

Nestlé Prize in Creating Shared Value

Frequently Asked Questions

What is the Nestlé Prize in Creating Shared Value?

The Nestlé Prize will be awarded bi-annually to an individual, an NGO or a business which has demonstrated innovation in improving access to or the management of water, improving the lives of farmers and rural communities, or bringing improved nutrition to populations suffering from nutritional problems. Entities eligible for the Nestlé Prize include individuals, businesses, NGO's, governmental, intergovernmental and other organisations focused on development, poverty elimination, and improvement in health and nutrition.

What is meant by Creating Shared Value?

For a business to be successful in the long term, it must create value not only for its shareholders but also for society. At Nestlé we recognize that our success means creating value for everyone we touch. From the time Henri Nestlé founded our company in 1866 on a single product, an infant cereal - which was created to save the life of a neighbour's child - we have been committed to creating value for society and in doing so create value for our shareholders. Creating Shared Value is central to the Nestlé Corporate Business Principles that state: "Our investments must be good for the company and for the countries where we operate."

As a global company, how does Creating Shared Value fit with other Nestlé corporate social responsibility objectives?

In addition to helping us meet our long-standing commitment to create value in the markets and communities we operate, the establishment of the Nestlé Prize in Creating Shared Value is consistent with Nestlé's commitment to the advancement of the Global Reporting Initiative, the UN Global Compact Principles and the UN Millennium Development Goals.

How does Creating Shared Value factor into the awarding of the Nestlé Prize for the nominees of the Prize?

Just as responsible major corporations operating in many markets seek to demonstrate their corporate social responsibility, smaller enterprises have a responsibility to their communities as well. The Nestlé Prize in Creating Shared Value seeks to recognize not only successes and innovations in the areas of water, nutrition and rural development but will highlight exemplary efforts that benefit the local community that can and should be replicated elsewhere.

How is the Nestlé Prize distinguished from other prizes and awards?

Worldwide, there are numerous awards, prizes and recognition for worthwhile causes and efforts. Most recognize past achievements but do little to assist worthwhile efforts in their quest to improve and become more available to others. The Nestlé Prize recognizes successful, innovative endeavours in the areas of water, nutrition and rural development but also lends crucial assistance in the form of financial assistance to ensure that the work can endure and become available to others. This is the living legacy that only an investment can create.

What will the winner receive if they win the Nestlé Prize?

Unlike other "one-time" prizes, awards or honours, the Nestlé Prize in Creating Shared Value will commit to the Prize winner or Prize Laureate an

investment of up to CHF 500,000 for a specified period of time to assist in the development of the innovation to bring it to scale. That's what makes the Nestlé Prize unique – a financial commitment that may continue for several years to ensure success and adherence to the values that set it apart from other nominees.

How will the winner of the Prize be determined?

The Nestlé Creating Shared Value Advisory Board – an international, independent body comprised of distinguished individuals from academia, civil society and industry – will determine the winner of the Prize. They will receive a short-list of 5 finalists from a Screening Committee to determine the winner that will be announced at the Annual Creating Shared Value Forum.

Water, Nutrition and Rural Development are each large arenas of influence. Is it possible that each area will have its own Prize?

Yes. In the first Prize cycle of 2009-10, the Prize will be awarded to the winner from either or all three important areas. However, in subsequent Prize cycles, it is possible that the “call for nominations” will be narrowed by the Advisory Board on Creating Shared Value to only one area, increasing emphasis on water, rural development or nutrition possibly rotating in subsequent Prize cycles.

Might there be more than one winner?

Exceptionally. At the discretion of the Advisory Board on Creating Shared Value, a runner-up or runners-up may be selected or otherwise recognized for valuable contributions to the advancement of Creating Shared Value. If a decision is made to award the Prize to more than one winner, then winning entries will share the Prize purse.

What is the value of the Prize?

Nestlé is committing a total Prize purse of up to CHF 500,000, to be disbursed to the winner. The winner of the Nestlé Prize will benefit in three ways:

- First, it will benefit primarily from the worldwide recognition of its innovative contribution which will assist in its growth and replication elsewhere, bringing its benefits to people and communities that might not be reachable without the assistance of the Nestlé investment in the innovative approach taken by the Prize winning entry or Nestlé Prize Laureate;
- Second, the substantial investment of CHF by Nestlé to the Prize Laureate will likely occur over a several year period as the effort grows and matures and will allow advancement of the innovation as well as its adoption in other communities and markets;
- Third, the symbolism of the awarding of the Nestlé Creating Shared Value crystal sculpture at a world forum will convey to the winner much needed attention and publicity to assist it in future growth.

Who or what kind of organisations are eligible for the Nestlé Prize?

Organisations including those supported or developed by NGO's and individuals that are making notable advancements in the areas of water, nutrition and rural development are eligible for the Prize and may be nominated by individuals or organisations familiar with their work. The Nestlé Prize will be awarded to an individual, NGO, or business which has demonstrated innovation in improving access to and management of water, improving the lives of farmers and rural communities or bringing improved nutrition to populations suffering from nutritional problems.

Can an individual or organisation self-nominate?

Yes. The nomination form will be available on Nestlé website; organisations that self-nominate as well as all others will be asked to provide detailed information about their operations, financial backing and status, ownership and letters of recommendation indicating community awareness and support.

How can an organisation or project distinguish itself from other applicants?

The nomination form to be completed by all potential applicants and nominees will ask for detailed information indicating viability. Winning the Nestlé Prize will entail an investment by Nestlé and it will be necessary for the winners to be proven organisations or projects that merit the long-term investment that winning the Prize represents.

For example, the Nomination Form requires a detailed summary of the current business or action plan clearly describing the evidence of impact of the current project and potential impact of bringing the project to scale in the next 3-5 years.

The process seems quite demanding – don't you run the risk that some worthy projects cannot compete due to the complexity of the process?

There is a risk that some organisations and projects are not sophisticated enough to explain their merit or value. However, this is a Prize unlike any other prize in the market today in that Nestlé is looking to make an investment in viable, innovative projects that hold the promise of lasting impact on communities and markets for the future.

Once the winner is selected, Nestlé must be confident that the selection by the Prize Advisory Board on Creating Shared Value can sustain and support the additional financial support the Prize conveys.

What about Nestlé employees? Are they eligible to nominate an organisation or project for the Nestlé Prize in Creating Shared Value?

Although they cannot directly nominate a worthy project, Nestlé employees are encouraged to refer potential entrants in the competition to the Nestlé Prize Screening Committee for consideration. The Screening Committee will contact the organisation or project and if worthy will encourage the organisation to self-nominate.

What is the Screening Committee and how will they relate to the Jury?

The Screening Committee will be comprised of staff experts and fair-minded and knowledgeable external individuals in the areas of water, nutrition and rural development.

This Committee will serve as the initial point of entry for all nominations including reviewing nominations, making initial judgments about eligibility, performing due-diligence on application forms and making recommendations of finalists to the Prize Jury.

What about the Advisory Board?

The Nestlé Advisory Board, an international, independent body comprised of distinguished individuals from academia, civil society and industry will serve as the decision-making body for the Prize. Upon receipt of recommendations from the Screening Committee, the Advisory Board will make its determination of a winner and a schedule of financial support. In addition, the Advisory Board may recommend other winners – a runner up or runners up that may be eligible for a one-time financial award.

When would the Prize be announced and awarded?

The Nestlé Prize will be awarded every other year beginning in 2010 and will be publicly announced at the Creating Shared Value Forum in April of that year.