



Creating Shared Value

2012



Report on Nestlé social responsibility
in the Czech Republic and Slovakia





Good Food, Good Life



NESPRESSO.

NESCAFÉ



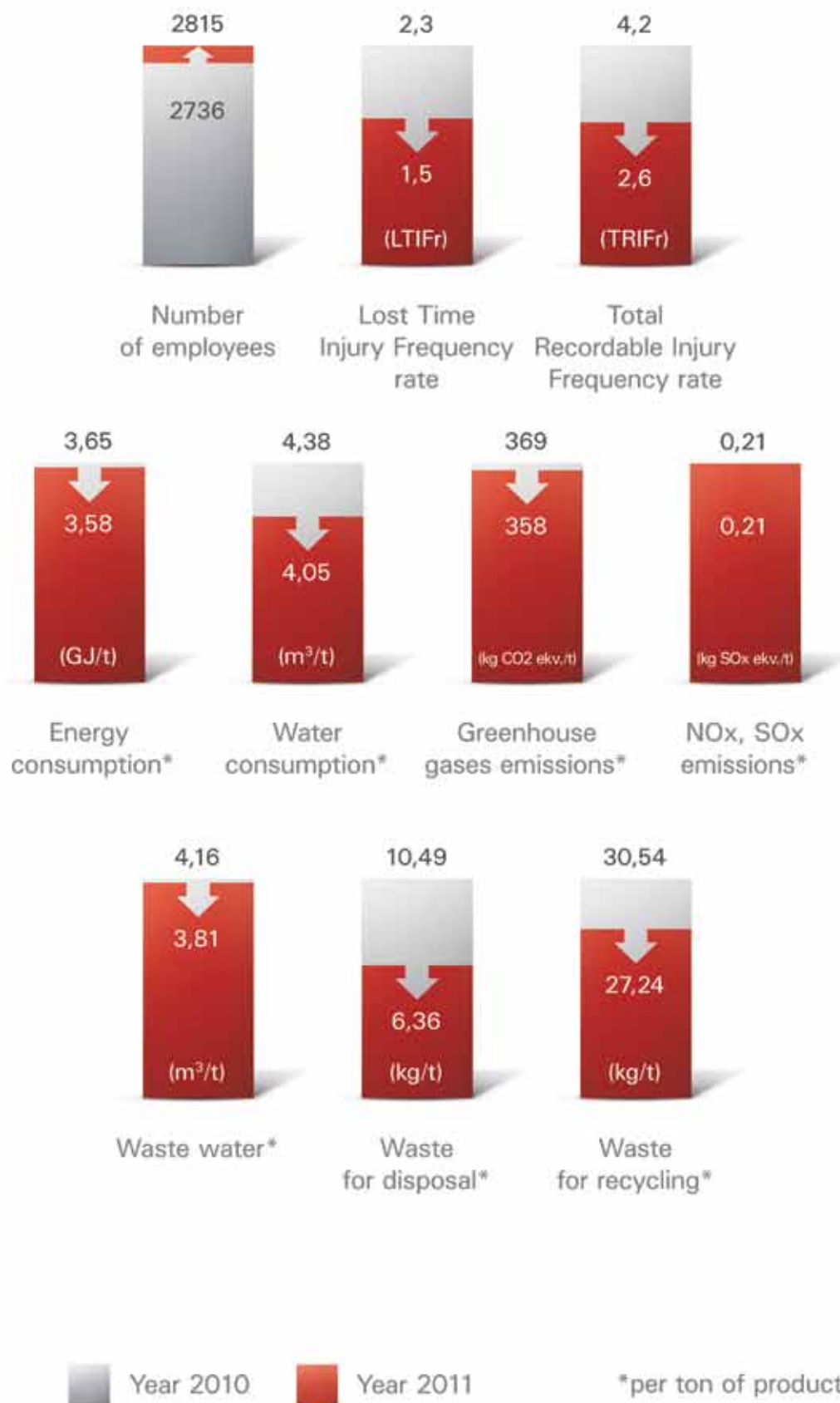
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Selected indicators (CZ + SK)





As a basis for business success, Nestlé believes it must manage its operations in a manner which complies with the highest standards of business practice and strict standards of environmental sustainability. These are contained in our Nestlé Corporate Business Principles and related policy documents.

However, Nestlé's aim is to go beyond sustainability, and to actually create value for both society and for its shareholders. This is what is meant by Creating Shared Value. Nestlé has three areas of focus in value creation – nutrition, water and rural development – which are fundamental both to business success and to meeting pressing societal needs. Of these three areas, nutrition is the primary area where Nestlé creates value for society, and is the primary basis for shareholder value creation.

A stylized, handwritten signature in blue ink, reading "Paul Bulcke".

Paul Bulcke
CEO Nestlé S.A.



„Creating Shared Value“ is a very different approach to CSR, because it is not focused on meeting a set of standard external criteria, or on philanthropy. The idea of winners and losers doesn't fit this model of CSR: business can help societies progress and all sectors can help business improve and flourish.”

Mark Kramer, professor of Harvard University

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The Nestlé concept of corporate social responsibility

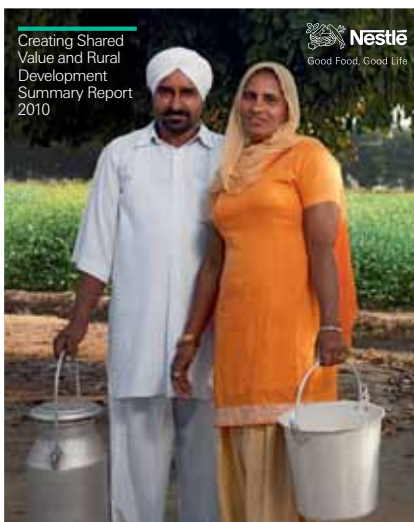
Responsible corporate social behaviour is often still assessed mainly according to support for serious public issues in the form of charity, grants, sponsoring, voluntarism, and the like. It is, however, important to realise how significant the contribution of a long-term prosperous company can be for solution of important social issues. Nestlé that annually sells millions of products to consumers world-wide ranks among the most significant buyers of food raw materials - coffee, cocoa, sugar or milk. It has 281 000 employees and manufactures foods and beverages in more than 440 production factories in 81 countries.

In the USA, professors of Harvard University Michael Porter and Mark Kramer developed the concept of „Creating Shared

Value“ (CSV) to assess the corporate contribution to the development of society **while creating value in the entire value chain**. Society is facing many problems - ageing of the population, rise in obesity, unhealthy lifestyle, low awareness of nutrition, low purchasing power, wastage of water and energy, ecological burdens including wastes and packaging materials, and the like. Business cannot - and does not even aim to - solve all the social problems, but with the implementation of CSV the potential for solution of many social issues is greater than many corporations realise. Nestlé endeavours to implement social responsibility and ecological and social sustainability in all aspects of creating value in business - from selection, auditing and co-operation with suppliers, through purchase of raw materials, design of packaging, production, logistics, education and development of the employees to innovation of products and dialogue with the consumers. We endeavour to do business in a manner that creates



long-term sustainable value not only for the shareholders, but also the employees, consumers, suppliers, local communities and others. Charity and sponsoring of various needs will at the same time certainly not disappear, a fact that is supported by many of our external projects. Nevertheless, the solution or alleviation of many social or ecological needs of society need not - in consequence of CSV - depend so much on corporate grants, as it is the case in the „traditional“ approach to corporate social responsibility (CSR). Just because it is an integral part of business, creating shared value can be a more predictable and natural way in which the company can join in the solution of some social issues.



Reports on the worldwide experience of Nestlé in creating shared value are available on the Internet: www.nestle.com

For Nestlé, **CSV has become an integral part of the business model and corporate culture.**

The basic values and principles that make up the corporate culture and business ethics framework are incorporated into the Nestlé guidelines applicable worldwide. They are shared with all the employees, incorporated into the education and training programs and their knowledge and compliance are also subject to audit. The key document is „**The Nestlé Corporate Business Principles**“. They provide a solid

foundation for compliance with the basic principles, regulations and business ethics codes and sustainability policy. They also form the basic framework for the concept of creating shared value. They are broken down into **10 key principles of business operations**, which concern the consumers, human rights and labour practices, our employees, suppliers and customers and the environment. They, at the same time, reflect our compliance with the internationally adopted standards of ethics, corporate

responsibility and sustainability, such as the „UN Global Compact“, WHO International Code of Marketing of Breast-milk Substitutes, Conventions of the ILO, UN Convention of the Rights of the Child, OECD Guidelines for Multinational Enterprises and the like. Each of the 10 principles is at the same time clearly and lucidly interlinked with the applicable more detailed Nestlé guidelines for the respective area, including reference to their storage location on the Internet.



