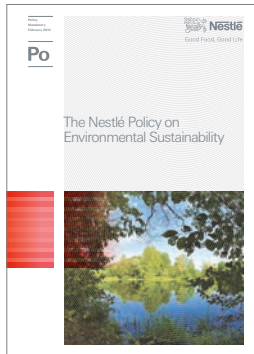


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Appendix to The Nestlé Policy on Environmental Sustainability

Nestlé Commitment on Water Stewardship

Nestlé recognises that the long term success of the company is built upon effective water stewardship in the watersheds where its raw materials are sourced from, where its factories are located, and where suppliers and consumers live. It believes that effective water stewardship will require that provisions are made firstly for water to meet the human right to water, then to ensure that ecosystems are able to function, and finally to ensure that water is used efficiently for agricultural and industrial use. Nestlé believes that Governments have to take the lead in establishing over-arching water policies within which Nestlé and other water users can operate. Nestlé is willing to assist in this process, is committed to develop its business in a way that facilitates effective water stewardship in the geographies that it sources from and operates within, and is committed to focus upon measures that are cost effective and relevant within a watershed. Water is an important natural resource for Nestlé: agriculture is the major user of water and Nestlé is one of the worlds' largest buyers of agricultural raw materials from farms and forests. Nestlé uses water at over 460 factories globally, and consumers use water to prepare and consume our products.

Nestlé has a long history of leadership on water stewardship¹ through continuous improvement in the efficient use of water at its factory operations and innovative programmes with farmers. More recently it has been an advocate for collaborative action globally and at a watershed level on water stewardship. In 2010, Nestlé formally reconfirmed its public support for the human right to water and sanitation, as adopted by the United Nations General Assembly and the United Nations Human Rights Council.

The Nestlé Commitment on Water Stewardship has been prepared to guide and align Nestlé's efforts to complement Nestlé's Corporate Business Principles, the Nestlé Policy on Environmental Sustainability, the Nestlé Supplier Code, Responsible Sourcing Guidelines, and Water Guidelines for Suppliers of Agricultural Raw Materials. This Commitment should be specifically read in conjunction with the Nestlé Commitment on Natural Capital.

Specifically Nestlé commits to:

1. Work to achieve water efficiency across our operations, by

- Ensuring that our operations do not compromise the right to water of local communities
- Excelling in the efficient use of water in all our facilities
- Conducting water resource reviews across existing and new factory sites
- Concentrating interventions in priority watersheds
- Stimulating innovation in water use efficiency by investing in "Lighthouse Projects"
- Implementing programmes to reduce water withdrawal, reuse water and use alternative water sources such as rainwater harvesting

¹ Water Stewardship for a water user is about acknowledging the responsibilities and implementing the actions, individually and/or collectively, needed for the sustainable management of shared water resources within a watershed

2. Advocate for effective water policies and stewardship, by

- Engaging in and supporting public policy dialogues at the global level, such as the 2030 Water Resources Group, the Alliance for Water Stewardship, and the CEO Water Mandate.
- Engaging in collaborative policy and water conservation activities at a national/sub-national/watershed levels
- Improving corporate reporting on water stewardship

3. Treat the water we discharge effectively, by

- Setting strict targets for water discharge quality, for water returning to the environment
- Operating treatment plants, where municipal infrastructure is inadequate or insufficient to meet our environmental standards
- Ensuring that our operations do not compromise the right to water & sanitation of local communities

4. Engage with suppliers, especially those in agriculture by

- Incorporating water management requirements into the agricultural commodity Responsible Sourcing Programme and the Tier 1 Supplier Audit Programme
- Prioritising interventions per commodities (eg sugar), especially in water scarce locations and important water areas
- Providing training and support to farmers on water quality, reducing water usage as well as retaining soil moisture
- Undertaking R&D activities on plant varieties and processing to reduce water usage

5. Raise awareness of water access and conservation, by

- Supporting our employees to understand and make better informed decisions that will lead to effective water stewardship
- Supporting the human right to water and sanitation by ensuring that all Nestlé facilities provide access to clean water and sanitation to their employees, and assist the provision of clean water and improved sanitation to priority communities adjacent to selected factories and locations² where Nestlé is sourcing agricultural commodities
- Supporting education programmes (such as Project WET) at schools and in local communities
- Promote products and behaviours that can help consumers to lower their use of water; and provide them with information to help them minimise water use when preparing our products
- Sharing good practices for sustainable water use with other companies and other stakeholders

6. Report publicly on a regular basis on the progress of meeting this Commitment.

² As identified following the implementation of the Rural Development Framework