

Our "Best in Class" analysis: focus on NESTLE sa

Company Description

Nestlé is engaged in the business of manufacturing and marketing branded food and beverages. In FY 2010, the company had 281,005 employees and total sales of CHF 109.7 billion. Nestlé derived its sales from Powdered and liquid beverages (19% of total sales), Milk products and Ice cream (19%), Prepared dishes and cooking aids (16%), Pet care (12%), Confectionery (11%), Nutrition (9%), Water (8%) and Pharmaceutical products (5%). The company has a worldwide presence.

Based on Dexia AM's Sustainability Analysis of the European Food, Beverage & Tobacco (FB&T) and Household & Personal Products (HH&PP) sectors, Nestlé has been included in the sustainable universe and categorised as a "Leading" company. A brief description of how the company addresses its major sustainability-related issues is given below.

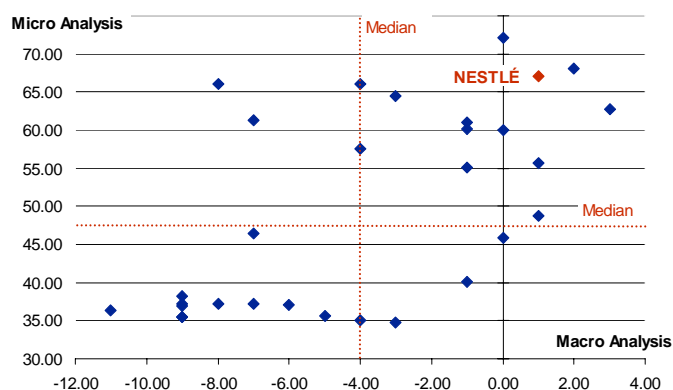
Macro analysis

With regard to its Macro score, i.e., the company's exposure to global sustainability trends, Nestlé is well positioned towards the Developing economies, with 4,860 Popularly Positioned Products which provide Bottom-of-the-Pyramid consumers with greater access to affordable food products. The revenue from these products represents about 10% of total sales. The company also offers a number of Fairtrade-certified products and has developed the Nespresso AAA Sustainable Quality Program, under which it pays a premium to those farmers who supply the highest-quality beans. The company also has strong exposure to the Emerging Markets (around 35% of sales), in particular in Brazil and China. Health & wellness is also an important trend. Although Nestlé manufactures a number of products which may be associated with health concerns (e.g. coffee, ice cream, chocolate, sugar confectionery and biscuits), the company has strong exposure to "Goodfor-You" products. In 2010, Nestlé derived 11% of its sales from Milk, 9% from Nutrition and 8% from Water.

Micro analysis

As regards its Micro score, i.e., the way in which the company handles its stakeholder relationships, Nestlé displays responsible Commercial behaviour (customers). The Nestlé Nutritional Compass, launched in 2005, was the first worldwide nutrition labelling initiative from any food company. The Nutritional Compass provides consumers with comparable and standardised nutrition information in order to help them to make healthier choices. In 2010, 97% of products sold carried the Nutritional Compass on the pack. Nestlé is also committed to responsible advertising and marketing, and its wider Consumer Communication Principles "encourage moderation, healthy eating habits and physical activity". The Environmental Practices of Suppliers is also a relevant factor. Nestlé is an active member of the Sustainable Agriculture Initiative (SAI) Platform, which aims to support the development of sustainable agriculture practices worldwide.

Company ranking in the European FB&T and HH&PP sectors



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