

Nestlé Greater China Vision

"Be the recognized leading Nutrition, Health and Wellness F&B Company by helping to build healthier and happier generations at every stage of life"

- Delivering innovative, safe, tasty, trusted and good value-for-money products
- Building partnership with all stakeholders from farm-to-chopsticks
- Creating shared value and sustained development



The picture on the cover depicts the positive impact of Nestlé's Creating Shared Value efforts, where a successful farmer is visualising good future with good hope, health and prosperity; and showing satisfaction on the sustainability of his agriculture base.













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A Message from the Chairman & CEO



Mr Roland Decorvet, Chairman & CEO of Nestlé in China talking to a coffee grower in Pu'er, Yunnan Province.

We are pleased to present the Creating Shared Value Report of Nestlé in the Greater China Region.

We have been successful over the years because of the dedication and passion of our people, the trust of our consumers in our quality products, and the partnerships we have developed to grow through our joint venture partners and shareholders for delivering sustainable business and quality. The Company was formally commissioned in China in 1987, building its first factory in Shuangcheng in 1990. Throughout the journey of our trust-building food and beverage business, we have ensured sustainability and responsibility in our value chain.

To further strengthen this foundation, we continue to give particular attention to our values and guiding business principles, where creating shared value remains at the helm of everything we do, from farm to chopsticks. We believe that for our business to be successful in the long run, it must consider the needs of two primary stakeholders at the same time: the communities in the areas we operate and our shareholders. Any business that thinks long term and follows sound business principles creates value for the society through its activities, which must be directed towards sustainability, respect, compliance and environment, and supports local economic activity in general.

A Message from the Chairman & CEO

We aim to be the leading Nutrition, Health and Wellness Food & Beverage Company in the Greater China Region, where the Creating Shared Value (CSV) concept is truly embedded into our business model: we primarily focus on three key areas: Nutrition, Water and Rural Development. Our rationale for this focus is: Nutrition, because food and nutrition are the basis of people's health and our business, where we continue to innovate better nutrition through our state-of-the-art research and development facilities; Water, because it is critical to life; Rural Development, because the overall well being and capacities of farmers, rural communities and small entrepreneurs are intrinsic to our ability to continue to do business.

We believe that sustainable development is a global responsibility, and we are humbly proud to be part of this responsibility. We shall continue to seek improvements in the related endeavours. Through this booklet where we report our Creating Shared Value activities, we also welcome your comments and constructive feedback for our learning.

We shall continue to support the communities we live and work with in the Greater China Region throughout our value chain. We are conscious of environmental concerns for ourselves and for our future generations, and we strive for continuous excellence in our operations to reduce our water and environmental foot print. Amongst many other community support initiatives, we are particularly proud of our sustainable development activities for the dairy and coffee farming sectors during the last two decades in China. The key for us is to secure the sustainability of the supply of our key raw materials, and Creating Shared Value is a way to secure it while making sure this is done in a sustainable way for all stakeholders, most importantly, the local farmers.

Roland Decorvet

Paled And

Chairman & CEO.

Nestlé in the Greater China Region

Company Profile



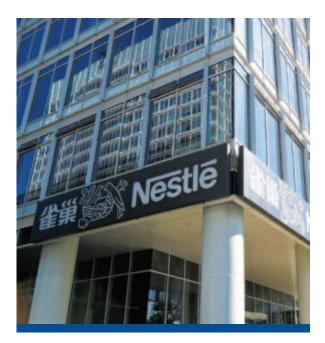
Nestlé in the **Greater China** Region

Nestlé (China) Ltd. is the leading food and beverage company in the Chinese market and is a wholly-owned subsidiary of Nestlé S.A., the world's largest food and Beverage Company based in Switzerland. Nestlé (China) Ltd., based in Beijing, is the headquarters for Nestlé's operations in the Greater China Region that includes Mainland China, Hong Kong SAR, Macau SAR and Taiwan. Nestlé (China) is authorised to provide group-level management support and services to the companies that the Nestlé Group has invested in China, including a number of joint-ventures with various local partners. Over 90% of the products produced by Nestlé in China are now sourced and manufactured in Mainland China.

