

# Concept of Shared Value Creation



**Paul Polman**  
**CFO Nestlé S.A.**

Shared value creation day, May 29th 2007, Vevey

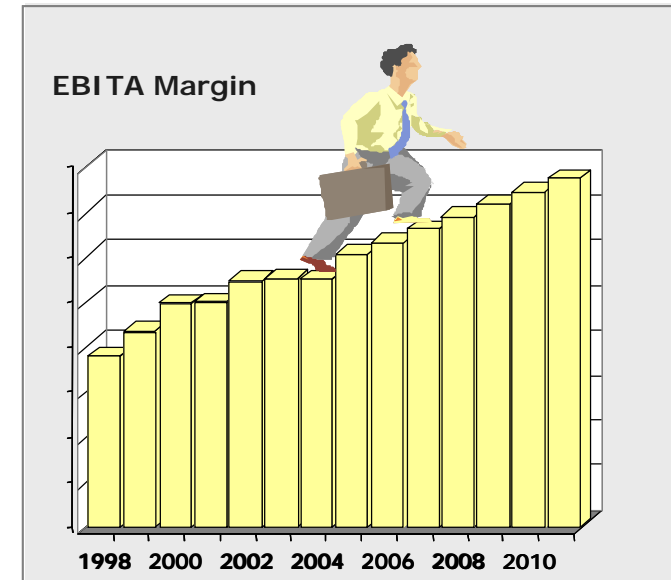
## Disclaimer

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.

# 1. 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. Improving trend in **Return on Invested Capital**



We plan to deliver the Nestlé Model annually over the next 10 years

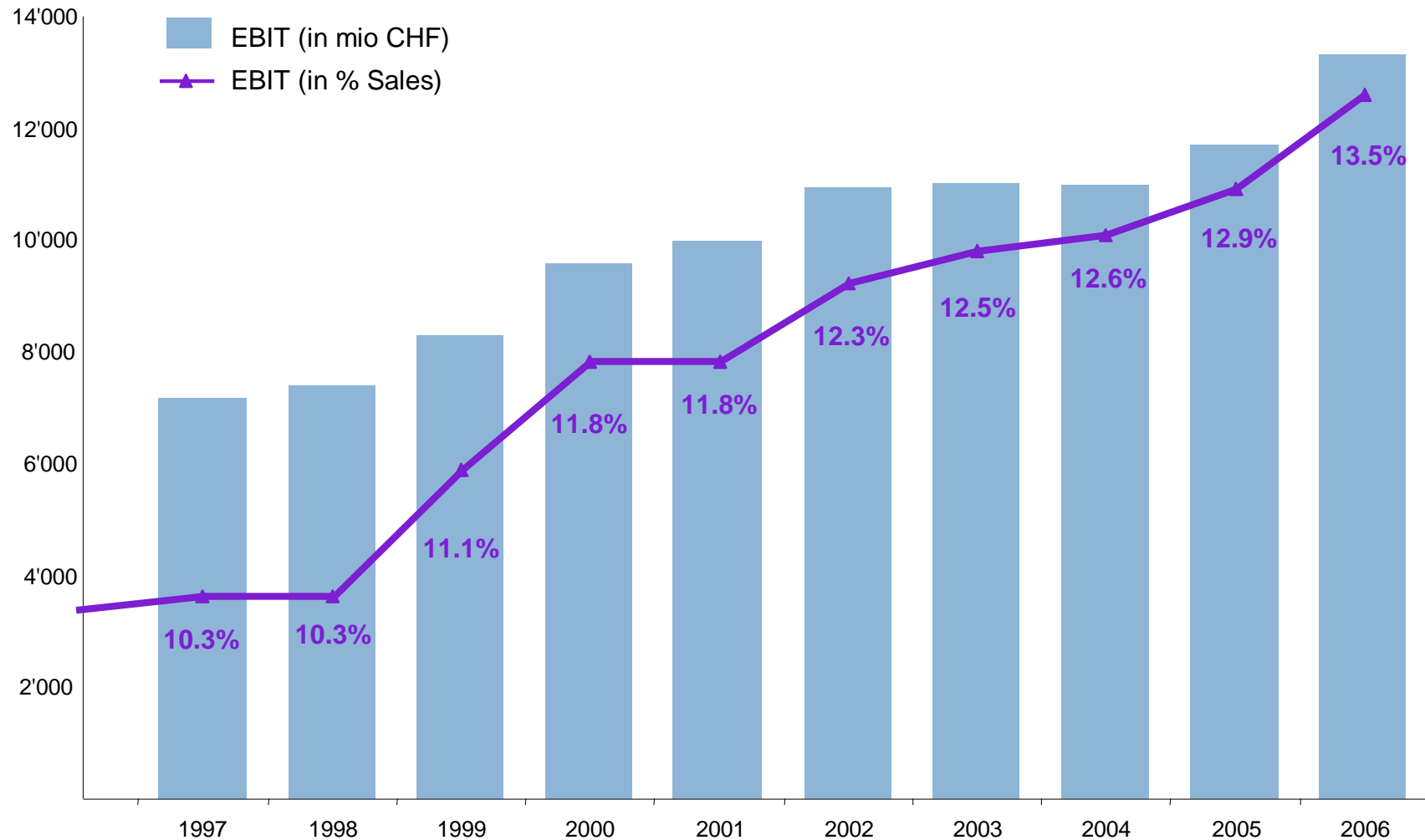
Shared value creation is an integral part of Nestlé's business model