The Nestlé Corporate Business Principles and other significant documents are available at www.nestle.com

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The Nestlé value chain

The concept of „creating shared value“ incorporates the relationship of all corporate activities to the external environment and society in which the corporation operates. Creating shared value is thus underpinned by a **chain of**

linked activities from purchase of raw materials and impact on agriculture, through production and distribution, to innovation, launch of products in the market and communication with the consumers. In all parts of this chain, we monitor the external

consequences of the Nestlé activities, their contribution to the various stakeholders and solution of their specific needs. This approach also determines the structure of the viewpoint of Nestlé social responsibility in the Czech Republic and Slovakia.





CACAO
INVITRO

We require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards. In the same way, we are committed to our own customers.

The Nestlé Corporate Business Principles

3

Agriculture and purchasing

Shared value for society and specific stakeholders:

Support of the competitiveness of our suppliers thanks to the strict demands for quality, safety, but also ethics and sustainability. Indirect positive impact on the employment at the supplier companies, support of the domestic economies (CZ and SK - sugar, milk, packaging and the like). For key raw materials purchased internationally (cocoa, coffee and the like) support of social and ecological sustainability in the developing countries.

Shared value for Nestlé:

Guarantee of an optimum combination of price, quantity and quality in a long-term outlook. Pre-requisites for control of costs and long-term sustainability of own business operations.

Production of foods and beverages in more than 440 Nestlé factories world-wide means that our company is a significant purchaser of agricultural raw materials, packaging materials, services, as well as energy, machinery and equipment. Nestlé purchases raw materials from the processors of primary agricultural products, but in many countries - depending on the technological profile of production - also directly from farmers, e.g. milk or coffee beans. In the Czech and Slovak market, we purchase already processed **raw materials** for own production **from the processors of agricultural produce**. In many areas, we rank among the significant buyers in the given category. Every year, we purchase many thousands of tons of sugar, dry milk, milled products, pasta, salt, starch and syrups from domestic processors. We purchase up to 100% of sugar, more than 90% of milk and milk raw materials, 55% of vegetables and pasta for production of culinary products and more than



40% of starch and syrups at the Czech and Slovak market. From the local producers, we also purchase a significant portion of **packaging materials** - e.g. 100% of corrugated cardboard, more than 70% of aluminium foil and the like. Also significant are the sizes of these purchases - e.g. we annually purchase paper and corrugated cardboard worth € 4 million for each of the categories, Nestlé also purchases **energy, logistics, transport and other**

services. It also ranks among the biggest **advertising** clients in the Czech Republic and Slovakia. Only on raw materials and production materials, Nestlé annually spends more than € 122 million in the Czech and Slovak economy. More than 60% comes from domestic suppliers. We guarantee high quality final products to our consumers and therefore insist on **strict quality standards** on the part of our suppliers of raw materials, materials, packaging and

services (including warehousing, distribution, transport, laboratory services and the like). An integral part of this collaboration are also the **quality audits**, which we conduct at the suppliers. In the Czech Republic and the Slovak Republic, we annually conduct over 40 quality audits, which results in consistent implementation and improvement of the quality assurance systems of our suppliers and strengthening of their competitiveness.

The quality audits are not the only component of the overall responsible attitude to sustainable sourcing of raw and other materials. We require acceptance of **The Nestlé Supplier Code** to be a component of the approval of each supplier. At the same time, we apply tools to verify supplier compliance with the Code, regardless of whether this is at local or international level. As one of the modern tools, Nestlé is ever more frequently applying SEDEX, whose component is also **independent audit of compliance with the principles of environmental and social sustainability** on the part of the involved suppliers. Application of SEDEX is supported by AIM branded producers association. Some 5000 audits executed thus far make it possible for the

suppliers that fulfilled the criteria to tender not only for supply to Nestlé, but also other brand companies, which broadens to these suppliers the opportunity for doing business. Nestlé is gradually including all the key raw materials in the **„back to the farm“ tracing program** to be sure that these raw materials were sourced by our suppliers while respecting the principles of environmental and social sustainability. Examples are

it plays a significant role in many countries as buyer of raw materials from wholesale suppliers as well as direct partner to farmers. This concerns, for instance, purchase of part of coffee or milk, but also cocoa beans. Nestlé is a member of the **SAI (Sustainable Agriculture Initiative)** and provides to farmers through own experts consulting services in coping with modern crop growing methods, plant care, fight against pests, irrigation



the already running long-term projects concerning **cocoa, coffee or palm oil**. The scope of raw materials is, however, much broader and also will include other key raw materials such as **milk and sugar**. Nestlé has global production operations and for this reason,

and the like. Collaboration with many organisations or certification systems („4C“, „RSPO“, „UTZ“, „Rainforest Alliance“, „FSC“, „Fair Trade“ and the like) is an integral part of a broader, complex approach to sustainability and acquisition of key raw and other materials from

The Nescafé Plan was introduced in 2010. In the framework of this plan, up to 2020 total investments of CHF 350 million plus another amount of CHF 150 million under NESPRESSO shall be made. Up to 2015, the volume of directly purchased coffee from farmers shall be doubled to 180 000 tons per year and all directly purchased coffee shall be in conformity with the criteria of the „Rainforest Alliance“ and the Common Code for Coffee Community (4C). Up to 2020, Nestlé shall make available to farmers approximately 220 million of high-yield young coffee plants with resistance to diseases. Nestlé shall spread its technical assistance programs provided by own agronomists to more than 10 000 farmers. This will enable the farmers to increase the yields and income from their plantations. More at www.nescafe.co.uk/sustainability.





The Nestlé Cocoa Plan

was launched in 2009. The education and training of farmers makes it possible to increase yields and plant resistance, get better quality and hence also better prices for the farmers. Up to 2019, 30 000 farmers should undergo our training in the producer countries. In Ivory Coast where more than 40% of world cocoa produce is grown, **Nestlé has opened a research and development centre, whose task is, among other things, to provide the farmers annually with 1 million high yield and resistant young cocoa plants from 2012.** Provision of better quality and more resistant young cocoa plants enables the farmers to replace the initial cocoa plants. In collaboration with the International Cocoa Initiative (ICI), we endeavour to give the children in cocoa growing communities education and prevent their exploitation. With objective to eradicate child labour in the growing of cocoa, Nestlé has become a member of the Fair Labour Association. Nestlé is a co-founder of UTZ Certified Cocoa, which endeavours to create a sustainable cocoa growing system. Additional information at www.nestlecocoaplan.com. The Cocoa Plan is financed by all the Nestlé production factories that use cocoa including Nestlé Česko (Zora Factory).

sustainable sources. Precisely on projects like the **Nescafé Plan** or **Nestlé Cocoa Plan** it is possible to duly illustrate the shared value concept. In countries where there is substantial demand for this type of certification, such as the UK or the Scandinavian countries, products have been launched in the market, for instance, with „Rainforest Alliance“ certification (Nestlé Roma Coffee) or „Fair Trade“ certification (Nescafé „Partners Blend“, „Zoégas“ Coffee, KitKat bar).



Palm oil. Destruction of the tropical rainforests, including the consequences of rising usage of bio fuels as a factor, which contributes to this process, is something we consider to be one of the most serious international ecological problems. We became active member of the Round Table on Sustainable Palm Oil (RSPO). We have reviewed our supply chain and adopted concrete action plans. In 2010, we entered partnership with The Forest Trust (TFT). Jointly with this organisation, Nestlé set rules for responsible sourcing. **Our commitment up to 2015 to attain full (100%) sustainability of palm oil, i.e. acquisition of certified palm oil is being accomplished successfully.** In 2011 certificates already covered 50% of all palm oil purchases and 100% of the purchases made for our production in the Czech Republic.

Did you know that:

In 2009, the „Nestlé Prize in Creating Shared Value“ was launched and the winning entry benefits from an investment of up to CHF 500 000 with aim to support outstanding innovation, targeted at improving access to water, improvement of the lives of farmers and rural communities or provision of valuable nutrition. In 2010, International Development Enterprises (IDE) Cambodia won the inaugural Nestlé Prize in CSV for their Farm Business Advisers (FBA) programme to increase the income of the rural population in Cambodia. The IDE shall add another 36 FBAs to its current network of 60 FBAs to expand service to small-scale farmers, help increase their productivity (consulting, quality seeding, fertilizers, irrigation and the like), increase their income and provide service to 20 000 farmers in rural Cambodia.



4

Production and distribution

Shared value for society and specific target groups:

Employment, quality jobs and improvement of the skills of the employees, especially, in the communities where the head office (Prague 12, Bratislava) and production factories (Olomouc, Holešov, Prievidza) are located. Responsible environmental policy, control and reduction of ecological burdens, collaboration with the local authorities.

Shared value for Nestlé:

Competitive advantage - quality, motivated and productive employees. Control and reduction of non-productive costs, introduction of progressive ecological, energy and material saving methods and technologies, targeted at cutting losses.



