

Water Management an integral part of Nestlé 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.

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
- **18%** factories certified to ISO 14001 and OHSAS 18001
- **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

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 - Scaling up efforts in agriculture and water management
 - Encouraging debate on water management

Setting the scene: the importance of water management

- *"Every human being, now and in the future, should have access to safe water for drinking, adequate sanitation and enough food and energy at reasonable cost. Providing adequate water to meet these basic needs must be done in an equitable manner that works in harmony with nature"*

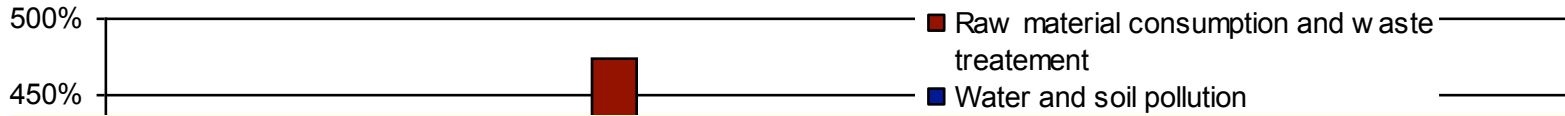
World Water Commission

- **Water management link to broader climate change issues – Nicholas Stern and others**
- **UNDP: critical role of water to development**
 - **1 billion without access to clean water, 2.4 billion without access to sanitation**

"This water crisis is largely our own making. It has resulted not from the natural limitations of the water supply or lack of financing and appropriate technologies, even though these are important factors, but rather from profound failures in water governance."

- **Water management critical to achieving all 8 MDGs**

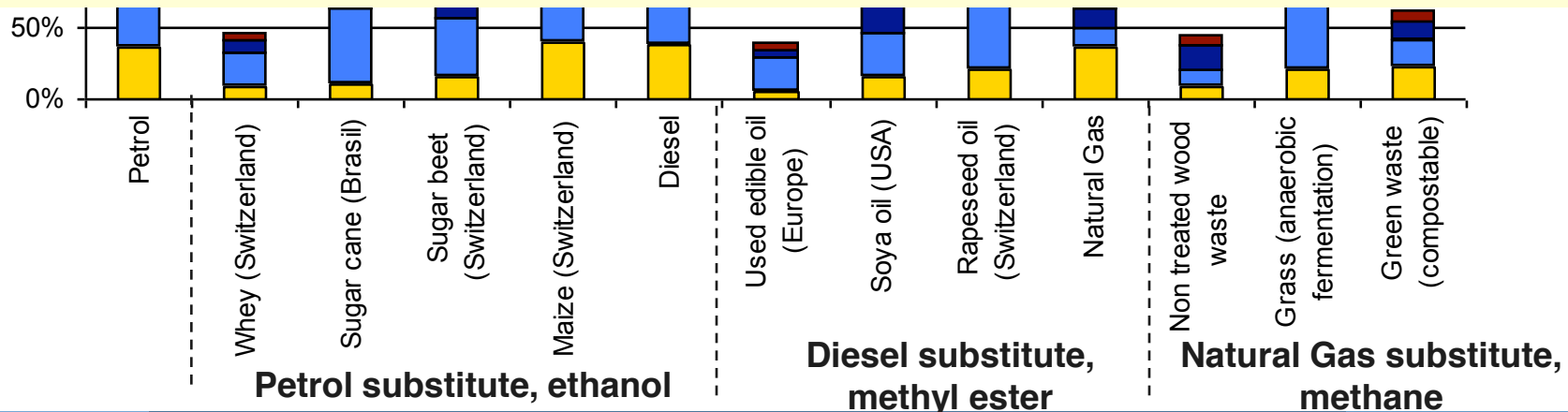
Looking at GHG only can be misleading : Careful with agrofuel !



The current production of biofuel relies on the extensive use of crops such as maize and wheat.

