Nestlé
Southern African Region

Presentation to Portfolio Committee

on Social Development

17 November 2009

Agenda

1. **Business overview**
2. Transformation
3. Creating Shared Value
4. Conclusion

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Industrial Footprint

9 FACTORIES

Babelegi	: Non-dairy Creamer
Clayville	: Ice-cream
East London	: Chocolate
Estcourt	: Coffee, Beverages
Harrismith	: Infant Nutrition
Isando	: Pet Food (dry)
Mossel Bay	: Dairy
Ndabeni	: Pet Food (wet)
Olifantsfontein	: Waters

3 Distribution Centres

Longmeadow
Bellville
New Germany

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Foreign Direct Investment

We have made capital investments of R1. 8bn over the past 5 years in the following areas:

- Capacity-related expansion of existing factories
- Upgrading of distribution centres
- IT Infrastructure
- Factory upgrade and improvements
- Nestlé Environmental Management System

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Nestlé Global Verified Scorecard as at June 2009

BEE Indicator	Weighting	2007 Verification	2008 Verification	2010 Target
Ownership	**20**	**0**	**0**	**2**
Management Control	**10**	**5.23**	**6.39**	**7**
Employment Equity :-				
Disabled	2			
Senior Management	5			
Middle Management	4			
Junior Management	4			
Total	**15**	**5.60**	**10.51**	**11**
Skills Development:-				
Skills Spend on Black Employees	6			
Skills Spend on Black Disabled Employees	3			
Learnerships	6			
Total	**15**	**11.68**	**10.18**	**12**
Preferential Procurement	**20**	**6.45**	**14.87**	**15**
Enterprise Development	**15**	**15**	**15**	**15**
Socio-Economic Development	**5**	**5**	**5**	**5**
TOTAL	**100**	**48.96**	**61.95**	**67**

Level 5 Contributor to BBBEE = score between 55 and 65 points

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BBBEE Benchmarking : Ranking by Sector

SECTORS	NESTLÉ RANKING	TOP BBBEE SCORES
Top 200 JSE Listed Companies	46th	
Food & Beverages	3rd	1. Tongaat Hullet – 76.17 2. Oceana Group - 71.31
Health & Pharmaceuticals	5th	1. Netcare – 75.42 2. Medi-Clinic Group – 67.54 3. Aspen Holdings – 65.79 4. Cipla Medpro – 65.59
Manufacturing	2nd	1. Seardel – 66.76
General Industries	4th	1. Allied Electronics – 65.35 2. Sekunjalo Investments – 64.51 3. Bell Equipment – 61.10
Basic Industries	4th	1. Stefanutti Stocks – 65.36 2. Aveng Group – 64.14 3. Group 5 – 60.79
Financial Sector	16th	1. Hosken – 84.63 15. Absa Group – 62.20
ICT	6th	1. Gijima Asset Group – 80.92 2. AdaptIT Holdings – 77.76 5. Business Connexion – 66.78
Media	3rd	1. Naspers – 68.18 2. Kagiso Media – 64.56
Travel and Leisure	3rd	1. Sun International – 69.14 2. Phumelela – 66.17
Property	2nd	1. Growthpoint Properties – 60.74
Transport	2nd	1. Super Group – 65.09
Resources	3rd	1. Merafe Resources – 71.77 2. Mondi – 62.44

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Non-Executive Board Members – Appointed Jan 2009

Maki Mandela

Focus areas within the Board
Strategy, Transformation, Reputation Management

Sonia Sebotsa

Focus areas within the Board
Transformation, Audit and Finance

Zeona Jacobs

Focus areas within the Board
Communication, Marketing and Governance

Chris Vick

Focus areas on the Board
Reputation Management, Positioning & Transformation

Dr Ntuthuko Bhengu

Focus areas on the Board
Health and Wellness, Policy, Strategy

Emmanuel Lediga

Focus areas within the Board
Audit, Finance, Transformation

Creating Shared Value Guiding Statement

As a preferred corporate citizen, we are guided by the following corporate statement:

"The main objectives of our activities must be to create, maintain, and increase trust in Nestlé, not only as an economically and financially successful enterprise, but also as a socially responsible company, dedicated to sustainable development."

PETER BRABECK-LETMATHE
Chairman , Nestlé S.A.

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CSV Explained

Creating Shared Value at each stage of the value chain

Value for Nestlé	Securing supplies of high-quality raw materials	Improving community relationships and product quality	Lowering manufacturing and distribution costs	Entering new and emerging markets	Achieving competitive shareholder returns
Value for society	Improved yields and increased incomes	Reducing consumption of natural resources	Creating jobs in local communities	Widening access to nutritional products consumers prefer	Generating local investment and economic growth

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Nestlé Orphans and Vulnerable Children's Assistance Programme

- **Launched** in June 2008
- **In partnership** with Departments of Social Development and Health
- **Objective**
  - To offer infant formula and infant cereals at preferential rates within the guidelines of the WHO code of marketing of breast milk substitutes
  - To ensure good nutrition and improve quality of life for orphaned and vulnerable children

Target Audience

- Orphaned and Vulnerable Children through reputable and registered NGOs

Highlights

- 66 NGOs have registered with the programme

The power to CARE

Competitiveness
Be focused
Do what matters

Attitude
Be open
Share issues and learnings

Responsibility
Be disciplined
Apply best practices

Execution
Be effective
Deliver quality on time