Nestlé production operations in the CZ and SK run at three factories, which rank among the most significant in Central Europe in their category. The **ZORA Olomouc** factory manufactures chocolate confectionery, **SFINX Holešov** factory makes sugar confectionery and the portfolio of the **Prievidza** factory comprises dehydrated culinary products (soups, bouillons, ready-made foods). For the total production of the factories in Olomouc and Holešov, domestic and foreign customers pay more than € 215 million, for foods from the Prievidza

factory, our annual turnover is € 61 million. Our factories annually export goods worth more than € 97 million from the Czech Republic and almost € 49 million from the Slovak Republic. Nestlé operated in the food industry already in the former Czechoslovakia. Before 1948, Nestlé operated modern dairy factories (including production of infant nutrition) in Moravský Krumlov and Hlinsko. In 1992, we became again **strategic investor in Czech and Slovak food production**. The restructuralisation project from 2002 to 2004 created the conditions for the

long-term perspective of our factories. A concrete example of relatively recent investments may be start of the production of aerated chocolate on a new line at the ZORA factory (2007), investments in the bouillon production project for the EU country markets in Prievidza, installation of the new production line at the SFINX factory (2011) and the like. In the period 2009 - 2011, for instance, our annual investments in the factories in the Czech Republic were on average € 7 million and our investments for the same period in our production capacities in Slovakia were in the order of € 4 million per year. All Nestlé Czech and Slovak sites - i.e. production factories in Olomouc, Holešov and



Prievidza and the head office in Prague and Bratislava have certification of compliance of our management system to the ISO standards. This combined certification, that includes quality management (ISO 9001), as well as OH SAS 18 001 (Occupational Safety), ISO 14 001 (Environment) and ISO 22 000 (Product Safety), was provided by Bureau Veritas. Certification is based on NIMS (Nestlé Integrated Management System).



4.1 Our employees



In the Czech Republic and Slovakia, Nestlé has almost 3000 employees in many professions. Several hundreds of employees work at the head office in Prague and the Bratislava office. Further hundreds of sales representatives visit points of sale everyday all over the country - from big retail chains to rural supermarkets, from petrol stations to hospitals or veterinary clinics. 2100 employees work in our 3 production factories, of whom 1500 are in Moravia and 600 in Slovakia. Nestlé with its demands for qualifications and internationally competitive quality of outputs is an employer that offers quality jobs and the facilities of a modern world company. Great attention is devoted to the development and education of employees, which is beneficial

to them as well as to the company and its competitiveness.

Every employee undergoes various forms of education and training every year, with emphasis on learning from experience and practice. This concerns a broad range of activities - from international professional training abroad (e.g. courses at the Rive-Reine International Training Centre, Switzerland) to special domestic professional training, from development of personal and management skills to SAP applications. We attach great importance also to training and habits in the area of occupational safety and prevention of accidents including defensive driving courses, etc. In 2011, we reduced our Lost Time Injury Frequency rate (LTIFr) for the same period of 2010 from 2.3 to 1.5. The Total Recordable Injury Frequency rate (TRIFr) for the entire Czech / Slovak market was 2.6 and our objective is to reduce it further.

An integral part of the education

and training is teaching of English, which is a necessity for work in an international environment. Education is linked to the yearly cycle of assessing performance and career development needs of an employee. An integral part of professional growth is acquisition of experience within the framework of domestic projects and initiatives (e.g. NCE - Nestlé Continuous Excellence), which links **hundreds of employees** across professions, from managers to workmen, but also in international



projects including assignments to work abroad, which annually concern **dozens of our employees**. One of the key projects facilitating better integration of professional and personal life is the program on collaboration on **parental leave**. Every year, this concerns many dozens of people who represent significant labour potential for our company. This, by far does not concern just the possibility to work from home. The axis of the programme is regular mutual contact, providing information about the events in the company, projects and opportunities, and gradual controlled re-integration into the working process about 5 months prior to resumption of the full-time job. This makes it possible for both sides to better plan their actions, rotation at the





workplaces, overcoming lack of information, renew working habits and forego situations in which last minute job resumption after parental leave would entail a complicated dilemma for both sides.

The specific programmes for employees, which are linked


to nutrition and wellness are contained in the relevant part of the chapter „Products and consumers“.

Apart from the current employees, we are also interested in our **potential future colleagues**. Nestlé participates in job opportunity trade fairs at **selected universities**

with objective to introduce opportunities to students, increase mutual awareness of the reciprocal demands and present Nestlé as a prospective attractive employer. An integral part of our work is also consulting and case studies (e.g. in the field of marketing in collaboration with the University of Economics). We offer internships, targeted mainly at students of economic, agricultural, chemical engineering and mechanical engineering schools and their involvement in projects at head office and at the factories. In 2011, we introduced the 2-year „graduate programme“ for **university graduates** in the fields of engineering, chemistry and pharmacy, as well as food technology. This program enables participants with good knowledge of English to participate in international projects and deepen own practical experience in fields such as project management, cost optimisation methods, Lean, Six Sigma and the like.

We use the visitors centre at our ZORA Factory for promotion of the company toward school children and **vocational school students** in the fields that are important for our line of production. The ZORA Factory supports the specialisation of confectioner at SOU Štursova Vocational School in Olomouc from 1st year with the objective to acquire qualified production employees upon completion of study. The Prievidza Factory is collaborating long-term with Spojená škola Nováky Vocational School on the basis of annual agreements on provision of practical training of students. The factory enables training for students of the apprenticeship curriculum in machine and equipment mechanics.



A close-up photograph of a hand holding a young tree sapling. The sapling is in a black plastic nursery bag, which is being held by a person's hand. The sapling has several green leaves and a thin stem. The background is a blurred green field, suggesting an outdoor setting. The lighting is bright, indicating it is daytime.

„Environmental performance is a shared responsibility and requires the cooperation of all parts of society. As the largest food and beverage company in the world we are determined to continue to provide leadership within our sphere of influence“.

Paul Bulcke, CEO Nestlé S.A.

4.2 Environmental sustainability

The priority areas to which we devote our attention and huge investments are mainly water, energy and packaging.

■ WATER

The quality and availability of water is not only a fundamental condition of life, but also for food production. Nestlé is worried of a serious worldwide water crisis in future. We are making an effort to forego this threat not only through our activities, but also through support of sustainable methods in the entire supply chain. Nestlé is making efforts worldwide to attain responsible use of water resources. The situation in Central Europe naturally differs from the problems in other parts of the world. In the Czech Republic and Slovakia, Nestlé does not own drinking water sources and does not even sell bottled water. *) There is no critical shortage of water in our region. In spite of this, we are aware that as a significant food manufacturer, we have huge responsibility in the area of water management. **The availability of clean water is of fundamental importance to us.** It is not only



a direct component of our products, but we also need it for technological purposes and subsequently our consumers also need it to prepare our products. Our major attention is targeted at water management in the factories. We make an effort to get the best results in water savings in production without compromising the safety and quality of our products. The following paragraphs contain examples of water management in our factories.

A wide range of culinary products are made at the **Prievidza factory in Slovakia** under the MAGGI and CARPATHIA brands. In the interest of reducing the consumption of drinking water in production, it was decided to use ground water sources. A new

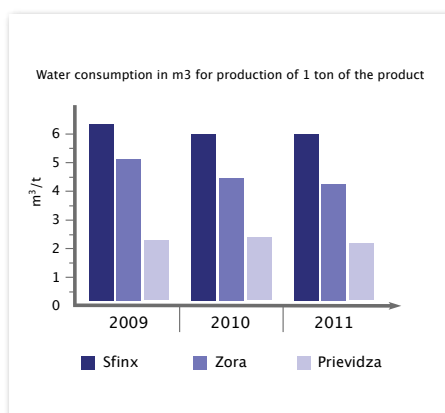
cooling project was implemented in production whereby water from wells is used in the cooling process. The consumption of drinking water from the municipal water pipeline has thus been reduced by about 20%. Further investments in the Prievidza factory concerned waste water. Reconstruction of the unified sewerage in the factory premises reduced the waste water pollution index. At the same time, a control test point was established at the point of connection to the municipal sewer. Construction of the storm sewer with grease and petroleum products trap that discharges directly into river Handlovka reduced the burden of the municipal wastewater treatment plant from overland flow.



*) Note: To a limited extent, bottled water from the Nestlé portfolio (Perrier, Vittel, San Pellegrino, Contrex, Aquarel) is imported directly from abroad by independent importers.