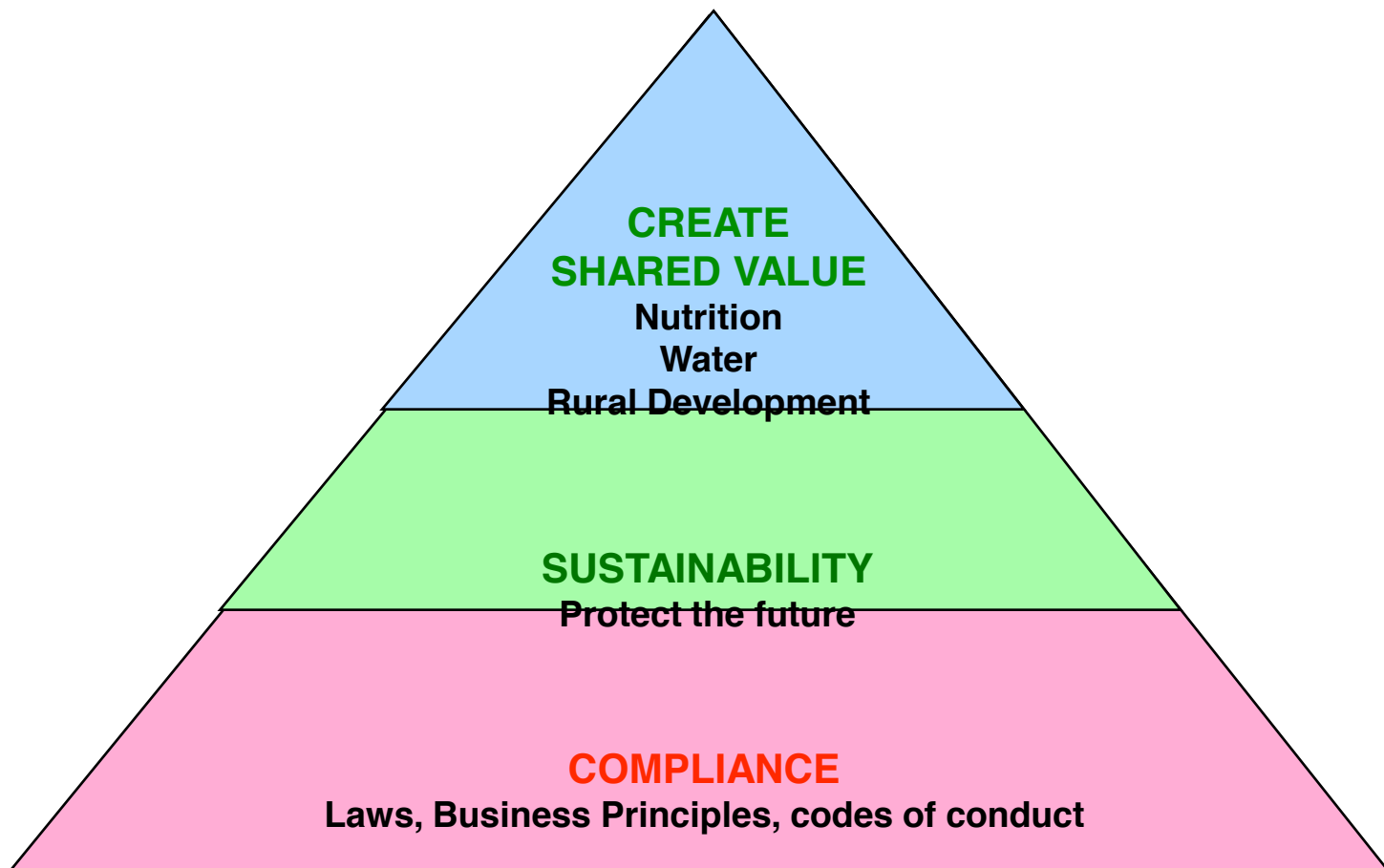
This has already led to significant price increases and will, in the long term, create food shortages for millions of consumers from lower-income groups for whom basic foodstuffs need to be affordable.

Nestlé encourages continued research on credible alternatives especially with materials that have no impact on the availability and affordability of food crops such as agricultural and industrial by-products, algae or wood.



