Jadida, Morocco



Cleaner emissions: from coal to gas, Graneros, Chile

Shared value and our employees



Supplier skills transfer, Kenya



Adult Based Education Program, South Africa



From construction worker to industrial services team leader




From laboratory analyst to Regulatory Affairs

Half of Nestlé factories, employees in developing countries

- value added employment/skills transfer/development opportunity
- supplier development
- 2/3 employees undergo training each year
- average service on retirement 27 years
- CARE: Compliance Assessment of Human Resources Safety, Health & Environment
 - external audit program to monitor Business Principles/UNGC compliance
 - all factories by 2007; Safety, Health, Environment elements to be replaced by OHSAS 18001/ISO14001

Shared value and consumers

Nestlé Core Strategy:



" We want to grow from the respected and trustworthy food company that we are known as now, into a respected and trustworthy food, nutrition and wellness company "

Peter Brabeck-Letmathe

Morgan Stanley: Nestlé one of three companies most able to benefit from obesity concerns

Over 1,200 products renovated or innovated in the past five years.....

.... in developing as in developed countries



Malaysia: reduced calorie Milo and healthier, fortified snacks



New Strategic Thrust: Bottom of the Pyramid: Increasing sales while reducing undernutrition

Brazil Nordeste Region:

- New factory specifically designed to produce "bottom of pyramid" products on a mass scale



Ghana: Chocolim

- Affordable malted chocolate drink

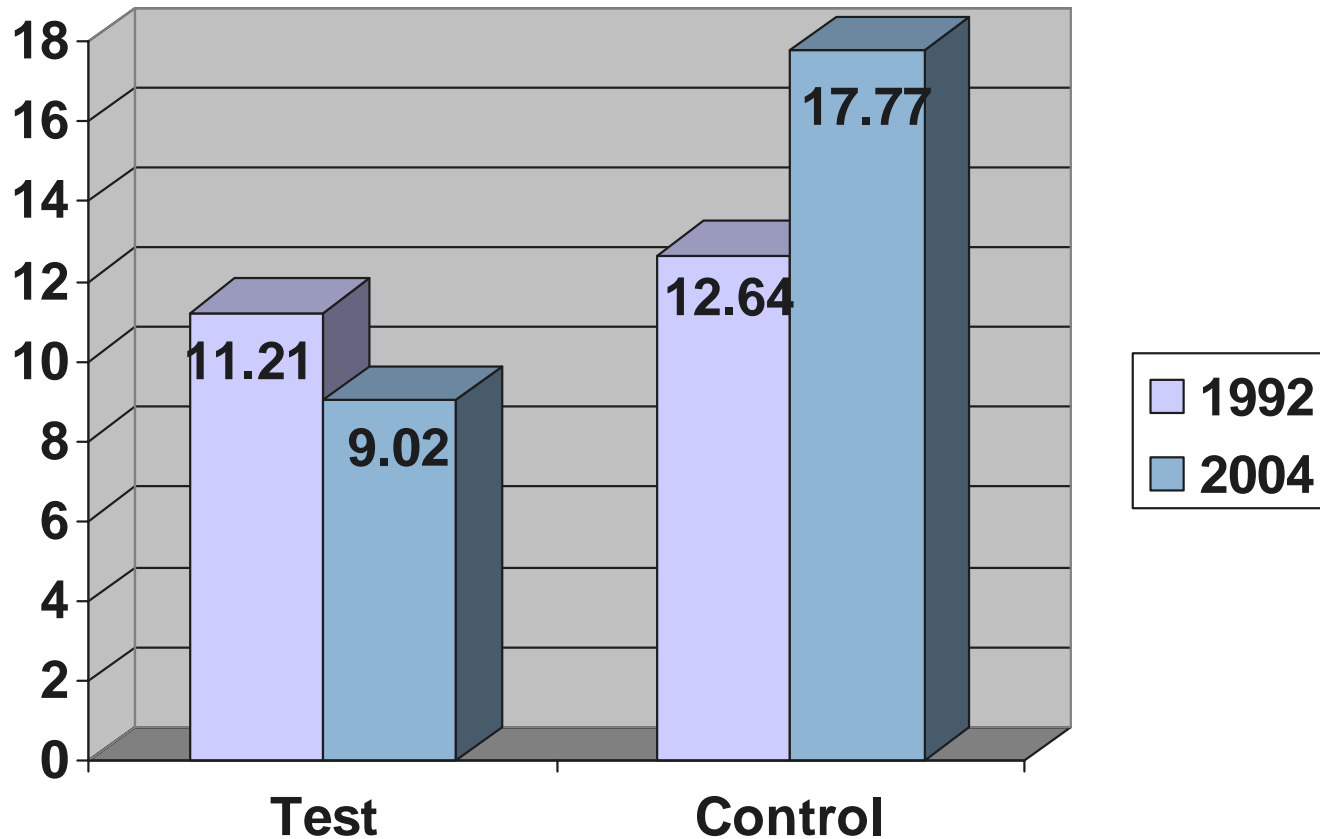
MILO	2005	CHOCOLIM
3'464	Volume (tons)	4'800
100	Price (index)	50