The **Zora Factory in Olomouc** produces chocolate confectionery (ORION, DELI, etc.). Also here, ground water from three water wells is used for technological purposes (cooling), which results in a drinking water saving of 15 % and thus reduces the off-take from the public water pipeline network. In previous years, the sewerage was reconstructed and a factory waste water pre-treatment plant with fine screens and grease traps was built. The original facility did not cope with rising production and our waste water quality requirements. This new investment in the order of dozens of thousands of € fulfilled expectations regarding the reduction of pollutant content in the released waste water (mainly BOD and COD). In 2009, we started operating modern technological equipment on thermal pump basis at this factory. This is used to cool the water, which is subsequently used to cool the production equipment and also to heat water that heats the tanks for the chocolate mass. This solution is a major contribution to environmental protection and is reflected mainly in water and energy savings. In 2010, a very progressive project was implemented to save drinking water.

The installation of a recirculation system for icy water for chocolate mass and bars production technology cut the drinking water consumption at the factory by about 18%.

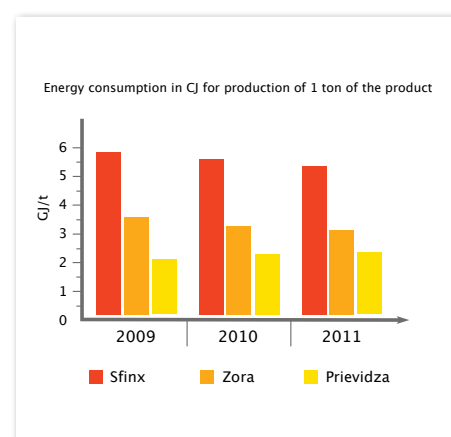


The **Sfinx Holešov factory** produces sugar confectionery (BON PARI, JOJO and others). An important measure to cut water consumption was the application of reverse osmosis in the factory boiler room. Its full implementation cut total water costs by 7%. Even here, use of ground water sources (own two wells) results in a significant drinking water saving. The supply from the public water pipeline is only about 20% of total water consumption at the factory. Compliance with the waste water release indexes mainly benefits from the recently built waste water pre-treatment stage.

ENERGY AND EMISSIONS

Energy consumption in our company is mainly linked to the processes of conversion of raw materials into finished products -

this mainly concerns heating, cooking, cooling, packaging, cleaning, etc. Thanks to the systematic approach and application of modern technologies, the energy consumption per ton of finished product is being reduced successfully and efficient usage of energy is being improved. The energy economy effort has a direct positive impact on our greenhouse gas emissions. In our factories, we have significantly cut CO₂ emission and commit ourselves to continue in this trend.



In 2006, the Energy System Optimisation Project was implemented in the **Prievidza Factory** resulting in an annual energy saving of 13%. For this project, we won the Honorary Award in the Best Energy Project Competition of the Slovak Ministry of Economy.

Nestlé Slovensko in 2010 decided to invest in new technology during the reconstruction of the finished products warehouse lighting system in Prievidza. The system was replaced with modern lights using luminescent LED diodes. The installation of LED diode lighting is beneficial not only in terms of energy savings, but also brings labour savings in maintenance of thanks to the longer service life of the light sources. In the same year, at Prievidza we launched



a modern cogeneration unit, which contributed to reduction of greenhouse gas emissions.

Further reduction of electricity consumption at **Zora** was possible thanks to the investment in a new modern production line in 2010.

At the **Sfinx factory**, the steam boilers were replaced in 2010, thus attaining a further reduction in the consumption of energy for steam generation. The Sfinx Factory further targeted the detection and subsequent elimination of the leak of compressed air from the distribution system and equipment.

■ PACKAGING

Packaging is of fundamental importance for the safety and freshness of the food. It protects the food, but at the same time provides the consumer at the point of purchase with important information about the brand product including nutritional and environmental information. Nestlé opts for an integrated approach: it makes an effort to reduce the weight of the packaging, ensures the recycling and recovery of the packaging, develops packaging from renewable sources and supports the development of public systems for recycling packaging waste. Our activities in the area of packaging, also include systematic application of the new **PIQET system**, a tool that

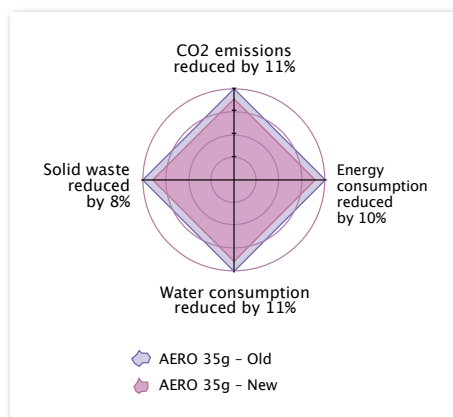


enables us to quickly assess the impact of packaging on the environment. It can assess up to 8 indicators (CO2 emissions, water and energy consumption, quantity of waste, etc.) It can compare the packaging of a new and an old product, assess the environmental aspects of packaging change or compare our packaging to competitor packaging. PIQET is based on the LCA method (life cycle assessment) and its results play an important role in decision-making concerning packaging. A concrete example of application of the PIQET tool can be demonstrated on the innovation of the **Aero chocolate** group packaging, where thanks to the design of the carton, an annual paper saving of 27t has been attained and our impact on the environment has also been reduced in terms of CO2 emissions, energy and water consumption.

The **Friskies brand** (pet food) also targets a more responsible future. By reduction of the size of the packaging (unchanged content), it has attained an all-Europe packaging materials saving of 600t and CO2 reduction of 300t. Additional information is available at <http://www.friskies.eu/responsibility>.

Already in 1997, Nestlé, still within the framework of the former Čokoládovny, jointly with several other significant companies founded EKO-KOM (non-profit company), which is co-creating the modern European system for

recovery of packaging waste in the Czech Republic based on the shared responsibility of all subjects that put packaging to the market. From the contributions of the participants, derived from the tonnage of the packaging material, put to the market with the products, the communal waste collection and separation systems in the individual municipalities are financed in order to attain the desired level of recovery and recycling of the packaging waste. By active participation in the EKO-KOM system, we are contributing to environmental protection. The raw materials from separation of waste can be used to replace primary raw materials. Based on the LCA study, which assessed the impact of recycling, energy and water savings and reduction of greenhouse gas emissions were confirmed. Thanks to the share of Nestlé in the system, the greenhouse gas emissions in 2010 were reduced by almost 11 thousand



tons of CO₂ equiv. This is an energy saving of approx. 263 million MJ, which is comparable to the 8-hour production of all electric power stations in the Czech Republic. The situation is similar in the Slovak Republic. Nestlé, jointly with several other significant companies founded ENVI-PAK in 2003. This company has been creating a system for recovery of packaging waste in the Slovak Republic based on similar principles as EKO-KOM.



Also here, the foundation is the shared responsibility of subjects in the entire waste chain - from manufacturers of packaging, through vendors, customers, collecting companies to recyclers. Both systems have obtained exclusive rights by PRO EUROPE to mark their products with the international „Green Dot” symbol as proof of fulfilment of their obligations in the area of recovery of packaging waste. Nestlé has the right to use this trademark in the Czech Republic and the Slovak Republic.

We influence the environment mainly in our factories, but we also think about our office activities at the head office in Prague and Bratislava. In 2010, we launched the Green Office Project in which our employees are actively involved. The project is targeted at colleagues in the offices and is intended to get them to think about their conduct and make an effort to reduce their negative impact on the environment. We concentrate mainly on the areas of energy, transport and waste. For instance, the number of shared printers has been reduced

and they were reconfigured to double-sided printing mode, which has resulted in substantial paper savings. At the same time, the coffee vending machines were re-programmed not to dispense single-use plastic cups and by usage of ceramic coffee mugs, we saved



at least 100000 plastic cups per year, which in turn saved 400 kg of plastic.

Thanks to the positive attitude of the employees to this project, at the Prague head office, we successfully cut electricity consumption by 13.7 % and water consumption by 25 % in 2010 as compared with 2008.

The systematic training of the employees to more environmental friendly and economical driving is bringing results. The year-on-year comparison of fuel consumption for 2011/2010 shows a fuel consumption decline of 10%. We have joined the external „Green Company” project, which enables us at head office to ecologically get rid of used small electrical appliances and batteries and thus contribute to their efficient recycling.

Another important area, in which the environmental impact is significant, are logistics services.

In the Czech Republic and the Slovak Republic, Nestlé neither owns a warehouse centre nor operates transport services, nevertheless, environmental responsibility in this area is important for us. Already in the selection of suppliers of logistics services, environmental protection is a significant criterion for us. Together with our partners, we are monitoring CO₂ emissions in transport and warehouses and we make an effort to reduce through joint projects. These projects target optimisation of transport (usage of the railways, maximum utilisation of motor vehicle capacity, etc.) as well as its economy (drivers training, etc.). A concrete example is, for instance, the increase of railway transport from the Zora Olomouc factory to the distribution warehouse in Bohemia by 30% in 2011, which reduced annual emissions from transport of goods by 5%.