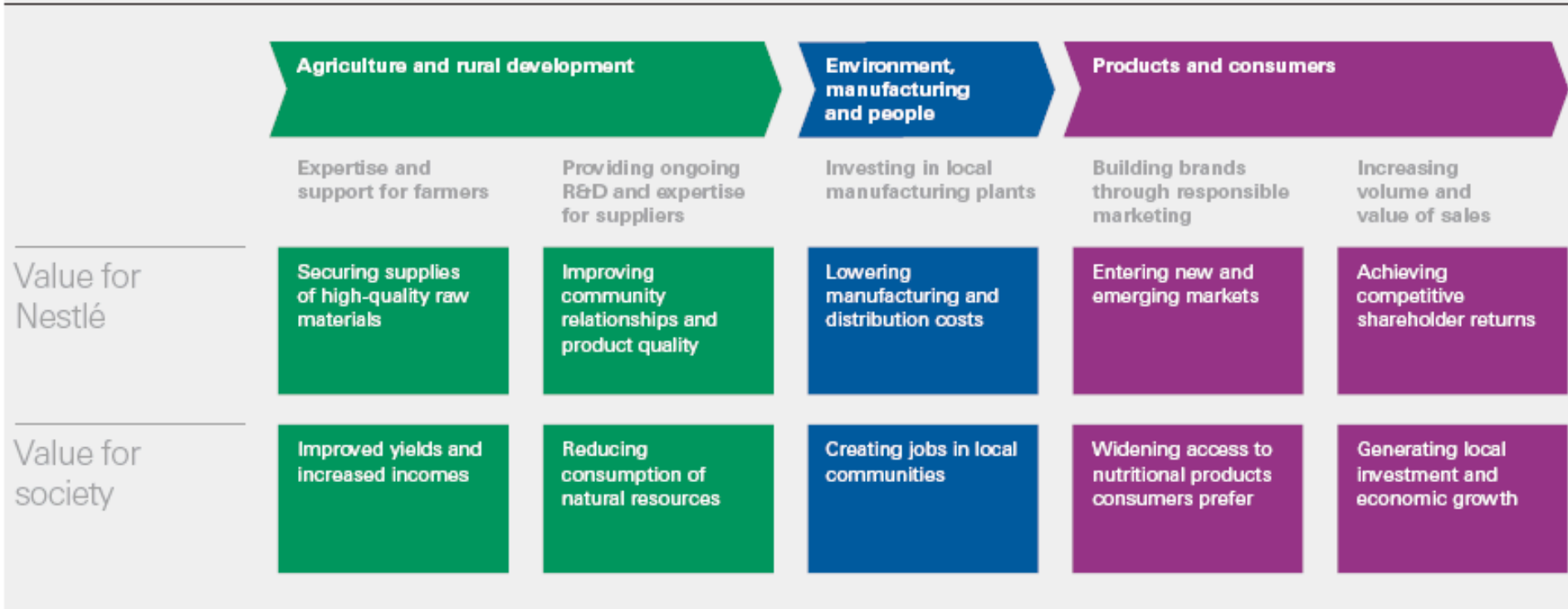
Setting the scene: Nestlé Creating Shared Value

For a business to be successful in the long term it has to create value, not only for its shareholders but also for society



Shared Value is applied across Nestlé's Value Chain

Creating Shared Value at each stage of the value chain



Nestlé's overall commitment on water

Work to continue reducing the amount of water used per kilogramme of food and beverage produced.

Assure that our activities respect local water resources.

Take care that water discharged into the environment is clean.

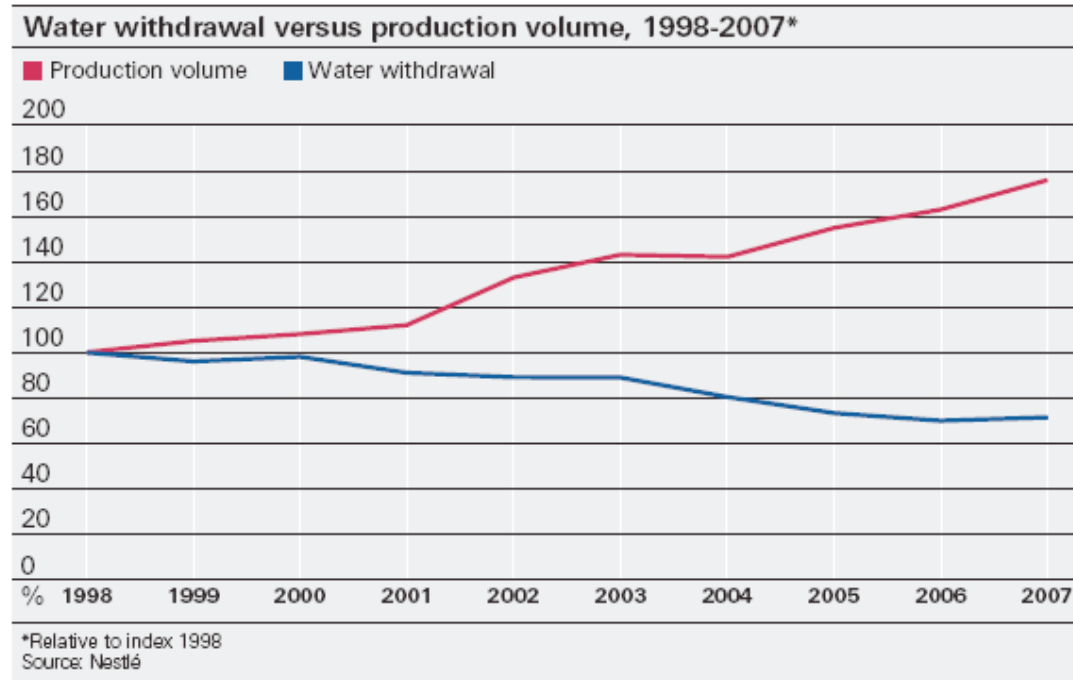
Engage with agricultural suppliers to promote water conservation among farmers.