# Consistent Top-Line Organic Growth for the past 10 Years



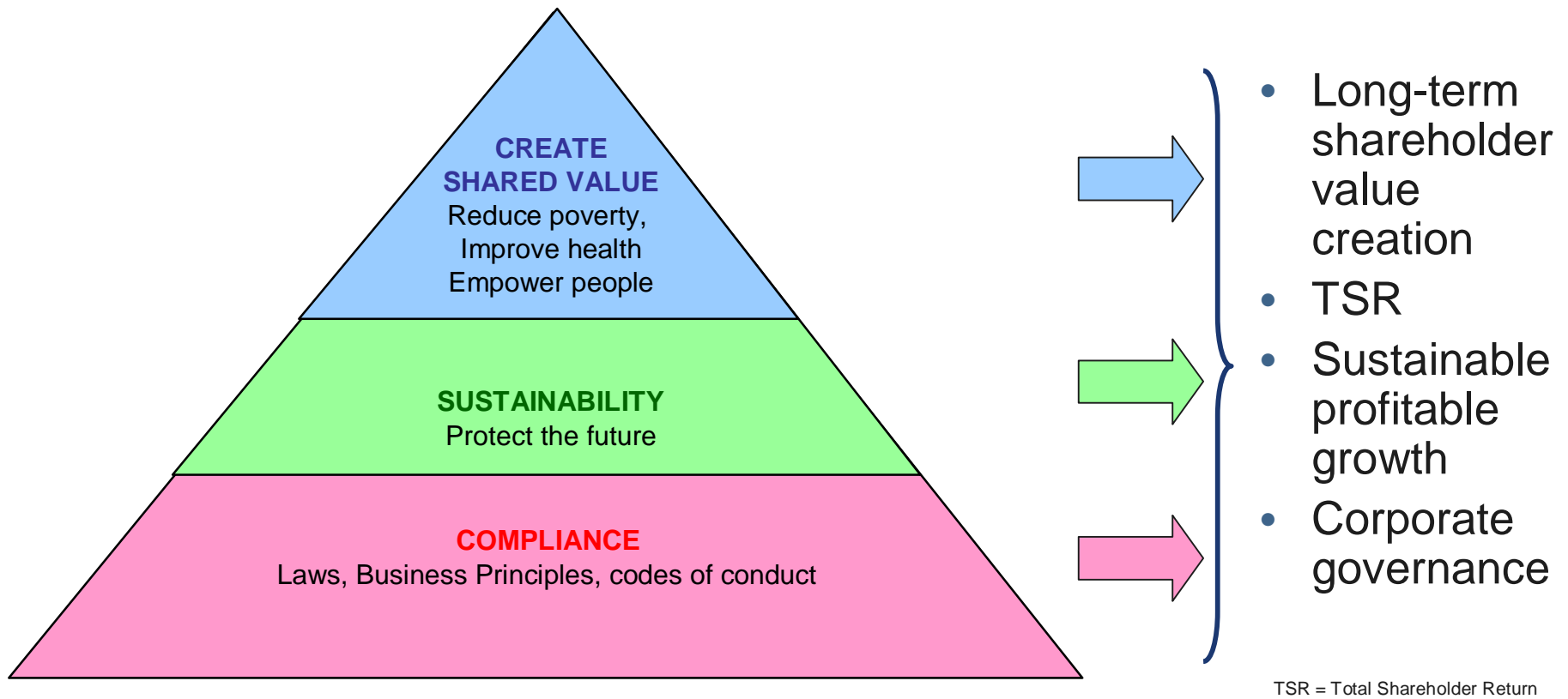
# Group EBIT Margin over last 10 years

Improvement