ENVIRONMENTAL PROJECTS

Nestlé as a leading food company supports as a matter of priority projects in the areas of nutrition and wellness. A healthy environment is, however, closely related to this. Because we care for the place we live in, we focus some of our resources into various environmental projects. From 2003, we general partner of the **Nestlé and České sběrné suroviny „Grand Prix“**. This competition in collection of paper and other raw materials is organised for all primary, special and nursery schools in Prague and the Central Bohemian Region under the patronage of the Minister of the Environment, Municipality of the City of Prague and the Central Bohemian Region. The project leads to acquisition of ecological habits; thanks to the project natural resources are conserved by exploitation of a large volume wastes, which are released back into circulation after consistent separation and recycling. Regularly, more than one hundred schools and more than 30 000 children participate. In the location of head office and our factories in CR (Modřany, Olomouc, Holešov), a **grant** is awarded regularly since 2005 to benefit the non-profit sector

to support of wellness in a healthy environment. In each locality, 3-5 projects are selected from applicants. The grants are awarded in collaboration with the local municipalities and evaluation of the projects is also done jointly with them.

Examples of projects in the area of environment that were supported in the past are as follows:

- cleaning of the Mlýnský Stream and Bystřice in Olomouc
- Bio-garden project in Holešov
- ecological educational programmes for Prague 12
- reconstruction of the rescue station for predators and owls in Prague 12

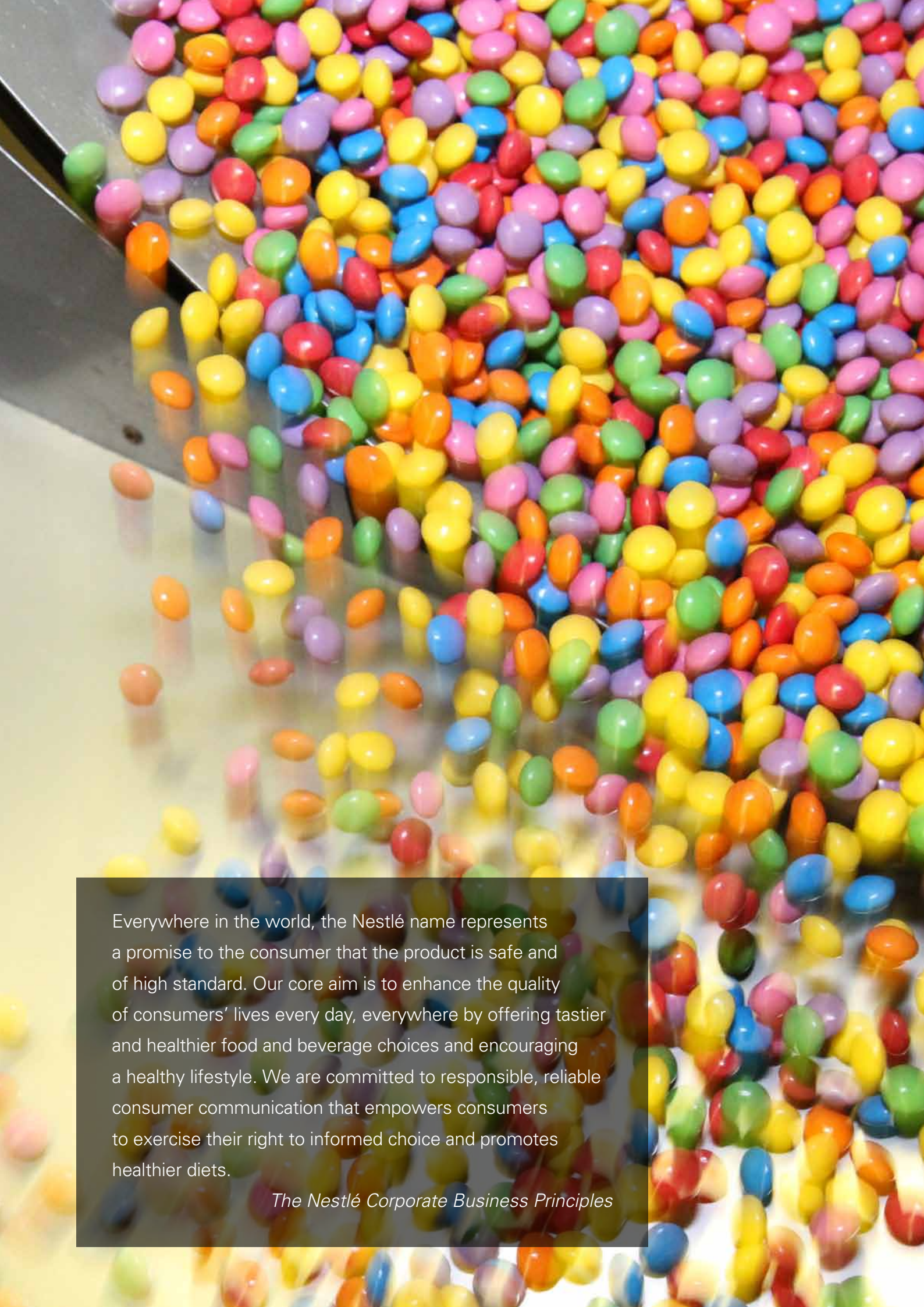
Already from 2003, Nestlé has collaborated with the Municipality of Prievidza in a joint project titled **Ecoyear with Nestlé** (Ekorok s Nestlé). The objective of the project is support of the training of the young generation in environmental protection and healthy lifestyle. Elementary and nursery schools in Prievidza participate in the project. The culmination of the



annual collaboration and the activities of the children is a community-wide presentation of the project on Earth Day. The project annually involves more than 4800 children and a total of 19 schools.

In 2012, Nestlé started collaborating with a significant ecological organisation Partnership Foundation on a project **„Nestlé for water in the landscape“**. Its objective is to search for environmentally friendly solutions, which would help preserve water in the landscape, forego the risk of flooding and facilitate economic water management. An integral part of concrete project outputs is also increase of the awareness of the wide public about the possibilities to alleviate water-related problems in our country.





Everywhere in the world, the Nestlé name represents a promise to the consumer that the product is safe and of high standard. Our core aim is to enhance the quality of consumers' lives every day, everywhere by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle. We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets.

The Nestlé Corporate Business Principles

5

Products and consumers

Shared value for society and specific target consumer groups:

The offer of quality nutrition alternatives in a given food category, quality products with nutrition value with proven benefits, satisfaction of specific nutrition needs of certain groups (infants, sportsmen, patients), provision of nutrition information for own informed choice by consumers when shopping for food, availability of quality brand foods and beverages for low income groups.

Shared value for Nestlé:

Competitive advantage, better informed and more loyal consumers of brand products, higher sales and seizing opportunities to increase market share including in specific segments (child nutrition, clinical nutrition, nutrition for sportsmen, petfood), better comprehension and involvement of the employees, gaining new consumers for whom the standard formats of brand foods would be less accessible.

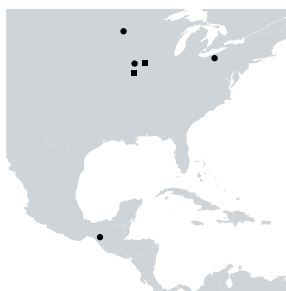
Scientific approach to solution of nutritional needs

From the outset, our business operations are closely linked to the scientific approach of chemist and pharmacist Henri Nestlé, who discovered a new food category in 1867. His infant nutrition on dry milk basis saved the lives of many children and helped to reduce the then alarming high infant mortality rate.



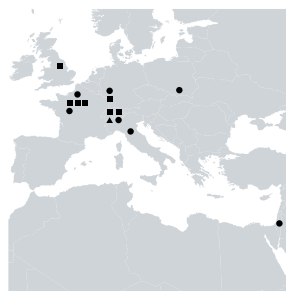
centres channelled into food and beverages world-wide amounted to € 1.4 billion The core of our global research and development network is the **Nestlé Research Centre** with seat in Lausanne, Switzerland.