Reach out to others to collaborate on water conservation and access, with a particular focus on women and children.

"No one partner can do it all, but together we can influence, alter, protect, and preserve the vital resource of water for future generations".

Peter Brabeck-Letmathe, Chairman, Nestlé

Nestlé and water management: Reducing our water consumption



- **1998-2007** : Water withdrawal down **28%** despite **76%** production increase
- Leadership on water: UNGC CEO Water Mandate, WEF

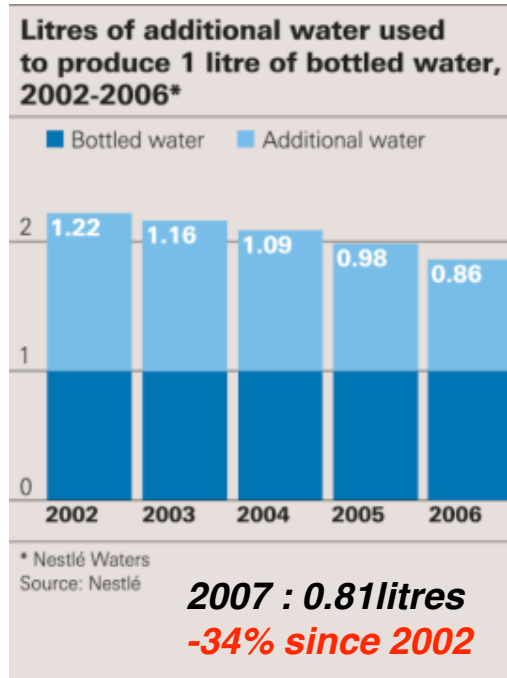
Value for Society: *reduced impact on water availability*

Value for Nestlé: *risk and cost reduction*

Nestlé and water management: Improving operational water efficiency



*Water recycling
at Shinchueng
milk factory, China*



*Water recycling
lake at our Chaochengsao
first "zero water discharge"
factory, Thailand*

- Consistent improvement, measured over time
- Tried and tested policy/process to improve further
- ISO 14001 certification worldwide by 2010

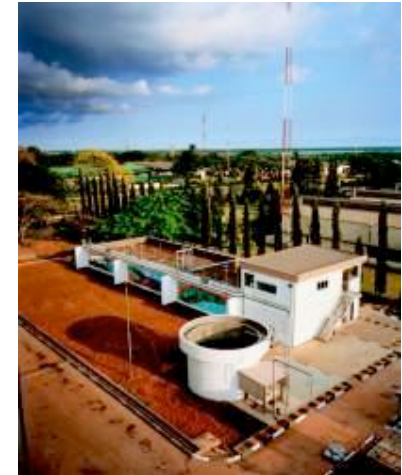
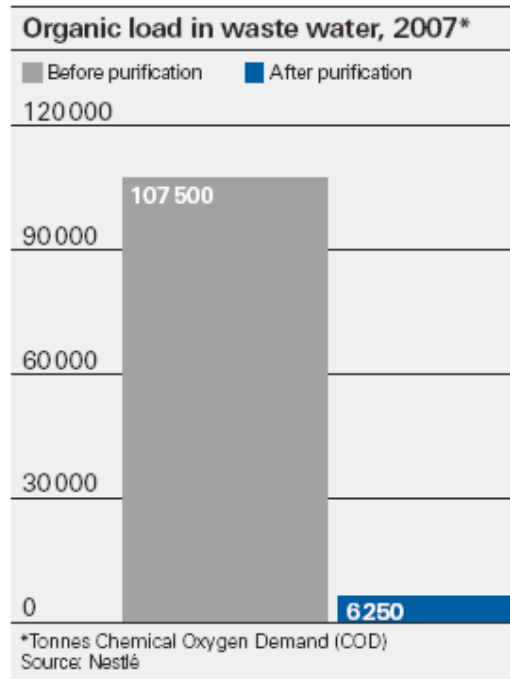
Value for Society: *reduced impact on water availability*