averages 30 bps per annum



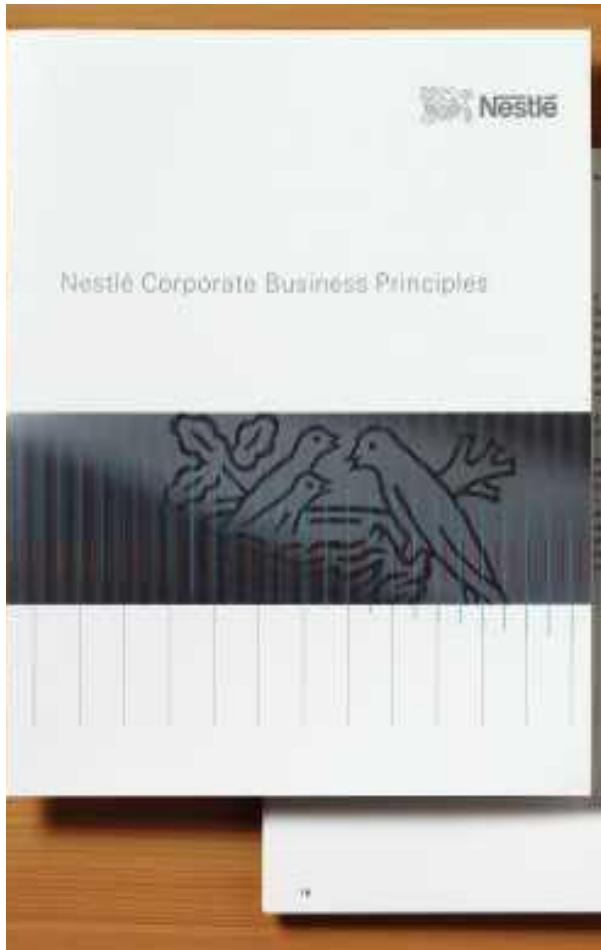
Figures correspond to published figures - not restated for accounting changes