Central America: Sopa Crecimiento

Affordable fortified chicken noodle soup

Nestlé sponsors EPODE: effective in arresting rise in child obesity



Obesity in test village children declined:
control town obesity increased

Nutrition health and wellness education programs

.... in developing as in developed countries



Austria



Portugal



Turkey: "Beslenebilirim":
100k children, 5 years



Thailand: 100,000 children



Australia



Switzerland/Hungary



Russia: "Ulitsa Sesam":
1,000,000 children



Nutrir
Brazil:
800,000 children

Community integration through 120+ partnerships supporting the Millennium Development Goals



1,200,000 youth learn about HIV/AIDS, with Nigerian Red Cross

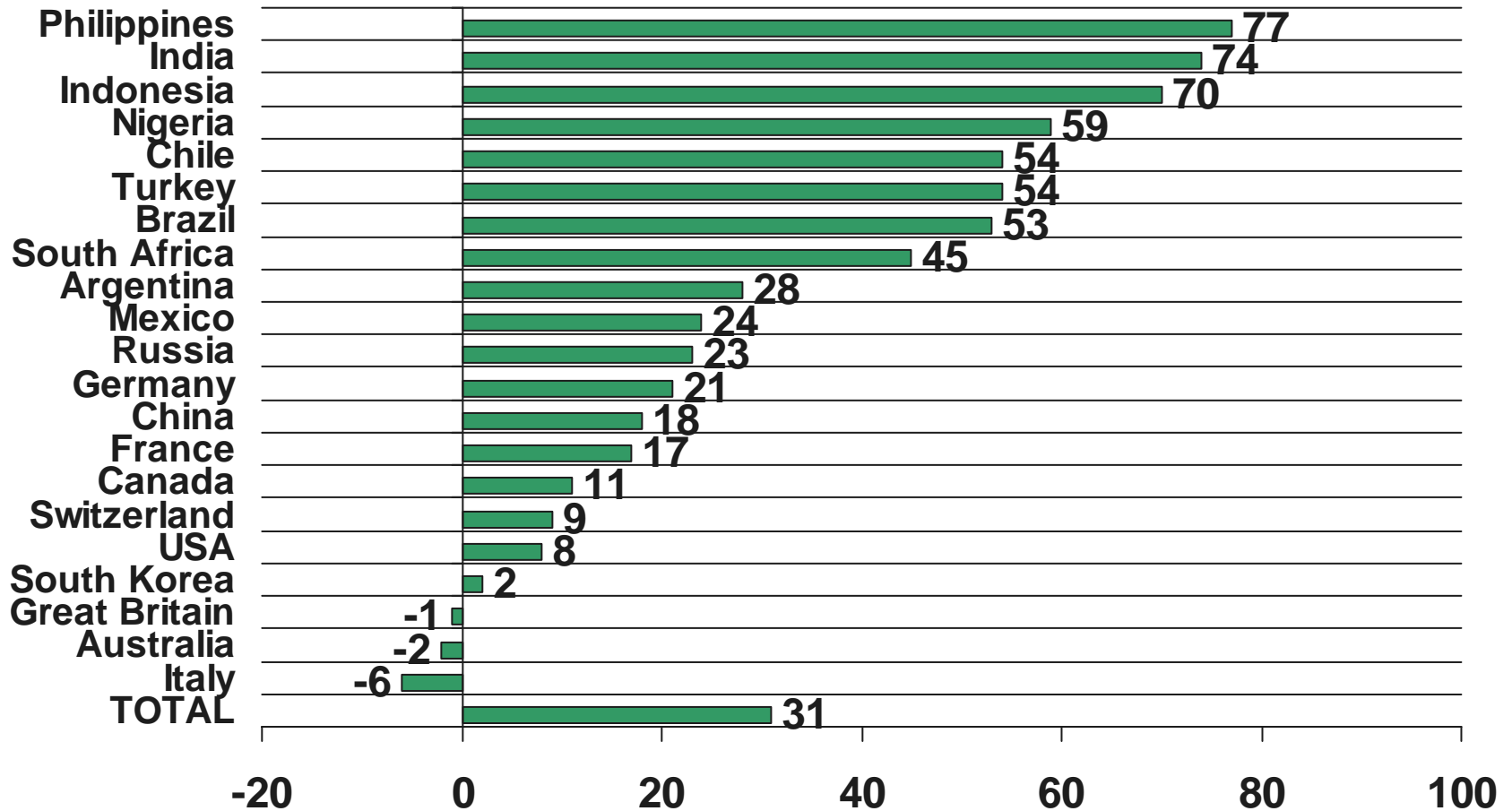


Nestlé Nutrition Duchess Club / 100'000 women



Clean drinking water projects in India, Pakistan, Sri Lanka and now Mozambique (l/above)

Nestlé net positive rating on CSR



Nestlé Reputation in CSR: 21 Country Study

Nestlé: Fulfills Responsibilities to Society

	21 countries		Developing countries
Above Average/Among the Best	41 %	Net +31 %	56 %
Average	32 %		20%
Below Average/Among the worst	10 %		7 %
Don't know	17 %		17 %

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