Value for Nestlé: *risk and cost reduction*

Nestlé and water management: Treating water to return it cleaned to the ecosystem



Nigeria: sharing knowledge with Ghanaian colleagues for 2007 Tema plant



Agbara plant, Nigeria: awarded "most environmentally proactive industry" in 2006

- First objective to minimise waste water
- First treatment plant 1930
- First to develop treatment plants, before legislation
- 94% COD organic load removed from waste water in 2007

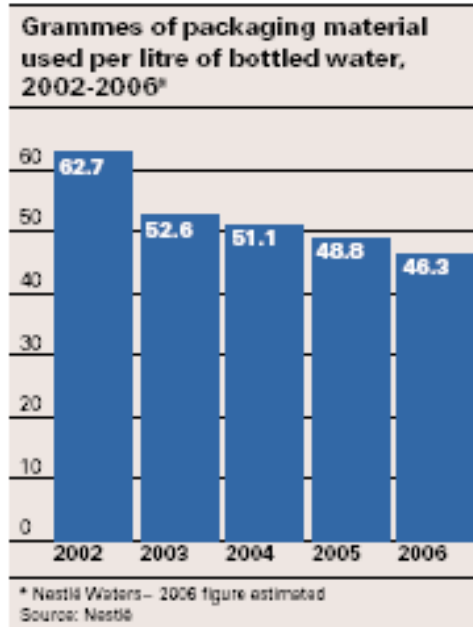
Value for Society: best in class waste water treatment facilities, skill transfer

Value for Nestlé: risk and cost reduction

Nestlé and water management: Sourcing water for bottling



Quality assurance to local and international Nestlé standards



Research into lighter packaging materials for bottled water

- Verification system to test water sources:
 - Ascertains sustainability, compliance, exploitation limits
 - Defines treatment required
- Significant reduction in packaging volume :
2002-2007: -22% representing **257 000 tonnes saved**
- 90% bottled water consumed in country of origin

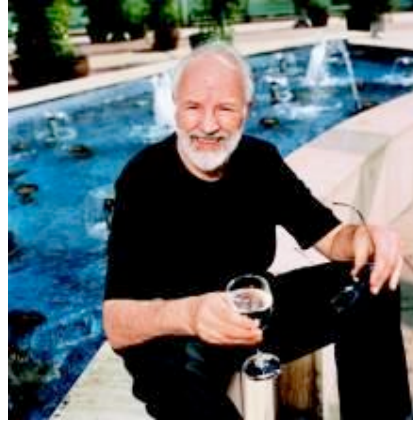
Value for Society: *reduced impact on water availability/waste/packaging*