Basic research related to nutrition and the health benefits, quality and safety of the foods is done here. Research is targeted at all product categories, with emphasis on child nutrition and special nutrition, such



America

- Research and Development Centres
Fremont, Michigan
United States
Minneapolis, Minnesota,
United States
Querétaro, Mexico
Solon, Ohio,
United States
- Product Technology Centres
Marysville, Ohio,
United States
St. Joseph and St. Louis,
Missouri, United States



Europe and Middle East

- ▲ Nestlé Research Centre
Lausanne, Switzerland
- Research and Development Centres
Amiens, France
Tours, France
Rzeszow, Poland
Osthofen, Germany
Sansepolcro, Italy
Sderot, Israel
- Product Technology Centres
Beauvais, France
Broc, Switzerland
Lisieux, France
Orbe, Switzerland
Singen, Germany



Asia

- Research and Development Centres
Beijing, China
Shanghai, China
Singapore

Nestlé's current business is based on a broad portfolio of foods and beverages for solution of the nutrition needs of various specific consumer groups. An integral part of our company is the biggest private research and development organisation, which has approximately 5 000 employees. Only in 2008, the Nestlé investments in 26 research, technological and development



as nutrition for the elderly, sports performance, weight reduction, etc. Among the external partners of the Nestlé Research Centre are renowned institutes and universities, such as, Harvard University or the University of London. An integral part of the Nestlé network from 2010 is the **Nestlé Institute of Health Sciences**, whose objective is to operate in the area between the food and pharmaceuticals industry and apply scientific knowledge of human health to prevent and treat health conditions such as diabetes, obesity, cardiovascular disease and Alzheimer's disease. Basic research is followed by the process of deploying

new knowledge to the product innovation through the 10 Product Technology Centres, which specialise in individual food categories. This network is further supplemented by 15 research and development centres world-wide. The knowledge of the entire global organisation is used by 280 application groups in concrete markets, responsible for the development of foods and beverages, which precisely meet the needs and preferences of the local consumers. In our market that covers the Czech Republic and Slovakia, application groups are operating in all 3 factories - Zora, Sfinx and Prievidza. We closely collaborate with the Nutrition

Association (Společnost pro výživu - SPV) along several lines - from public issues, e.g. school nutrition to nutrition education for children under the Nestlé Healthy Kids concept. We support professional publishing, e.g. in the area of food chemistry and technology. We are implementing the „Blue Book“ project, which fosters the training of paediatricians and child nutrition experts. We are also involved in dialogue with the state authorities and professionals on expert theme of special nutrition, especially, within the framework of the Committee of Infant Nutrition Manufacturers of the Czech Association for Branded Products and the Association of Clinical Nutrition Manufacturers.



Czech and Slovak Republic

- Application groups
Zora Olomouc
Sfinx, Holešov
Carpathia, Prievidza

Did you know that ...

Our Orion brand developed chocolate with health benefits more than 80 years ago. The „vitamin chocolate“ emphasised its added value directly on the package designed by the avant-garde artist Zdenek Rykr (1900-1940).



■ High-quality food with nutritional value

Did you know that ...

Coffee is an excellent source of polyphenol antioxidants. In particular, chlorogen acid, coffee acid and melanoides. Decaffeinated coffee also contains approximately the same quantity of antioxidants. They protect the human body against oxidation damage as they attach to free radicals and neutralize them. Nestlé launched NESCAFÉ Green blend as the first product of this type on the market whose recipe is based on a mixture of roasted and unroasted green coffee beans.



the reduction of sugar, salt and fat content in products while maintaining their excellent taste and nutritional value. Where appropriate, we add important micronutrients, e.g. vitamins, iron, calcium and other minerals. On the Czech and Slovak market, we upgrade recipes in all categories of products manufactured in our plants. In the Zora Factory Olomouc, we have



in recent years improved the entire portfolio of Orion products in order to reduce the content of trans-fatty acids to under 3% TFA of the total fat content in the product. At the same time, we continue the project of using exclusively ingredients of natural origin, as in the case of Orion chocolate with milky filling for children, Orion tablets and other products. Our products contain exclusively natural colourants - regardless of whether these are the chocolate bars Deli or Margot, favourite Arabesky or other confectionery. The use of natural ingredients is

an integral part of the innovation of confectionery manufactured in Sfinx



Holešov. For many years the market offers our favourite Lentilky without artificial colourants. The entire Jojo and BonPari range has started using exclusively natural colourants. The products are also enriched with other relevant micronutrients - for example vitamin C, calcium and magnesium, natural juices, etc. The assortment of sweets for adults includes Anticol mint sweets containing zinc that helps to alleviate cold-related symptoms. The positive effects of the herbal essential oils are linked to Hašlerky and other mint sweets. Within the framework of dehydrated soups and bouillons production in Prievidza, we implemented a project for reducing the sodium content in our recipes



We continuously innovate our portfolio in order to comply with the state-of-the-art knowledge in the field of nutrition and consumer requirements. This concerns, for instance,

Did you know that ...

Nestlé has its Nestlé Professional Division that is the professional partner of restaurants, hotels, caterers, workplaces and public premises. Its offer includes food, hot drinks and culinary specialties of top-quality brands, such as Maggi, Chef, Nestlé, Nescafé, Nestea, Nesquik, Buondi and others. Nestlé Professional also provides expert guidance and background to The Nestlé Culinary Team that since 2003 has brought together professional cooks successfully representing our gastronomy in different international competitions. Professional presentations and seminars are held in the Cooking Studio in the Nestlé premises in Modřany, Prague. The Division also publishes the professional nutritional journal Nutri Pro. For more information please visit the websites www.nestleprofessional.cz and www.nescafe.cz/napojovesystemy



by 15% and this initiative continues. At the same time, we are continuously increasing the presence of natural ingredients in culinary products. The flagship of this trend is the range „Maggi From the Garden (Maggi Ze zahrádky)“, whose composition with a high content of ingredients guarantees excellent flavour although its recipe contains neither added sodium glutamate nor preservatives. The variant recommended for children, i.e. Maggi Ze zahrádky Junior in addition has a substantially lower salt content. Also the portfolio produced for our market in Nestlé partner factories



in other countries has been undergoing important innovations. The Nestlé Cereal range, for

instance, passed to the wholegrain concept and a gradual reduction of the sodium and sugar content in these popular breakfast products, consumed with milk or yoghurt is being done in parallel. Another project is the screening of the nutrition characteristics of the



entire portfolio. We use this tool to establish which of our products have the, so-called, nutrition foundation, i.e. whether they fulfil the limits of the nutrients that are perceived sensitively by the public and of the key nutrients in their category. These limits are set on the basis of the recommendations of the World Health Organisation, Codex Alimentarius and the relevant

legislation requirements. Innovation and renovation of products is managed in such a way so that the stringent criteria for the nutrition foundation are gradually fulfilled. At the same time, the product innovation is linked to the procedure known as the „60/40+“ test. This means blind sensory test, which is successful if 60% of the respondents prefer our product compared to its direct competitor. At the same time, each innovated product is required to give the consumers an additional nutritional benefit in comparison with the competition, e.g. enrichment by some of the health benefiting substances or on the contrary reduced content of one or more sensitively perceived ingredients.

**Barvy si bereme
z přírody**

**PŘI VÝROBĚ BONBÓNŮ JOJO
BYLA POUŽITA POUZE PŘÍRODNÍ
BARVIVA A ROSTLINNÉ EXTRAKTY.
VY TAK MÁTE TEN SPRÁVNÝ
RECEPT NA NEJLEPŠÍ ODMĚNU
PRO VAŠE DĚTI.**

■ Satisfying requirements of consumers with specific nutritional needs

The satisfaction of specific nutritional needs is the focus of the **Nestlé Nutrition** Division. Nestlé supports breast-feeding as the most suitable nutrition method for infants, but it also offers mothers that cannot breast-feed with infant nutrition of the highest quality. Nestlé is the pioneer in the area of infant nutrition with a tradition that dates back to 1867. Registration of the, so-called, „Nestlé milkfood“ for our market was done already in 1890 and prior to 1948, Nestlé manufactured infant nutrition in Czechoslovakia in two then modern factories - in Moravský Krumlov and Hlinsko. **Nestlé Nutrition** offers a new generation baby foods - Nestlé Beba Premium and for children with a high risk of allergy, we offer Beba H.A. Premium. In the critical period of introduction of non-milk weaning foods, the child is exposed to a higher risk of infection and diarrhoea. The products Beba Premium and Beba H.A. Premium naturally strengthen the immunity thanks to the content of the active bacteria Bifidus BL, which is present in the intestines of fully breast-fed children. Nestlé Junior Milk Bifidus 1 + is a new milk nutrition food developed according to the needs of toddlers from one year. It contains the friendly bacteria



Bifidus BL, which help to strengthen the natural immunity of children. Nestlé also developed the new milk nutrition food Junior Milk Bifidus 2+. We also offer complementary weaning foods - milk and non-milk cereals, cereals with milk, snacks and special biscuits. The speciality Beba Sensitive is also based on Nestlé scientific research. It is intended for children suffering from flatulence, diarrhoea, constipation, stomach ache and colic. Beba A.R. against vomiting contains the hydrolysed protein Opti ProHA, which ensures a short gastric period and can be used for infants with a risk of allergy. Nestlé Sinlac is intended for babies allergic to gluten and cow milk proteins; Nestlé Alfaré is used in case



Responsibility and ethics of commercial communication towards the consumers is also a reputation factor that impacts the value of the brand and the attitude of investors. Nestlé after several years of strict evaluation in 2011 turned the first and to date only manufacturer of infant foods included in the „FTSE4Good“ responsible investment index of the Financial Times.



of digestion disorders and Nestlé AL 110 in case of intolerance to lactose and for alimentary recuperation after diarrhoea. Nestlé Althéra is a hypo-allergenic, complete nutrition formula for children suffering from food allergy, especially allergy to cow milk and soya proteins. Beba Alprem LC-PUFA is a food containing hydrolysed proteins for prematurely born babies and newly born with low and very low birth weight. In 2010, Nestlé founded the specialised company **Nestlé Health Science (NHS)**, whose portfolio shall to

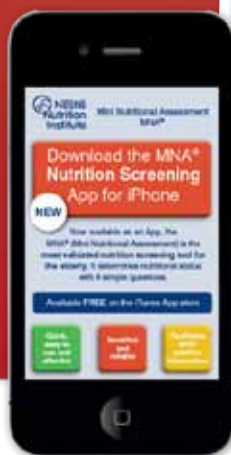
Did you know that ...