In 2011, Nestlé signed a partnership agreement with the leading food companies Yinlu and Hsu Fu Chi, adding them to long-standing jointventure partners Totole, Haoji and Dashan. In late 2012, Nestlé also completed the global acquisition of Wyeth Nutrition, a leading infant nutrition brand, adding 1,500 employees and a large factory to Nestlé's Greater China operations.

At the present time, Nestlé operates 33 state-of-the-art production facilities and employs a committed workforce of around

Company Profile



50,000 people in China, including those employed in its joint-ventures and in Wyeth Nutrition. Through its marketing, sales and distribution network in the Greater China Region, Nestlé ensures that its products are made available to consumers whenever, and wherever they are needed.

Nestlé business activities are guided by its commitment to "Creating Shared Value" for both the Company's shareholders and for local communities. Some key examples of Creating Shared Value in China are the district milk development programmes in Inner Mongolia, Heilongjiang and Shandong and the coffee

development programme in Yunnan province. These activities include teaching sustainable farming skills to local farmers, which in turn secures a better return for the farmer and an improved livelihood. Today, more than 200,000 people in farming areas benefit directly or indirectly from Nestlé's support and technical assistance.

As a socially responsible company, Nestlé always focuses on environment friendly operations, ethical business practices and its responsibility towards local communities.

Company History

Nestlé products were introduced to China in the nineteenth century, through trading activities in Hong Kong. The first trademarked product "EAGLE Sweetened Condensed Milk" was sold in 1874. A Nestlé's sales office was later opened in Shanghai, in 1908, and Nestlé Products Ltd. was established in Hong Kong in 1920.

Nestlé started to build its first factory in Shuangcheng in 1987, which commenced production in 1990. From 1990 to 2006, Nestlé built 16 factories in Mainland China. As of 2012, in partnership with its joint-venture and partner companies including Yinlu, Hsu Fu Chi, Totole, Wyeth Nutrition, Haoji and Dashan, a total of 33 Nestlé factories are now in operation.

Nestlé business activities are guided by its commitment to "Creating Shared Value" for both the Company shareholders and the local communities.









About this Report

Our aim is to report on Nestlé's long-term impact in the Greater China Region, in particular how that impact relates to Creating Shared Value for society and long-term business success.

We believe that, to build a profitable business for our shareholders, we must go beyond basic compliance and sustainability measures, to a third level that involves creating long-term value for both society and for our shareholders. What we mean by Creating Shared Value is:

- Using our core business strategies and operations to create direct value for shareholders
- Serving consumers and the public by offering them nutritious products that are both enjoyable and good for their health and well being
- Seeking to improve the economic and social conditions for people and communities across our entire value chain - for the farmers who supply us with raw ingredients; for the communities where our factories are located; and for the suppliers who work with us and for our trade partners

Creating Shared Value (CSV) Governance

Creating Shared Value is embedded directly into our business strategies and operations. The Chairman & CEO of Nestlé in the Greater China Region, as well as the members of the Executive Management Committee are responsible for the management and supervision of Creating Shared Value. A dedicated team of professionals is employed to conduct and implement Creating Shared Value activities across Nestlé businesses in the Greater China Region, reporting to the CEO and the Executive Management Committee on a monthly basis.

Principles and Policies

Our overall corporate framework continues to be governed by the Nestlé Corporate Business Principles handbook, which guides our behaviour in relation to all relevant stakeholders, and is supported by Nestlé Management and Leadership Principles and the Nestlé Code of Business Conduct. These reflect the ten UN Global Agreements and Principles of Human Rights, Labour, the Environment and Corruption, and all other relevant international standards.

About this Report

Compliance

A wide range of global policies (available for download from www.nestle.com/csv/downloads) are also applied consistently and rigorously across our operations, and through our auditing and assurance standards including:

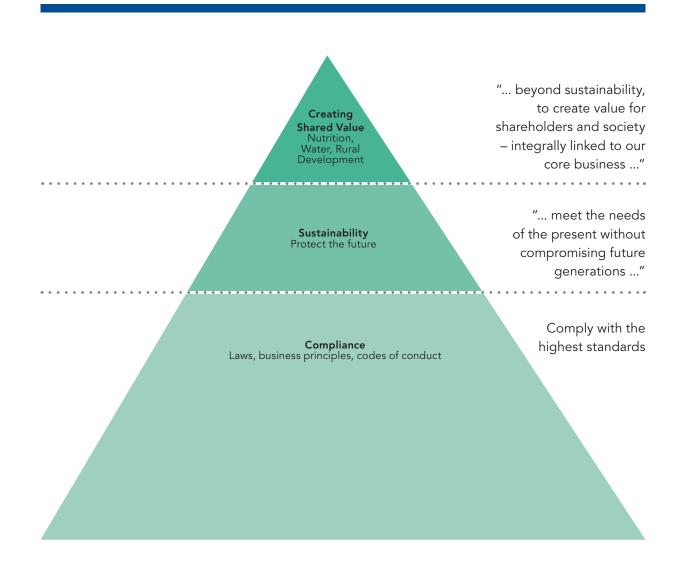
- Compliance regarding human resources, business integrity, safety, health and environmental sustainability regulations, verified by both our internal and external auditors, and included as part of our CARE programme
- Manufacturing sites that are certified by ISO 14001 and OHSAS 18001 standards
- Infant food marketing activities that are independently audited by recognized social auditing companies and with reports that are publicly available at www.babymilk.nestle.com

Boundaries and Scope of this Report

The information contained in this report is primarily focused on our Creating Shared Value activities in the Greater China Region, with a special focus on our dairy and coffee value chains. The reporting period is up to the year ending December 31, 2012, and is inclusive of few project descriptions and historical captions from the past as well. The full contribution of more recently acquired companies and joint ventures in China is not included in this report and shall be described separately in subsequent reports.

Creating Shared Value - Vision

Creating Shared Value is a fundamental part of Nestlé's way of doing business. It focuses on specific areas of the Company's core business activities - namely water, nutrition and rural development, where value can best be created both for the society and shareholders.



Creating Shared Value Overview

Given the nature of the Company's activities and its ambition to be a world's leading Nutrition, Health and Wellness Company, Nestlé has identified three areas where it can optimise the creation of shared value - Nutrition, Water and Rural Development. The Company is also a signatory of the United Nations Global Compact.

In line with its Creating Shared Value vision, Nestlé China serves consumers in a positive manner while engaging with local communities along the entire value chain. This includes:

- Offering quality products to consumers and providing a fair and diverse work environment for its employees;
- Increasing capacity and transferring knowledge to its partners and raw material providers, as well as introducing responsible sourcing models into these relationships;
- Supporting local communities by working with and training small-scale farmers;
- Enhancing sustainability and the environmental friendliness of its operations;
- Embedding ethical and transparent business practices in all operations.

Based on its strong foundation of global compliance and sustainable business practices, CSV is ingrained in Nestlé's DNA, and is part of the Company's basic way of doing business.



Nutrition

Backed by a global Research & Development (R&D) network including four R&D facilities in China, Nestlé China offers nutritious, top quality and safe food and beverage products to its consumers. The Company offers a wide range of micronutrient-fortified products and nutrition for all age groups, including special diets for seniors. Nestlé China participates in several cause-based national and international initiatives regarding nutrition and health, including children's nutritional education and awareness programme in schools called the "Healthy Kids Programme", which is part of an overall global initiative.

Nutrition, Water and **Rural Development**





Water

The responsible use of water and care for the environment is the essence of Nestlé's operations. The Company continuously endeavours to reduce its water and environmental footprint and has achieved significant progress over the last ten years, despite an increased production capacity. The Nestlé environmental management system is fully compliant with Chinese environmental laws as well as with international best practices. Moreover, the Company supports initiatives and awareness programmes that enable learning about water and environmental protection. One example is Water Education for Teachers ("Project WET"), which trains teachers in water and environmental conservation techniques so that their knowledge is then transferred to students. Project WET is now running in 70 schools within China and continues to grow.

Rural Development

Developing non-urban areas is the key element of Nestlé's CSV programme. The Company believes in working at all levels of the value chain, and as a major producer of coffee and milk products, Nestlé has a strong incentive to optimise its resources and create solid longterm relationships with its suppliers. This is why Nestlé has been actively engaged in establishing sustainable coffee and dairy sourcing partnerships and in training farmers to acquire new knowledge and skills, as well as offering fair prices for their products. These efforts have improved the livelihoods of many farmers and firmly established sustainable farming and best practices in many areas. More importantly, in cooperation with the government, Nestlé China is creating a genuine partnership to create and sustain modernization in the dairy and coffee farming sectors. This not only enhances

Nutrition, Water and Rural Development

production but also offers a sustainable and commercially-viable career to farmers in the future. Today, more than 18,000 dairy farmers and around 19,000 coffee farmers in China are directly associated with Nestlé and have clear and visible advantages from being Nestlé's partners. Additionally, a total of 200,000 people in the dairy and coffee farming communities benefit indirectly from Nestlé's presence and its farmer support initiatives.