## 2. Nestlé's concept of Corporate Social Responsibility



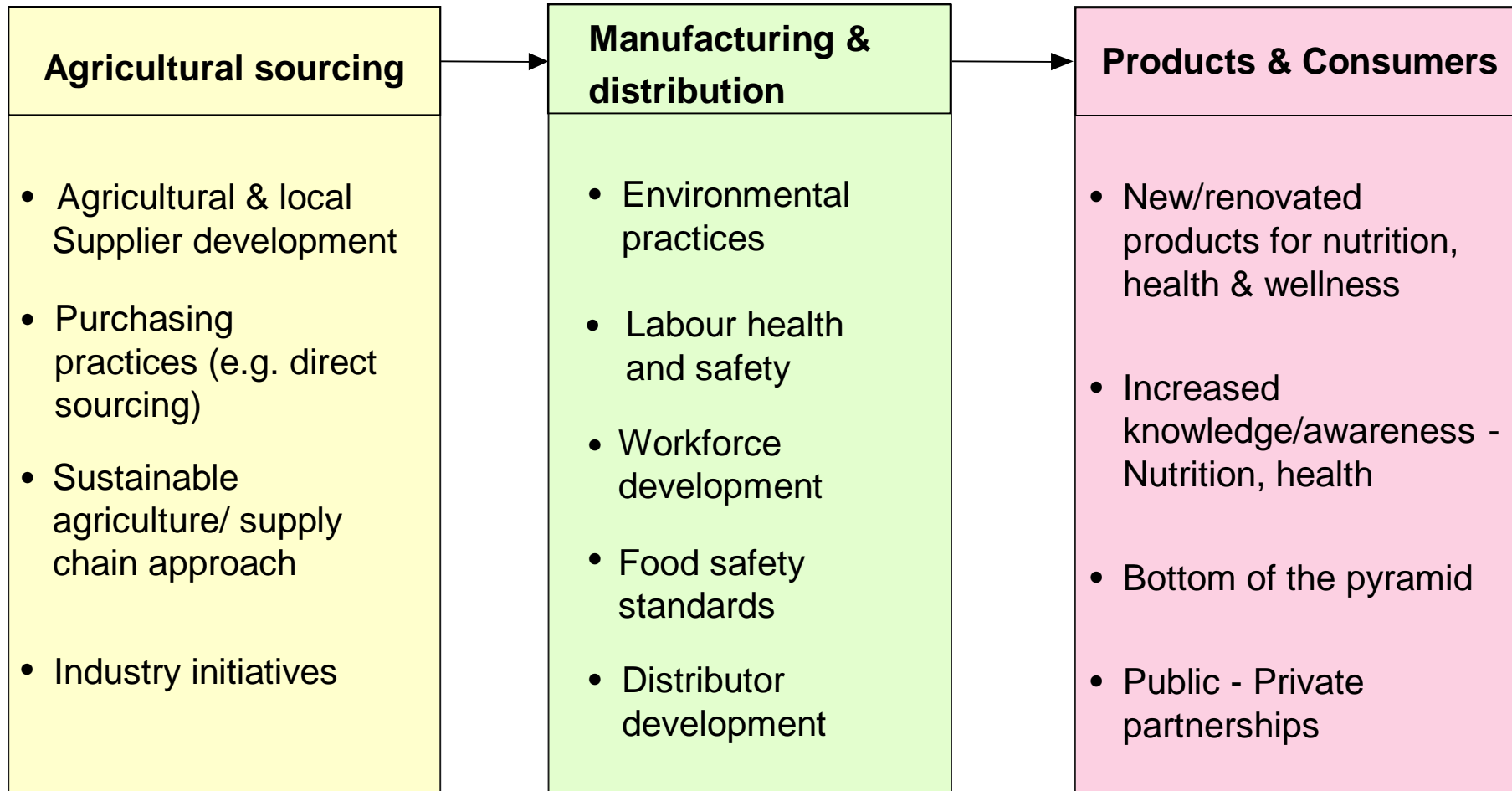
CSR is built into Nestlé's strategy & enhances shareholder value

# Nestlé Corporate Business Principles



120+ Projects Supporting UNDG 2006  
CSR reports: Africa 2005, Latin America 2006