In 1948, the Czechoslovak Paediatric Society represented by inter alia Prof. Dr. Josef Švejcar protested against nationalization of Nestlé factories. In his official letter to the Ministry of Nutrition, it is stated that „It is in the general public interest, especially the health and nutritional interest that the existing products that we consider indispensable for infants and children should be manufactured by Nestlé in Czechoslovakia. Keeping in mind the issues of child nutrition related to the research and development department of the above-mentioned company, we expect that the nutritional products for children will continue to be manufactured.“



Did you know that...?

Nestlé has developed the specialised tool MNA® („Mini Nutritional Assessment“), which is a nutritional test for early detection of the risk of malnutrition of the elderly. This clinically tested and internationally recognised test that is the only screening tool designed for use especially with the elderly is employed by clinics, homes for the elderly and hospitals. It is also available at www.vyzivaprinemoci.cz. Every elderly person or his relative can fill it in and ascertain the nutrition state within a few minutes and in case of need, receive a suggestion for immediate action.



Nestlé Nutrition INSTITUTE

Mini Nutritional Assessment – MNA®

Příjmení: _____ Jméno: _____ Pohlaví: _____
 Uvě: _____ Věk: _____ Výška (cm): _____ Datum: _____

Výsledky testu screeningu, které jsou přílohou hodnoty do následujícího. Sečtením bodů, zjistíte jakou celkovou výsledek screeningu.

Screening

A Sníží se příjem potravy u pacienta za uplynulých 3 měsíce vlivem nechtěného, zdravotního problému (včetně potíží se žvýkáním nebo polykáním)?
 0 = výrazné snížení příjmu potravy
 1 = mírné snížení příjmu potravy
 2 = bez snížení příjmu potravy

B Úbytek váhy za posledních 3 měsíce
 0 = úbytek váhy větší než 3 kg
 1 = méně
 2 = úbytek váhy mezi 1 a 3 kg
 3 = žádný úbytek váhy

C Mobilita
 0 = upoutaný na lůžko nebo invalidní vozík – invalidní
 1 = schopen vstát z lůžka/invalid. vozíku chůze pouze s dopomocí
 2 = samostatná chůze bez omezení

D Spíjí pacient během uplynulých 3 měsíců psychickým stresem nebo závažným onemocněním?
 0 = ano 2 = ne

E Neuropsychické poruchy nebo útlum
 0 = žádná demence nebo deprese
 1 = mírná demence
 2 = závažné psychické problémy

F1 Body Mass Index (BMI) (váha v kg / (výška v m)²)
 0 = BMI nižší než 19 1 = BMI od 19 a nižší než 21
 2 = BMI od 21 a nižší než 23 3 = BMI 23 nebo vyšší

F2 Obvod lýtky v cm (měří se v nejširším místě)
 0 = Měříte než 31 3 = 31 nebo větší

Výsledek screeningu = součet bodů (max. 34 bodů)

12 – 14 bodů normální výživový stav
8 – 11 bodů v riziku podvýživy
0 – 7 bodů podvýživa

Pro detailnější hodnocení vyplňte prosím MNA® která je k dispozici na www.mna-ubohy.com

Prof. Dr. G. Vellas, Dr. A. Durrleman, et al. Committee of the MNA® – Its History and Challenges. J Nutr Health Aging. 2009; 13(4):301-302. Published 12 October 2009. Copyright © 2009 Wolters Kluwer Health | Lippincott Williams & Wilkins. All rights reserved. MNA® is a trademark of the MNA® Institute. MNA® is a registered trademark of the MNA® Institute. MNA® is a registered trademark of the MNA® Institute. MNA® is a registered trademark of the MNA® Institute.

a greater extent gradually utilise the results of the new research and development institution, the Nestlé Institute of Health Sciences. The NHS has ambition to become the pioneer in the new area at the interface between food and pharma and place on the market scientifically supported innovative concepts and products of tailor-made nutrition with the objective to prevent and treat health conditions, such as, diabetes mellitus, obesity, cardiovascular disorders or Alzheimer's disease. In our market, the **NHS** is already distributing Nestlé clinical nutrition products for patients to help them satisfy their special nutrition requirements. Currently, our portfolio includes more than 35 products. This concerns a complete range of enteral nutrition products both standard, special, immunity modulating and sipping. We sell them under the Novasource, Isosource, Resource and Impact brands. It is worth mentioning

that, for instance, Impact ranks among the best scientifically corroborated range of immunity modulating nutrition in the world. The special composition



of the Impact products has a positive impact on the responses of the immune system and thus, among other things, for instance, accelerates healing after surgery and reduces the risk of infection. Apart from nutrition, we also offer health equipment under the Compat brand, which are intended to facilitate precise and easier provision of enteral nutrition. Our products are supplied to hospitals, medical facilities and pharmacies. It is mainly in pharmacies that you can come across

the Resource range, whose products help the elderly and patients to supplement energy and the necessary nutrients. Nestlé is also introducing products for high-performance sportsmen under the **PowerBar** brand to the market. These are currently placed on the Czech and Slovak market by independent vendors. The most popular are bars and gels, which



provide the sportsmen with adequate energy in combination with a balanced ratio of minerals in a digestible form even when they are exposed to endurance burdens.

■ Improving nutrition awareness and knowledge and supporting healthy lifestyle

Nestlé is aware of its role in responsible communication to the consumers, especially to children. In the „**Nestlé Consumer Communication Principles**“, which apply worldwide, we have committed ourselves to comply with many requirements, such as, restrictions concerning visualisation of moderation in food advertisements, and support of active lifestyle. An integral part of the commitment that goes beyond the self-regulatory advertising codes is our voluntary commitment to limit commercial communication to children aged 6 to 12 and completely abandon communication to children aged up to 6.

The voluntary commitment to clearly show nutrition information on our packaging is expressed through the „**Nestlé Nutritional Compass**“ on each pack. We show the standard table on back of the pack, with energy content and 7 nutrients per one recommended portion and

Průměrná doporučená spotřeba	Na 100g	Na porci (100g)	% GDA
Energie	1079 kJ	269 kJ	5%
Sůl	12,0 g	3,0 g	24%
Sacharidy	55,8 g	13,9 g	4%
z toho cukry	5,0 g	1,2 g	1%
Tuky	9,8 g	2,4 g	4%
z toho nasycené	6,8 g	1,7 g	13%
bílkoviny	6,2 g	1,5 g	3%
Voda	8,8 g	2,2 g	34%

JE DOBRÉ VĚDĚT JE DOBRÉ VĚDĚT

Nestlé kontakt
CZ: 800 135 135
VO: 00 00 100 000 000
www.maggi.cz
SK: 0800 135 135
PO: 00 00 100 000 000
www.maggi.sk

Pamatujte si / Pamätajte si
Dehydratácia, alebo sušenie, je prastará ovorená metóda uchovávaní potravín. Pri dehydratácii sa odparí voda a potraviny sa tak môžu uchovávať bez použitia konzervantných látok.

as a percentage of the Guideline Daily Amounts (GDA) of energy and nutrients from food intake. The GDA information and percentage of the daily energy intake per one portion is also given in the icon on the front of the pack. Other parts of the compass are the windows „Good to know“ and „Good to remember“. First of these windows contains information



about the nutrition benefits of our products, e.g. enrichment with vitamins and minerals, while in the second window the consumer finds various information about nutrition, e.g. how to integrate the product into his balanced diet. An integral part of the „Nestlé Nutritional Compass“ is the window „Nestlé Contact“ that gives the consumer a possibility to contact our consumer service operators, who will answer his eventual additional queries.

From the end of 2010, Nestlé placed its wellness activities under the umbrella of the project „**Plus for you from Nestlé**“, whose core are the Internet portals www.plusprevas.cz and www.plusprevas.sk. This project is a tool for mutual communication between us and our consumers. It provides them with information regarding the nutrition benefits of innovated products, other additional information, advice and tips regarding wellness for individuals and entire families, from infants to teenagers, as well as pet owners. Thanks to its interactive nature, it also provides our company with valuable feedback from our consumers about our products and projects.

