The Nestlé approach to Sustainability:
Creating Shared Value

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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.
Facts about Nestlé: World’s Largest Food & Beverage Company

- Founded 1866 in Switzerland as an infant nutrition company, Creating the Nestlé Nest Brand
- 480 factories; about half in developing countries
- 276,050 employees worldwide
- Strong portfolio of brands and innovations driving growth
- Transforming further into Nutrition, Health & Wellness company CHF 107.6 bn sales in 2007, +9.2%
- Consistent long term growth in both sales and profit (EBIT) margin: the proven Nestlé Model
Alignment of Creating Shared Value and Sustainability

"Going beyond sustainability, to create value for shareholders & society - which is integrally linked to our core business strategies & operations"

"Development which meets the needs of the present without compromising the ability of future generations to meet their own needs"
Walking the talk: we need to grow sustainably
Manufacturing and environment

Major engine of rural development / new environmental quality standards, particularly in developing countries. 2007 investments include:

- **Pakistan**: world’s largest milk processing plant, Kabirwala. CHF 90 million
- **Brazil**: Popularly Positioned Product plant, Feira de Santana. CHF 60 million
- **China**: milk processing plant, Hailar, Inner Mongolia. CHF 20 million

171 factories certified to ISO 14001

**Value for Society**: rural development; reduced impact on energy/water availability/waste/packaging

**Value for Nestlé**: sustainable profitable growth by meeting increasing demand, risk and cost reduction

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Nestlé SA
How to improve water efficiency through focused management

- Water withdrawal down 28% 1998-2007 despite 76% production increase
  - Targeting 2-3% reduction/tonne of product over next five years
- Despite 76% production increase
- 94% COD organic load removed from waste water

Value for Society: reduced impact on water availability/waste/packaging/vocal advocacy
Value for Nestlé: risk and cost reduction

Testing water quality at Chaochangsao, Thailand – Nestlé’s first water neutral facility

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Progress in Environmental Sustainability: energy/emissions

- Energy consumption down 47% per tonne of product 1998 - 2007
- CHF 33 million saved in 2007 through energy efficiency
- GHG emissions down 52% per tonne of product 1998 - 2007

Co-generation plant at Mainz coffee factory, Germany, where spent coffee grounds are used as fuel
Progress in Environmental Sustainability: packaging

- Reduction - 326 300 tonnes, CHF 584 million 1991-2007
- Bottled water packaging – 257 000 tonnes saved, 22% 2003 -2007

Value for Society: reduced impact on waste/packaging
Value for Nestlé: risk and cost reduction

Developing innovative packaging for NaturNes baby food, highlighting ecological and flavour benefits on-pack
Shared Value and agriculture/sourcing

Nestlé-sponsored sustainable cassava project in Côte d’Ivoire

• CHF 13 billion of agricultural commodities from emerging economies
• 610 000 farmers supply Nestlé directly and receive technical assistance

Milk: Coffee: Cocoa:
11.8 million tonnes 750 000 tonnes 370 000 tonnes
CHF 4000 million CHF 1600 million CHF 930 million

Value for Society: knowledge sharing, improved agricultural & water management practices
Value for Nestlé: quality supplies from motivated, enabled farmers

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Creating Shared Value with coffee farmers

Coffee farmers harvesting, drying coffee and acquiring sustainable farming techniques

Direct purchasing: Nestlé green coffee purchased direct = largest direct purchaser
Nespresso AAA: 35% of total purchase from the AAA Sustainable Quality™ Programme

Value for Society: coffee farmers grow income, farm more sustainably
Value for Nestlé: quality supplies from motivated, enabled farmers

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Products and consumers: product innovation/renovation

Optimising nutrition through

Enhancing:
• Whole grains: 1.6 billion additional servings in Europe, 2005–2007
• Health benefits: Branded Active Benefits
• Micronutrients: vitamins, minerals and trace elements

Reducing:*
• Trans fatty acids: 34 200 tonnes removed, 2003–2007
• Sugar: 204 000 tonnes removed, 2003–2006
• Salt: 5000 tonnes removed, 2005–2006

* CPW not included in these figures

Value for Society: improved access to quality, scientifically enhanced nutrition products
Value for Nestlé: income growth opportunity
Creating Shared Value must be expressed in a way that’s relevant to consumers.
Nestlé Nutritional Compass, featuring GDAs
Environmental claim substantiated by a peer reviewed LCA
Self-regulation through multistakeholder approaches

- Faster and more cost effective implementation
- Also relevant in complex areas such as sustainability
- Towards a **Food Chain Sustainable Consumption and Production Roundtable**:  
  - Involving CIAA and other food chain stakeholders on an equal footing,
  - Working, as a priority, towards reliable and uniform environmental assessment methodologies for food and drinks,
  - Delivering an **EU Code of Conduct on Environmental Assessment and Voluntary Communication to Consumers**.
Brand Values Incorporating Sustainability
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