Value for Nestlé: *risk and cost reduction, more efficient source management*

Managing water for consumers: Water as a healthy beverage



Aquapod – making water fun for children, USA

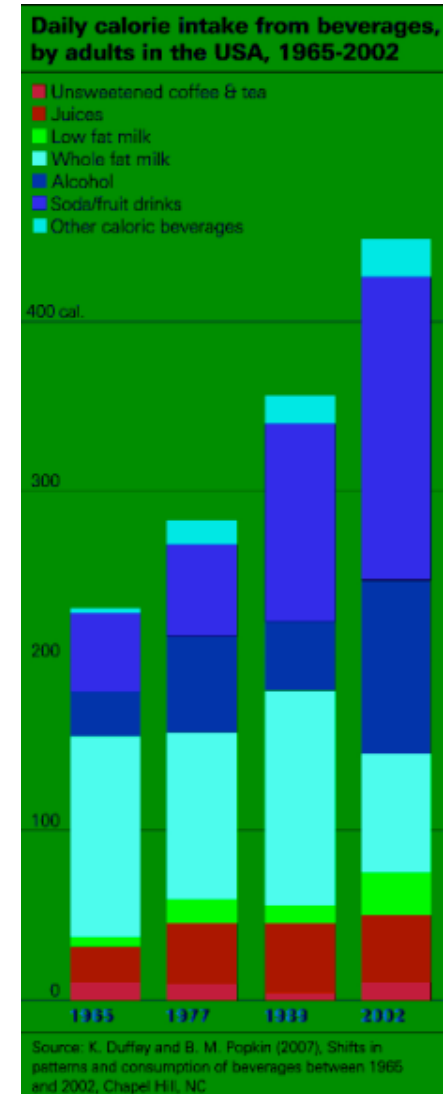


*"Water reduces energy density and replaces calories consumed from other beverages"
Professor Barry Popkin, University of North Carolina*

- Providing bottled water: safe & healthy
- Encouraging children to choose water
- Nestlé Compass: comprehensive consumer information
- Water and obesity: proven, positive role

Value for Society: water's positive role in nutrition

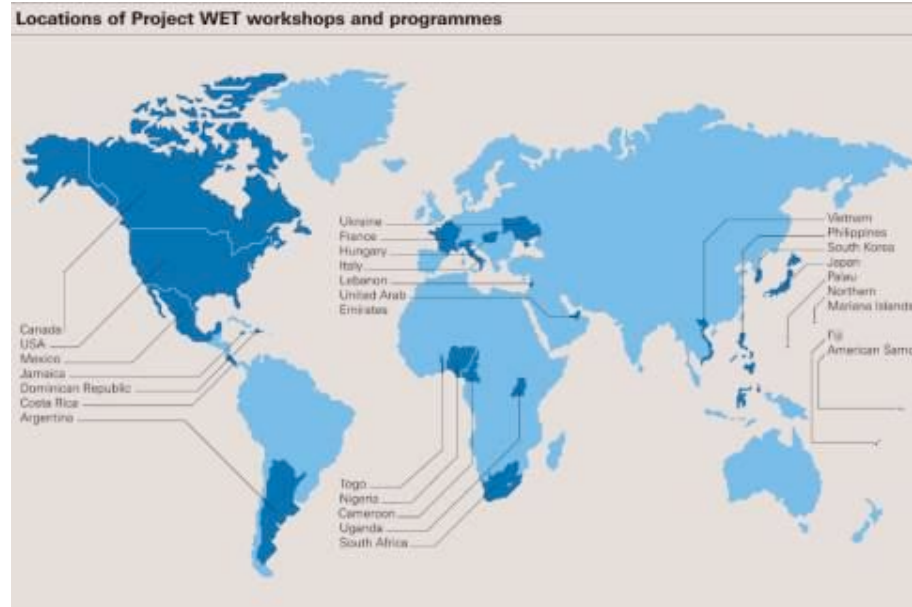
Value for Nestlé: sales growth category



Managing water for consumers : Water education and disaster response



Water education: essential for sustainability in school wells programme, Moga, India



Project WET: Makes learning about water fun

Project WET: worldwide water sensitisation programme for children

- Project WET: millions of children in 22 countries
- Water education essential to Indian wells programme
- Major water donor: Katrina, Pakistan, Tsunami

Value for Society: future generations sensitised to water issues, clean water in crises

Value for Nestlé: building relationship with potential future consumers

Leadership on water management in agriculture and rural communities in developing countries



More than 4 000 women in Pakistan are learning new agricultural skills, such as raising livestock and managing water resources, through training provided by Nestlé and UNDP



Biofuel from cow effluent helps keep water clean and food hot in Shuancheng milk district, China



Clean drinking water facilities in Mozambique, in partnership with IFRC

- Founding signatory: UN Global Compact CEO Water Mandate
- **85 water wells** in schools in villages within the Moga milk collection district in India
- Working with milk producers in South Africa to use more efficient irrigation systems
- Teaching Vietnamese coffee farmers techniques expected to reduce water use by **60%**
- Supporting farmers in Shuangcheng, China, to store farm effluent correctly
- IFRC clean drinking water projects in Ribaué, Mozambique
- World Lutheran Federation project: drinking water to **25 000** in Rwanda