CSR = Corporate Social Responsibility





Our **suppliers** of agricultural raw materials depend on water

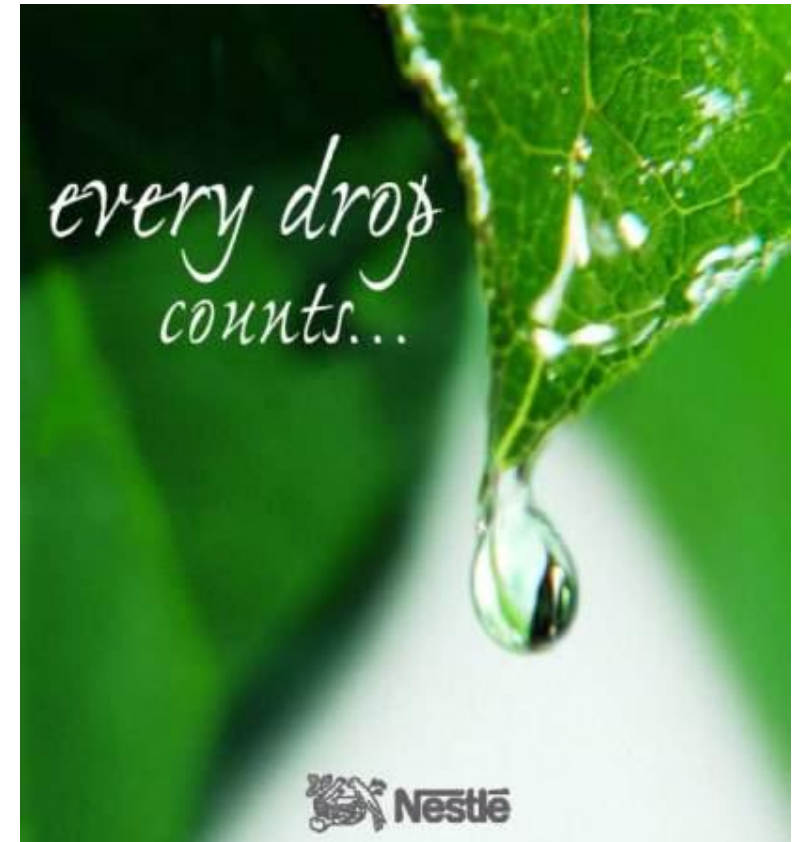
We need water for **manufacturing**

We sell and provide **bottled mineral and pure water** to millions of **consumers**, including access to safe drinking water in times of disaster

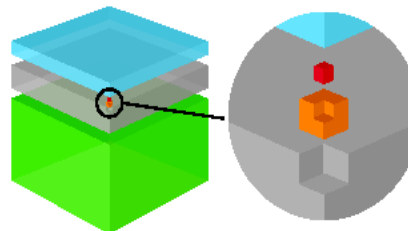
Our **consumers** need safe, clean water to prepare many of our goods