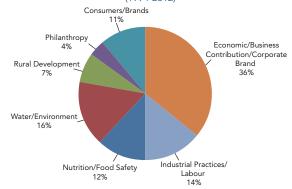
Humanitarian and Community Support Initiatives

In addition to Nutrition, Water and Rural Development, Nestlé China is also committed to other community support initiatives, such as helping NGOs in working for orphans, physically-disabled people, students, and seniors. The Company renders humanitarian assistance and help with disaster relief, as well as support for community programmes regarding health, water, the environment and education. In addition to continuing CSV initiatives, the Company respects local culture and is committed to supporting traditional activities wherever possible.

Nestlé's Recognition

Nestlé China along with its JV partners has received 137 awards and recognitions from 1994 to 2012 for its business excellence and its Creating Shared Value activities. These were awarded by local governments, municipalities, government ministries (Federal and Provincial), magazines, business associations, international development organisations and international business forums.

Nestlé in China-Awards / Recognition Category Percentage * (1994-2012)



Positively Impacting People

Over the years, approximately 2 million people have been positively impacted by Nestlé's CSV activities resulting in an improved livelihood in rural areas and improved awareness of Nutrition, Health and Wellness, and of water and environmental issues. The statistics below are purely based on CSV activity and are derived from the numbers mentioned in subsequent chapters regarding each programme. The number of people impacted through NGOs, factories in neighbourhood communities and other philanthropic activities by our JV partners are not included in this year's report.



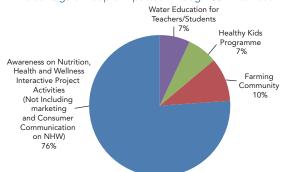


Chart Reference: The list of awards and recognitions is given at the end of this report. The sub-categories in the awards have been grouped together thematically for easy reference (any omissions are regretted). A number of additional awards, in particular those for our recently acquired JV companies and partners, are not included and shall be listed in subsequent reports.



Our Objectives & Value for Nestlé

We believe that better nutritional awareness and more consumer options for healthy food will contribute to our sustainable growth. We will continue to support our quality products with a firm commitment to bring the best to our consumers through science-based solutions, innovation and renovation.

Our Actions & Value for Society

We believe that enhancing consumer awareness of Nutrition, Health and Wellness, and serving balanced nutrition through a wide range of specialized products for all age groups, will result in happier and healthier generations.

Nestlé China offers nutritious, top quality and safe food and beverage products to its consumers. The Company offers a wide range of nutrients (especially micro-nutrient – fortified) products and nutrition for all age groups, including special diets for seniors. Nestlé China participates in cause-based national and international initiatives regarding nutrition and health, including children's nutrition education and awareness programme in schools called the "Healthy Kids Programme", and a nutrition education programme targeted at seniors. Our commitment to Nutrition, Health and Wellness (NHW) is reflected in many of our principle efforts, such as Research & Development, Nestlé Health Sciences, product innovation and renovation, partnerships with local institutes and media, internal communications on NHW and responsible consumer communications.

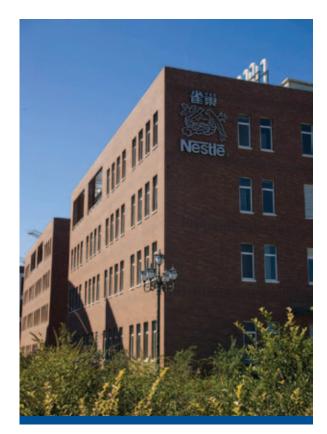
Micronutrient malnutrition affects more than one third of the world's population, including people in China, and has many serious adverse effects, not only for individual health but also for communities, even at moderate deficiency levels. Deficiencies in iron, vitamin A, vitamin D, iodine and zinc are the most prevalent

micronutrient deficiencies worldwide and predominantly affect children and pregnant women. Fortification of food and beverages offers the most cost-effective solution for delivering nutrients to large numbers of people over a medium to long term period, without requiring them to significantly change their food consumption habits.

