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April 19, 2007

Mr. Peter Brabeck
Chief Executive Officer
Nestlé Headquarters
Nestlé S.A.
Avenue Nestlé 55
1800 Vevey
Switzerland

Dear Mr. Brabeck:

We are writing on behalf of the Sierra Club, the oldest environmental organization in the United States. The Sierra Club currently has over 750,000 members with local groups in all 50 states and Puerto Rico. Our core concerns range from protecting wild places to promoting safe and healthy communities to curbing global warming.

The Sierra Club is a beneficial holder of Nestlé, S.A. shares.

As an environmental organization, the Sierra Club has serious concerns about the ecological and human rights impacts of Nestlé's acquisition and extraction of spring water for sale as bottled water. The removal of large quantities of spring water has already degraded local lakes and harmed wetlands. Pumping can lower local water tables and thus threaten residential and farmers' wells. With sales of bottled water rapidly increasing, these negative impacts will be even greater. Most fundamentally, the Sierra Club believes that access to water is an essential right for people and nature and should not be relegated to the status of a commodity. Since selling water in bottles means that the marketplace determines the price, we are deeply concerned that the day will come when many families will not be able to afford clean water.

In this regard, we are writing to express our concerns regarding the activities of your subsidiary Nestlé Waters North America (hereafter Nestlé) in relation to acquiring spring and municipal water for its bottled water brands in the United States.

Given our concerns set forth above, we are writing because it is imperative that Nestlé, at the very least, adopt a policy of respecting the right of affected communities to free, prior and informed consent to any extraction of their water. By this we mean the explicit agreement of the local communities affected expressed through a vote of the people. We believe that in its acquisition and extraction practices, Nestlé has failed to respect the right of local communities to such free, prior and informed consent and has not obtained such explicit agreement from local affected communities.

Further, in any vote taken by a community with regard to Nestlé's activities, Nestlé must not use its disproportionate power to influence unduly the outcome of the community's decision. Undue influence would include the direct or indirect expenditure of funds, apart from providing a full description of the proposed project with an environmental impact analysis and providing funds for the community to conduct its own independent study.

Around the world, communities affected by resource extraction are increasingly insisting upon their right to free, prior and informed consent to operations on their lands. In some instances where companies have not obtained the community's consent, the community has prevented company operations. For instance, in recent years, Nigerian Delta communities have expelled oil companies and the Peruvian town of Tambogrande blocked a gold mine. On many other occasions, communities have temporarily impaired corporate extractive operations.

By contrast, in December 2004, BHP-Billiton formally committed to respect the right of the Peruvian community of Tintaya to "free, prior and informed consent" regarding the company's mining operations. In this, the first comprehensive agreement of its kind in Peru between a mining company and affected communities, BHP-Billiton agreed to the community's demands for land compensation, assistance in community development, specific environmental protection measures, and respect for human rights.

Subsequently, in 2005, the right of communities to consent to operations on their land has been codified in the Framework for Responsible Mining, a code of conduct developed by NGOs, retailers, investors and technical experts. In the Framework, corporations are urged to obtain "free, prior and informed consent" before exploration begins and prior to each subsequent phase of mining operations. According to the Framework, obtaining community consent requires prior disclosure of all pertinent economic and environmental information, as well as ongoing negotiation throughout the life of the project.

The recent contract between Nestlé and the McCloud Community Service District in Siskiyou County, California, inappropriately infringes on the rights of the residents of the McCloud River watershed. It is the opinion of the Sierra Club that Nestlé has not respected the right of the McCloud community and the impacted watershed residents to exercise their free, prior and informed consent to the company's acquisition of the communities' ground water before signing the contract with the McCloud Community Service District.

According to the McCloud Watershed Council, the McCloud Community Service District refused to allow meaningful and timely community input with regard to its contract with Nestlé prior to the District's vote to approve. The contract has been under court challenge by Concerned McCloud Citizens because of the lack of a proper environmental impact analysis prior to signing

the contract with the Community Service District in September 2003. A Draft Environmental Impact Statement was finally released in July 2006 to which there has been voluminous public comment. This is clear indication that there are serious public concerns which have not been addressed. It is not acceptable for Nestlé to substitute inadequate community consultation by a public agency that voted to support the project without providing for a vote of the people regarding this critical community resource.

As a consumer products company, Nestlé needs to safeguard its reputation and that of its brands which are already subject to public criticism regarding its marketing of infant formula and its labor practices in Colombia, South America. By appearing to ride roughshod over the rights of residents, such as those living in the McCloud River watershed, Nestlé Waters North America may jeopardize the business of its other Nestlé divisions throughout the world.

As concerned citizens and as a shareholder of Nestlé, we request a response from Nestlé regarding the company's policy on respecting the right of affected communities to "free, prior and informed consent" in relation to any new spring water or other withdrawal site or expansion of an existing site.

Sincerely,

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Water Privatization Task Force
011-202-244-0561

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