## 2007: The Nestlé Water Management Report

## The Nestlé Commitments on Water



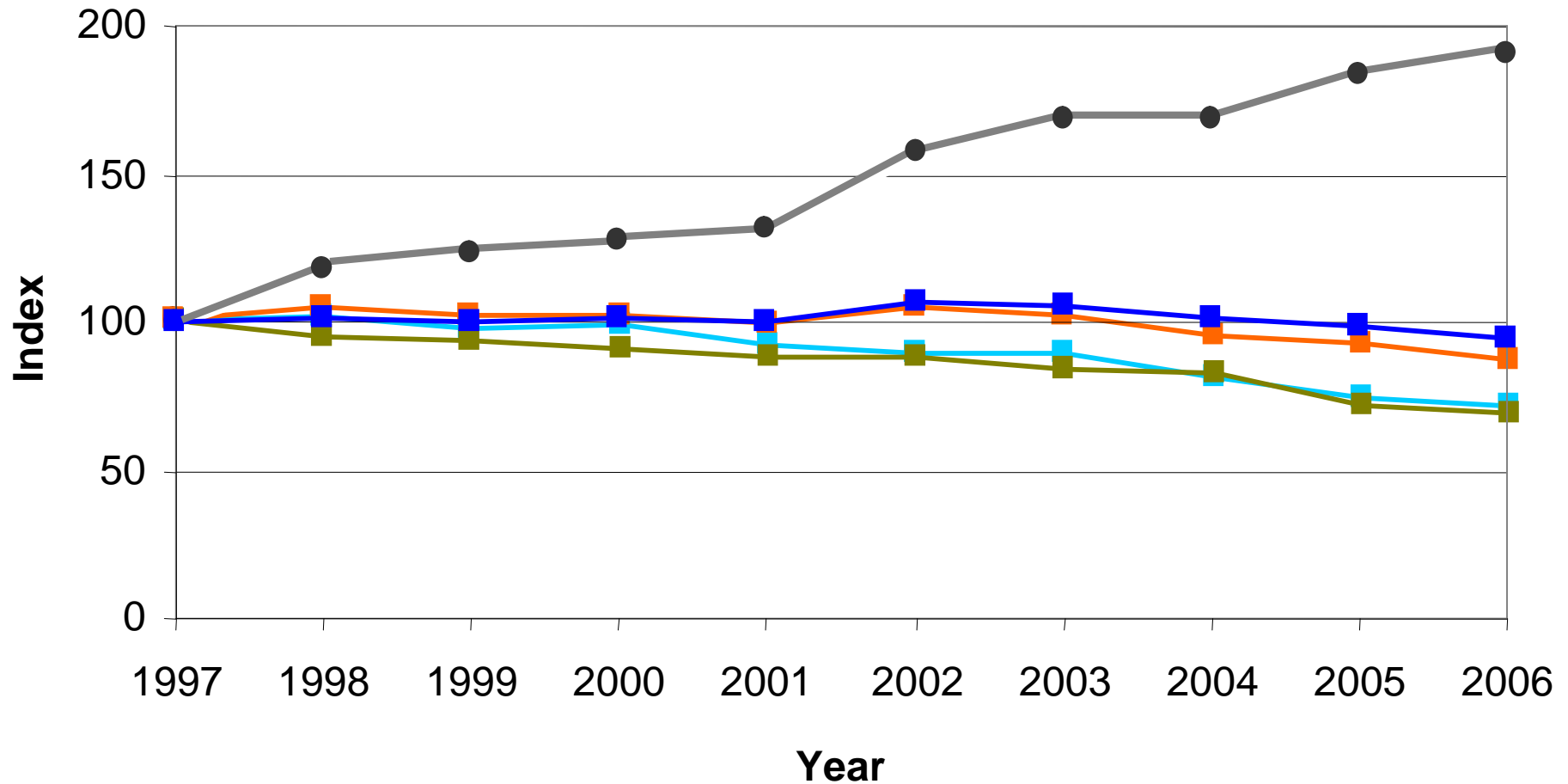
Nestlé and global freshwater consumption



4,202,000 billion litres per year  
(4,202 km<sup>3</sup>/year) = 100%

Domestic	10%
Industry	20%
Agriculture	70%
+ Nestlé	0.005%
Nestlé Waters	0.0009%

# Production volume doubled in 10 years Environmental impact down



- Production volume
- Greenhouse gases
- Waste water generation
- Energy consumption
- Water consumption

AAA rating (1st out of 47) from

**Innovest**

STRATEGIC VALUE ADVISORS

New York • Toronto • London • Paris • Sydney • San Francisco



**Dow Jones  
Sustainability Indexes**

Member 2006/07

Corporate  
Responsibility

Prime

rated by

oekom r|e|s|e|a|r|c|h

**BEST IN CLASS**

environmental and  
social performance

STOREBRAND SRI



**CARBON DISCLOSURE PROJECT**

Climate Leadership Index : 75

1. Creating shared value:
  - Through **Sustainable operations** (José Lopez)
  - Through **Sustainable agriculture** (Hans Jöhr)
  
2. Creating shared value: **Consumers and Society**  
(Niels Christiansen)
  
3. Creating shared value: **Corporate governance and Compliance**
  - Corporate governance and compliance at Nestlé (David Frick)
  - CARE (Nicolas Lorne)
  - Nestlé audit group (Martin Grieder)

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