Our transformation into a company oriented on nutrition and wellness, is also reflected in our **corporate culture**. We support the development and awareness of employees in the area of nutrition and wellness,

through nutrition training, organisation of annual events in support of sport and wellness, and, last but not least, also thanks to many employee benefits in this area. The project stated above, i.e. „Plus for you from Nestlé“ is used also as a framework for involvement of our employees. The most significant nutrition training, which is globally managed at Nestlé, is a three-stage cycle termed



NQ (Nutrition Quotient). This modern training utilising interactive games is attended at basic level by every Nestlé employee. The follow-up advanced module is prepared for those of our employees that come into regular contact with our customers and consumers. The highest level is already specialised for each food category and is attended by all employees involved in development and innovation within the framework of the given product group. Our employees can further improve their product knowledge also thanks to the Intranet e-learning programme.

The „Blue Book“ Project

This is a specialised training project for the Czech and Slovak professional medical community prepared by the infant nutrition team of Nestlé Nutrition. It is based on the international professional experience of Nestlé Nutrition Institute and „Annales Nestlé“ publications, an internationally acclaimed source of scientific knowledge. Within the framework of the „Blue Book“ Project, original topics of interest to the Czech and Slovak medical professionals are selected every year. The first „Blue Book“ was published already in 2003. The most significant medical experts from top clinical centres in the fields of child gastroenterology, immunology, paediatrics and neonatology collaborate with Nestlé in the preparation of these publications every year. The „Blue Book“ project is a unique project of its kind. Thanks to it, not only the paediatricians get the information, but also students of medical faculties for whom the „Blue Books“ are often the basic up-to-date source of information from the field of child nutrition and gastroenterology.

2003 - Nutrition of newborn babies and infants

2004 - Failure to thrive of infants and toddlers

2005 - Lipids in foods

2006 - Infant allergies

2007 - Paediatric emergencies

2008 - New approaches to the nutrition of infants and toddlers

2009 - Coeliac disease

2010 - Extraordinary situations in the nutrition of new born babies and infants

2011 - Child gastroesophageal reflux disease (GERD)



An integral part of wellness is a balance between energy intake and its release. For this reason, our consumer communication is also accompanied by activities in support of physical exercise for the public in a healthy environment with emphasis on children and youth. On the national scale, the **Orion Florbal Cup** that is organised in collaboration with the Association of School Sports Clubs (CZ) and the Association of School Sports (SK) plays a significant role for the Czech and Slovak schools. More than 60000 children from elementary schools participate in this event



every year. In the 2012/2013 academic year, we are launching the first phase of the nutrition education project for children from elementary schools. We are collaborating in the development of the project with the Nutrition Association and leading nutrition experts. The objective of the project, which falls under the framework of the world-wide **„Nestlé Healthy Kids Global Programme“** is to provide a tool to foster the nutrition awareness of school children in the Czech Republic and Slovakia and enable them to acquire correct nutrition habits and awareness of wellness, balanced varied diet and role of physical activity and exercise. Among the further tools for support of physical exercise and awareness of wellness are also annual grants for 3-5 projects of non-profit organisations (Olomouc, Holešov, Prague 12) in the Czech Republic

and allocation of part of paid tax into support for physical education and sport in Slovakia. In the Slovak Republic, direct regular Nestle support to the project of the society **Smile as a Gift** „Sports Games for Children's Homes“, which annually involves more than 500 children from 40 children's homes is also important. We are also actively involved in joint activities within the framework of the food industry - e.g. as members of the Food Federation, we support wellness project for school children **„Playful Healthy Life“**.



■ Increasing food availability



As a significant food manufacturer, we also provide food donations. They are destined for Czech and Slovak **food banks** as well as other partners that distribute them to the needy, e.g. The Red Cross (e.g. Child Hospital ČČK Bukovany), children's homes and centres, e.g. children's

centre of the Thomayer University Teaching Hospital, Nový domov, an institution for the handicapped in Prievidza and others. Our collaboration with the organisations that distribute free food is continuous and by giving them donations of our products we help them satisfy

the needs of their clients in the area of nutrition. We also provide one-off **humanitarian food donations** in case of unprecedented natural catastrophes. In the case of the summer floods in Moravia in 2009, we in collaboration with the ADRA Aid Centre supplied close to 1400 cartons of various foods to the flood centre in Nový Jičín worth more than € 28 000 intended for distribution to the most afflicted communities. During the extensive floods in Eastern Slovakia in 2010, our company via the Food Bank of Slovakia supplied the population hit by the floods with more than 6 tons of food worth € 44 000. In the given cases, this typically concerns MAGGI and CARPATHIA soups, sauces, dehydrated ready made foods or potato mash, NESCAFÉ soluble coffee, ORION, JOJO and BON PARI confectionery, FITNESS cereal bars, NESTLÉ children's foods.

Did you know that ...

With regard to the size of low-income groups among the consumers in many countries of the world, Nestlé has developed a specific PPP model („Popularly Positioned Products“) that offers potential consumers high-quality branded food at an affordable price in an appropriate format, developed just for such consumers. Typical representatives of the concept are separately sold MAGGI bouillon cubes very popular, for example, in many African countries. Worldwide, Nestlé sees PPP as one of growth drivers. It currently makes up 8% of revenues and is growing. The scope of this growing portfolio is large, from culinary products to beverages and confectionery; this segment roughly numbers 4000 different products. The development and offer of PPP is focused primarily on the markets of the developing countries.



6

Social and charity projects

In our report on social responsibility through creating shared value, we intentionally do not highlight charity projects although support to the needy is a traditional component of the Nestlé community activities, incl. Czech Republic and Slovakia. We are aware that this area is also important and that it cannot be solved only by standard commercial operations. Our partnership with the Tereza Maxová Foundation supports surrogate family care through the joint project „Adopce.com“. It provides easily available information support to all parties interested in this theme and thus paves the way for children from the children's and nursing homes to new families. For more than 10 years of collaboration, we won the „Golden Heart“ Prize in 2011. In the Slovak Republic, our main partner is the Society of Friends of Children from Children's Homes „Smile as a Gift“. The society appreciated the significant contribution of Nestlé to projects for children in foster care. The traditional peak of our annual collaboration is support of



the Christmas Beneficiary Concert „Smile as a Gift“. This partnership at national level is supplemented with selected projects in the operational locations, e.g. partnership with Modrý Klíč (a facility for children with mental and combined disabilities), and support of the projects „Social Automobile“, Special Olympic Competitions in Olomouc or special care centres in Prievidza. From 2008, Nestlé has been involved in a project

of measurement of investments in the community (CCI) in the Czech Republic and Slovak Republic according to the international methodology of the London Benchmarking Group (LBG).



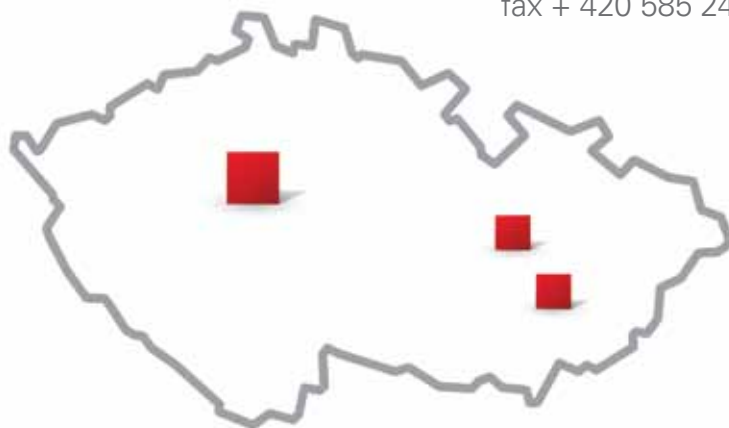
The author of the „Golden Heart“ Prize is artist R. Plesl

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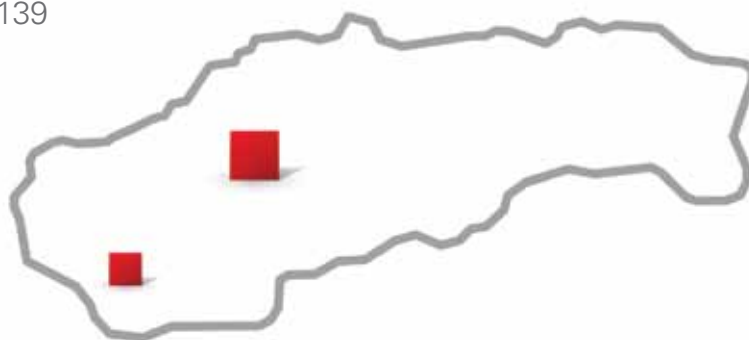


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