***Value for Society:** knowledge sharing, improved agricultural & water management practices*

***Value for Nestlé:** quality supplies from motivated, enabled farmers*

Water management, agriculture & communities: Stakeholder engagement



Community engagement is critical in selection of villages for Indian milk district water wells



Engaging South African farmers on water management as part of Agri-BEE initiative

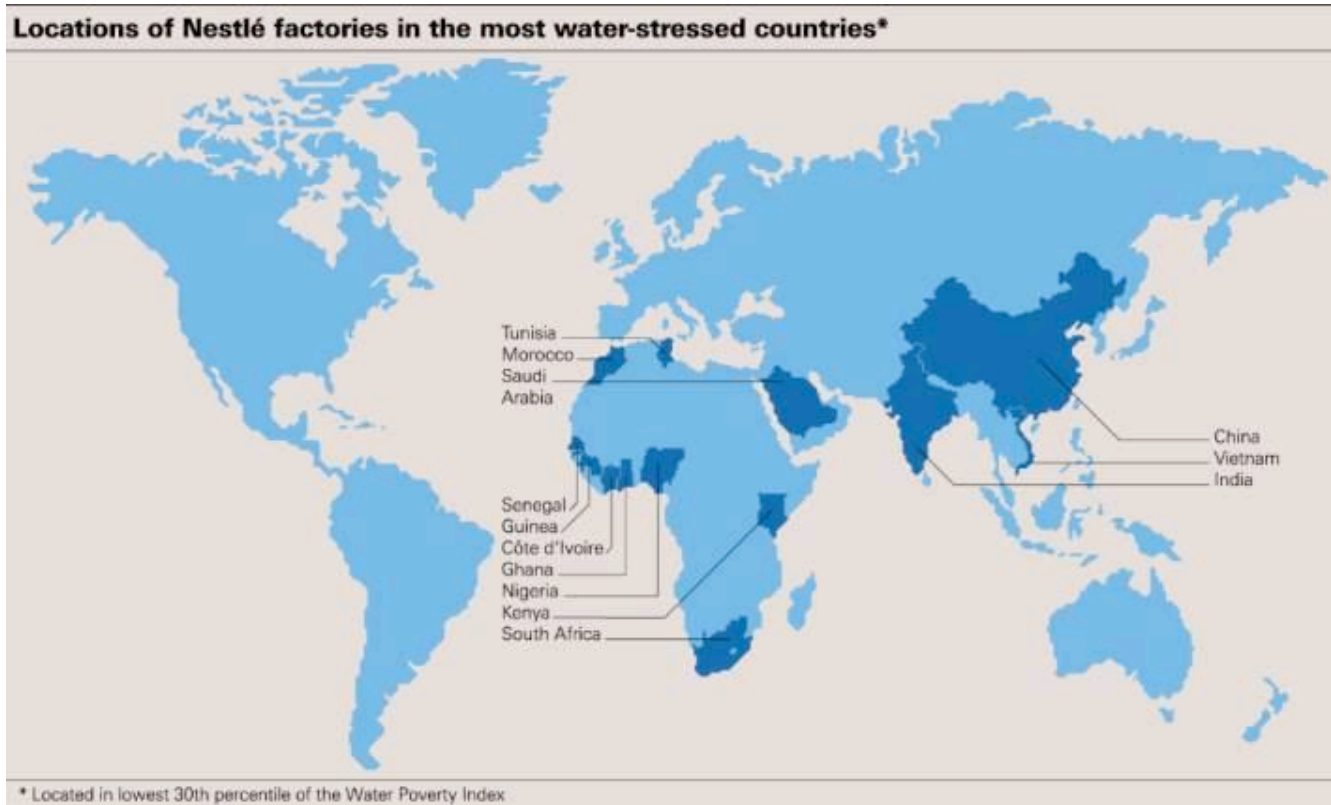


Nestlé at the World Water Forum, Mexico, March 2006

- Prominent role in WEF water initiative, debates
- AccountAbility engaged stakeholders around report
- World Water Forum, Mexico, 2006

Value for Society: clean water in water-poor regions, knowledge sharing
Value for Nestlé: knowledge sharing, informing future strategy

