

Nestlé Steps up Investment in Sri Lanka's Rural Economy*Increases Its Fresh Milk Intake by 35% in H1 2012*

At a recently held press conference, Nestlé Lanka announced that it had made a big increase in its investments in the first half of 2012 to support and develop Sri Lanka's rural economy, especially the dairy sector.

Nestlé is today Sri Lanka's largest private sector collector of fresh milk, purchasing milk from over 15,000 dairy farmers every day for its popular dairy based portfolio. As of June 2012, the company's local fresh milk procurement has increased by a staggering 35% (YTD), enabling Nestlé to increase its payments to dairy farmers by 58% (YTD). Furthermore, out of the LKR 3.2 billion invested by Nestlé in Sri Lanka over the last 18 months, LKR 1.9 billion has been invested in the local manufacture of milk based products.

"Our milk processing facility in Kurunegala is running at full capacity due to our increased intake of local fresh milk and we will continue to purchase as much milk as we can to support our local dairy farmers. We will continue to operate at maximum capacity for fresh milk processing" said Mr. Ruwan Welikala, AVP – Ambient Dairy for Nestlé Lanka PLC.

An avid advocate of sustainable business, Nestlé believes that its operations should be beneficial to shareholders and the community it works with. They call this 'Creating Shared Value' (CSV). With a presence in Sri Lanka for over a century, Nestlé is one of Sri Lanka's biggest buyers of fresh milk and coconut and has been a powerful catalyst in empowering the development of sustainable livelihoods across rural communities.

"Nestlé has always had a strong, long-term commitment to the country and its people. Over the past 100 years, we have partnered Sri Lanka in growth and development through the good times and the bad, in times of conflict and peace. We have been strongly involved in 'creating shared value' by creating sustainable business relationships with our Sri Lankan community - a drive that has earned us the title of 'local multinational'", stated Mr. Alois Hofbauer, Managing Director of Nestlé Lanka PLC *"The successful and sustainable development of the rural economy remains a key focus for us and we have stepped up our investment in this area in a big way in 2012 as per our investment plan."* In 2011, Nestlé initiated a LKR 10 billion investment in Sri Lanka of which almost one third is directed towards dairy development and dairy based products.

Nestlé has been engaged with the Sri Lankan dairy sector since the early 1980's and has worked closely with relevant authorities and farmers over the years to assist dairy farmers in increasing the quantity and quality of their yield. The company has also established crucial infrastructures and networks such as milk chilling centres and milk collection points across the island, including the North and East, to facilitate the procurement of local fresh milk.

Nestlé Lanka's rural development and other 'Creating Shared Value' initiatives in Sri Lanka were well recognised by the local community last year. The company has received numerous awards and accolades, including being crowned Sri Lanka's Best

Corporate Citizen by the Ceylon Chamber of Commerce. Said Mr. Hofbauer “*Being Crowned Sri Lanka’s Best Corporate Citizen in 2011 was indeed gratifying as it is a clear indication of our success in enhancing the quality of life for millions of people across the country. We have made significant contributions to the rural economy through big investments in the procurement of fresh milk and have no intention of stopping. We remain committed to actively supporting the growth and development of this country as we have over the last century*”.

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