Nestlé R&D China

Nestlé (R&D) China comprises four R&D centres located in Beijing, Shanghai, Xiamen and Dongguan. R & D centres are an essential part of the global Nestlé Research network and serve to support Nestlé businesses locally, regionally and globally, as well as delivering product innovation and renovation to benefit our consumers.

The first Nestlé R&D facility in China was established in Shanghai in 2001, and specialized in culinary products, beverage systems and ice cream. In 2008, Nestlé set up a second R&D facility in Beijing with a strong focus on basic research, and specializing in ready-to-drink beverages, dairy & nutrition, cereals and pet food.



Two new R&D facilities, in Xiamen and Dongguan (both ready to begin operations shortly), will support Nestlé's JV partnerships with Yinlu and Hsu Fu Chi. The R&D centre in Xiamen will specialize in Ready-to-Drink (RTD) beverages and congee; whilst the R&D centre in Dongguan will focus on baked products, traditional Chinese snacks, sugar and chocolate confectionary.

Nestlé always applies its renowned science and technology capabilities to provide nutritious good taste and sensory excellence for all our products, reflecting a deep understanding of our Chinese consumers, as well as meeting nutrition and health requirements, Nestlé

also creates eco-friendly, high performance packaging to reflect consumer preferences.

For Nestlé, food safety is a non-negotiable priority. Nestlé R&D China implements stateof-art techniques for risk assessment and selects optimal approaches for the control and prevention of food safety hazards. At every step of the production chain, we provide appropriate analytical methods to ensure that Nestlé products are of the best quality and assures safety all the way from farm to chopstick.

The Nestlé Research Centre in Beijing collaborates closely with 16 universities and research institutes developing nutritional research in the fields of brain development, bone and joint health, cardiovascular health, and metabolic health and protection.

Nestlé's science-based solutions help to address the nutrition challenges facing the world, as well as China, providing products and services for people at all stages of life and for all conditions. Pregnant women, mothers, babies, growing children and the elderly, as all require very specific products to meet their nutritional requirements. A few examples of Nestlé programmes that address these specific requirements are mentioned below:

• First 1,000 Days – Start Healthy, Stay Healthy In 2011, Nestlé initiated a nutrition survey for pregnant women, mothers and babies in China, in collaboration with Peking University. This MING study characterized the nutrient composition of Chinese mother milk at various stages of lactation and evaluated the nutritional adequacy and behavioural patterns of Chinese mothers and babies. One of the first results, for example indicated that more than 50% of Chinese pregnant women

have a weight-gain over 15kg. Recent studies show that there is a relationship between a mother's weight gain during pregnancy and the propensity of a child to become obese or develop diabetes later in life. The Chinese Nutrition Society will use the results of this study to shape new dietary guidelines.

Nutrition for Adults

Nestlé continues to develop healthy and nutritious products, and "NESVITA", our instant oat porridge is a good example. The product's nutritional competitive advantage compared to existing products is brought by fortification: vitamins (C, E, B6, B6, B2, A, B1, D, B12, & niacin) and minerals (calcium, iron, and zinc) as well as in providing good taste.

• Nutrition for Seniors; Nestlé Research Symposium

Since 2008, the Nestlé Research Centre in Beijing has organized six scientific symposia focusing on nutrition and health, attended by approximately 1,000 experts and researchers from around the world with the purpose of exchanging cutting-edge knowledge. At the 2012 symposium, delegates explored "Nutritional Approaches for Cardiovascular & Metabolic Health". These series of scientific symposia demonstrate Nestlé's dedication to nutrition and health research. In collaboration with Chinese Society of Cardiology, the Nestlé Research Centre launched a campaign among Chinese medical professionals to promote the understanding and importance of the nutritional links to the health of seniors.

Nestlé Health Science

Nestlé Health Science offers nutritional solutions for people with specific dietary needs related to illness, disease or the special challenges

of different life stages. It aims to pioneer the development and application of evolving science to create a new role for nutrition in the prevention and management of disease.