Future water management directions: Increased attention to local conditions



- 49 factories in 13 of 45 most water-stressed countries
- Evaluation and focus for future improvement
- Development of proprietary water stress index

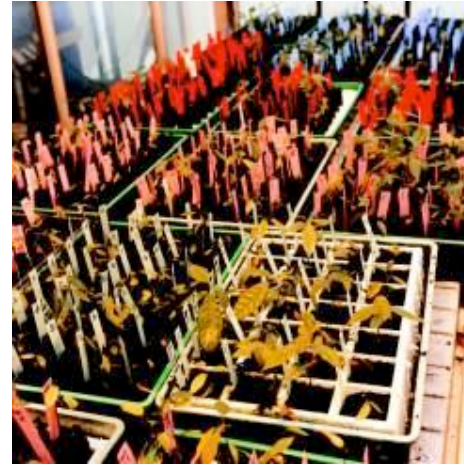
Value for Society: *reduced impact on water availability/waste/packaging*

Value for Nestlé: *risk and cost reduction*

Future water management directions: Scaling up efforts in agriculture



Water management as a major part of agricultural extension projects in Indian milk districts



Investigating research possibilities with drought-resistant coffee and cocoa

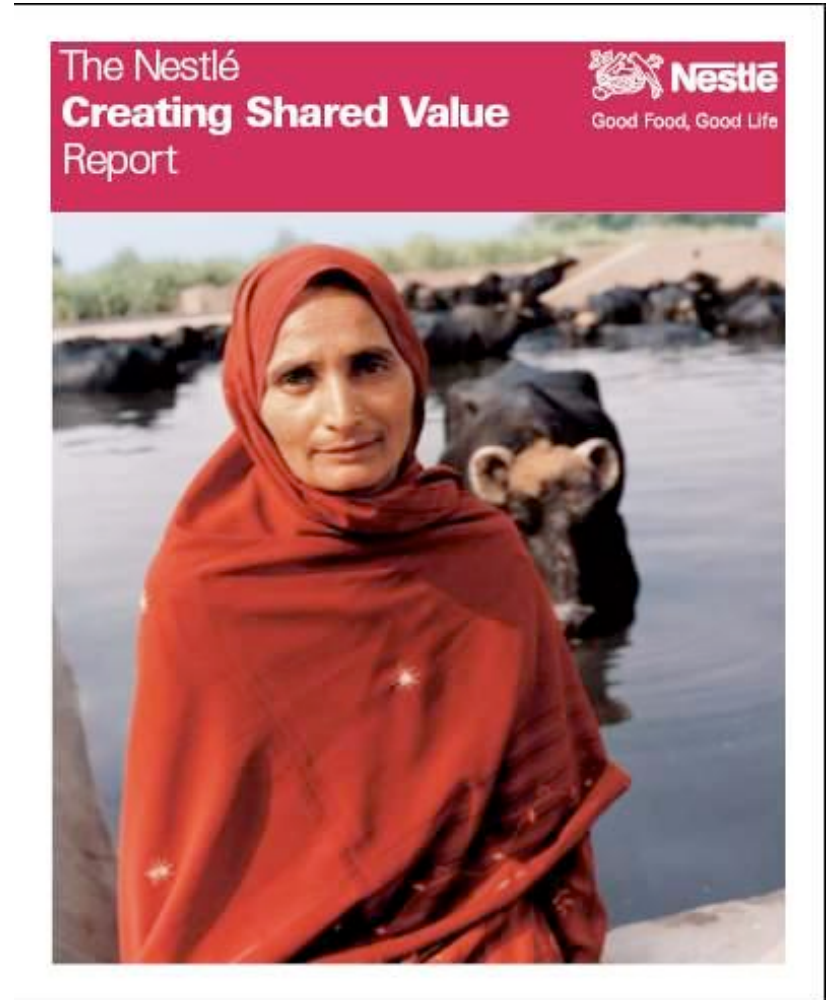


Water source protection techniques in Mexico

- Building best practice repository, share in Nestlé and SAI
- Possible research into drought resistant plants
- Incorporating water into all agricultural extension

Value for Society: clean water in water-poor regions, knowledge sharing

Value for Nestlé: informing future strategy, quality supplies from motivated farmers



**The Nestlé Water
Management Report**

www.nestle.com

**The Nestlé Creating
Shared Value Report**