

## Nestlé launches major initiatives in nutrition, water and rural development

### *Creating Shared Value: a business response to global economic and social challenges*

Vevey, 27 April 2009 – Nestlé today announced three new company initiatives aimed at creating new partnerships with governments, NGOs and small enterprises. The announcement comes as Nestlé launches a two-day forum on Creating Shared Value in New York in collaboration with the United Nations Office for Partnerships and the Mission of Switzerland to the United Nations. The initiatives include an expanded education programme focused on nutrition, health and wellness for school age children around the world, a research and development centre in Africa, and a new Nestlé Prize in Creating Shared Value, awarded every other year to foster innovative approaches to solve problems of nutrition, water and rural development.

These new initiatives in nutrition, water, and rural development come against a backdrop of a deep economic recession, with destruction of value for both shareholders and the public of historic proportions.

According to Nestlé Chairman Peter Brabeck-Letmathe, "the financial crisis which has resulted in the current deep recession revealed once more a basic business axiom: if you fail to work on behalf of the public interest and take shortcuts that place the public at risk, you will also fail your shareholders. We believe that to have long-term business success you must simultaneously create value for shareholders and for the public. At Nestlé, we call this Creating Shared Value, and it is the fundamental principle behind the way we conduct business at Nestlé."

The new initiatives are related to Nestlé's basic business strategy of nutrition, health, and wellness. Creating value for the public in terms of better nutrition, water, and food production is key to Nestlé building a sustainable business in the long-term. It makes a fundamental connection between shareholder value and community value.

"At Nestlé we recognize that our success depends on creating value for people – from the farmers who supply our products, to our employees, to our consumers and the communities where we operate," said Nestlé Chairman Peter Brabeck-Letmathe. "Creating Shared Value is not philanthropy or an add-on. We have been integrating the improvement of the lives of workers, families and communities into our core business strategy since the Company's creation in 1866."

The long-term economic and social challenges the world is facing - population growth, availability of resources, particularly water and food security - cannot be solved by governments alone and corporations need to take responsibility and contribute to the solutions.

To this end, Nestlé launches today a series of initiatives to further highlight its commitment to Creating Shared Value. As a first new initiative, the Company is launching the **Nestlé Healthy Kids Global Programme**. Nestlé intends to double the number of countries in which it has nutrition and physical activity education projects by the end of 2011, bringing such schemes to over 100 countries where it operates. This new global programme addresses some of the world's most complex challenges today –

both malnutrition and increasing obesity rates, particularly among school-age children. Nestlé currently supports education programmes that reach over 10 million children.

Secondly, the opening of the **Abidjan Research & Development Centre in Côte d'Ivoire** demonstrates Nestlé's commitment to rural development in Africa. The R&D Centre's new research programmes will help to increase agricultural productivity and the safety of foods by developing and improving local crops - such as manioc, corn, millet, coffee and cocoa - and cereal-based products in the West African region. The R&D Centre will also build on Nestlé's experience in tree propagation.

A third initiative, the **Nestlé Prize in Creating Shared Value**, provides financial support of up to CHF 500,000 (USD 461,000) to individuals, NGOs, or small enterprises offering innovative solutions to nutritional deficiencies, access to clean water, or progress in rural development. Nestlé will award the prize every two years.

"Reducing water use, improving nutrition and helping rural communities grow in the ways they want to develop are as essential to the company's business strategy as they are to creating a healthier world. These new initiatives will benefit the people we touch and are essential building blocks for Nestlé to become the world's recognised leading nutrition, health and wellness company," said Paul Bulcke, CEO of Nestlé.

Over decades, Nestlé has worked with millions of milk and coffee farmers to make them better suppliers, and in doing so, has helped them out of poverty and to prosper. Today, Nestlé works directly with almost 600,000 farmers throughout the world, providing around CHF 30 million (over USD 27 million) worth of microfinance in 2008. About 2.4 million people in developing countries earn their livelihoods from the Nestlé supply chain. These examples show that the health of the communities from which Nestlé draws its labour and raw materials are vital to its success as a business and to its shareholder value.

"Nestlé has become the world's foremost nutrition, health and wellness company, with half its factories and employees in the developing world. We owe our success in large part to those communities, and it's that understanding that guides us to do even more than we have done before," added Mr. Bulcke.

On 27 and 28 April 2009, Nestlé is organising a forum on Creating Shared Value in New York in collaboration with the United Nations Office for Partnerships and the Swiss Mission to the United Nations. During this Forum, Nestlé leaders will engage with world leading experts in corporate strategy, water, nutrition, and rural development. Participating in the Forum will be the 13 members of the newly formed Nestlé Creating Shared Value Advisory Board.

"I am proud that we were able to bring together such a high-calibre group of experts and global thought leaders for our Creating Shared Value Advisory Board," commented Peter Brabeck-Letmathe. "This Advisory Board will analyse the Nestlé value chain and suggest potential actions in Creating Shared Value which can increase positive impact on society in the context of creating a successful business. Tomorrow's Creating Shared Value Forum is the first of a series of annual meetings where we will work to address necessary action and policy changes at the global and national level, opportunities for progress, and the role of business in society in the 21<sup>st</sup> century," concluded Mr. Brabeck.

The Forum will be [webcast live](#). An on-demand [webcast of the Press Conference](#) will also be available. For more details go to our [Press kit](#). You may also visit [www.creatingsharedvalue.org](http://www.creatingsharedvalue.org), a new open community Web resource, to share your thoughts and discover what CSV means to the communities where Nestlé operates across the world.

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