

Date: 17 May 2010

NESTLÉ ANNOUNCES PARTNERSHIP WITH THE FOREST TRUST TO COMBAT DEFORESTATION

Nestlé today announced that it has formed a partnership with the global non-profit organisation, The Forest Trust (TFT), to fight the destruction of rainforests and peatlands by identifying and excluding suppliers linked to deforestation. The work will begin with palm oil, and Nestlé is studying its supply chains to determine a similarly ambitious target for pulp and paper.

Nestlé is the first global consumer goods company to become a TFT member. The announcement has been hailed by TFT as a “game changer”.

“For the first time ever, a global company is saying that it doesn’t want its products to have a deforestation footprint, and it is taking action to live up to its words,” said TFT’s Executive Director, Scott Poynton.

Nestlé and TFT have together defined the Responsible Sourcing Guidelines to guide the Company’s procurement process and ensure compliance with the Nestlé Supplier Code.

José Lopez, Executive Vice President, Nestlé S.A. said the partnership with TFT is a further sign of Nestlé’s strong commitment to ending deforestation of rainforests.

“We will focus on the systematic identification and exclusion of companies owning or managing high risk plantations or farms linked to deforestation,” he said.

Mr Lopez said Nestlé had spoken out against deforestation for a number of years.

“We have repeatedly emphasised our concern with deforestation, not only from palm oil growing, but for any reason,” he said. “We have also spoken out repeatedly against the environmental damage caused by using palm oil for bio-fuel.

“It is estimated that rainforest destruction contributes to around 20 per cent of carbon dioxide emissions – more than the entire transport sector. By setting critical requirements for our procurement process and checking compliance with our Supplier Code, we want to ensure that Nestlé products have no deforestation impact.”

The New Responsible Sourcing Guidelines

The new guidelines, which are effective immediately, specify that the palm oil Nestlé purchases will:

- Protect high conservation value forest areas
- Support the free prior and informed consent of indigenous and local communities to activities on their customary lands where plantations are developed
- Protect peatlands
- Protect forest areas of “high carbon” value
- Be derived from plantations and farms that abide by local laws and regulations

To further implement the new Guidelines, Nestlé and TFT will:

- Communicate these guidelines strongly and clearly to the global commodity industry, particularly the palm oil and pulp and paper sectors
- Continue to focus procurement to already certified suppliers
- Conduct and ensure field audits of existing suppliers to determine their performance against the guidelines
- Exclude all suppliers found to be in breach of the guidelines
- Implement technical assistance programs to support those willing to proceed to sustainability
- Identify new suppliers who comply or could, with technical assistance, comply with the guidelines
- Provide regular and transparent feedback on findings and performance against these guidelines.

These Responsible Sourcing Guidelines are enforced with immediate effect. TFT's work with Nestlé has already begun and Nestlé will continue to communicate on its progress.

Useful links:

www.nestle.com

www.tft-forests.org

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Regarding Palm Oil, Nestlé has taken the following steps:

- Nestlé has reduced its use of palm oil by 42,000 tonnes over the past few years.
- Nestlé has stopped all purchases of palm oil from the Sinar Mas Company. This will continue as long as there is verifiable evidence of rainforest destruction by that company. Nestlé's past purchases of palm oil from Sinar Mas was limited to supplying our factories in Indonesia, and we have now identified alternative suppliers.
- Nestlé has written to its suppliers of blended palm oil, including Cargill, stating that it will not tolerate the presence of oil from non-sustainable sources.
- Nestlé is an active member of the Roundtable on Sustainable Palm Oil.
- Nestlé has pledged to source only certified sustainably sourced palm oil by 2015. We are working with providers of certified palm oil to increase availability.
- Palm Oil is not a major raw material in Nestlé's products. The company uses 320,000 tonnes worldwide, or just 0.7 per cent of global production. In 2009, the UK, Germany and Italy alone consumed 500,000 of palm oil bio diesel.
- Eighteen percent of Nestlé's Palm Oil has been covered by GreenPalm Certificates with a target of 50 per cent by the end of 2011. In Oceania, Nestlé has committed to covering 100 per cent of its palm oil usage with GreenPalm Certificates.

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