Product Renovation and Innovation

Nestlé has its own Nutrition profiling system for analyzing and improving the nutrition value of Nestlé products by specifically driving product renovation and innovation towards nutritional targets. Backed by R&D and continuous renovation and innovations. Nestlé has developed a range of products for all age groups to address the problem of micronutrient deficiencies, and also to cater for special nutritional needs. Some of the signature products are:

• NUTREN offers a good solution to rising malnutrition in the elderly

Nestlé NUTREN offers a balanced solution for elderly patients and can be used for tube-feeding and oral-feeding, for active individuals as well as for severely undernourished patients in hospitals. This formula has greatly reduced the hospitalization time



and economic pressures for many elderly patients. As part of a daily diet, NUTREN products will provide the complete nutritional requirements of vitamins and minerals required by the body.

 Nestlé milk powder products – addresses key micro-nutrient deficiencies, at an affordable price

In 2009, a renewed and aggressive programme was put in place to introduce a highly nutritious and delicious, yet affordable milk powder product, which is fortified to address key micro-nutrient deficiencies including Calcium, Iron, vitamin A and vitamin D.

Partnership with Local Institutions

Nestlé China has a wide range of cooperative partnerships with reputable institutions in the field of nutrition and healthcare. Through various programmes, such as the Nutrition Institute, Nestlé has contributed its worldrecognized expertise and resources to help create health and wellness for those in need. In return, these partnerships provide trust and opportunities for further consumers and business partners. Some of Nestlé's work in this direction is as follows:

• The Nestlé Nutrition Institute

The Nestlé Nutrition Institute (NNI) has initiated several educational workshops in medical centres regarding nutritional care for oncology patients, and the team has had the honour of being invited by the HOPE Society for Cancer Care to join their annual patient educational workshop programme. Our Taiwan team has also cooperated with the Cancer Centre in the National Taiwan University Hospital. Their innovative new programme was offered in a workshop titled "Total Nutritional Therapy in Cancer Patients".

- Nutrition Support Team Training Project In order to raise awareness in healthcare professionals for realizing the importance of nutritional support in clinical outcomes, Nestlé Healthcare Nutrition and the Nestlé Nutrition Institute have cooperated with the China Parenteral and Enteral Nutrition Society to develop a NST (Nutrition Support Team) training project. The key objective of this project is to assist 45 pediatric hospitals and 15 key general hospitals to set up their own Nutrition Support Teams within 3 years, and provide them with professional training and support.
- Public Nutrition Educational Programme Since 2009, Nestlé China has been chosen as a council member of the Chinese Nutrition Society, and with the mutual cooperation of the Society, has launched and promoted a series of events promoting a balanced diet and healthy lifestyle throughout the country. During the Public Nutrition Education programme, nutrition classes were given to community residents and to media journalists. At the same time, Nestlé China promoted a special nutrition column in key newspapers to further develop public nutritional education.
- Local Partnership and Support for Local Talent The Nestlé Research Centre (NRC) in Beijing has established a new laboratory in partnership with Xi'an Jiaotong University to advance scientific research into metabolic health. The joint laboratory is the latest collaboration between Nestlé and a number of Chinese universities and institutes. which will benefit consumers in China and other countries around the world. Located at the University's School of Life Science and Technology in the city of Xi'an, the



partnership will extend existing studies between the institution and the Nestlé Research Centre into the health benefits of traditional Chinese ingredients. The new endeavour will focus on developing nutritional solutions for metabolic health issues such as diabetes. The new laboratory will also award an annual Nestlé Outstanding Student Prize to exceptional students from the University's School of Life Science and Technology.

• Students' Nutrition & Health Education Project In December 2012, the China Soong Ching Ling Foundation joined hands with Nestlé, launching a Donation Ceremony titled "Caring for Jiangxi and Jointly Building a Harmonious Society" and announced the start of a Students' Nutrition & Health Education project in primary schools and secondary schools in Ruijin, Jiangxi province.

Internal Communications on Nutrition, Health and Wellness (NHW)

Internally, Nestlé China has carried out a series of NHW activities, to ensure that our employees embrace an active and healthy lifestyle. As

part of our overall commitment to training and learning, Nestlé's Nutrition Quotient training programme equips our employees with the right nutrition skills and the insight to make informed choices for themselves and their families.

Responsible Consumer Communications

Principles concerning appropriate communication with our consumers have been part of Nestlé's Corporate Business Principles since it was first published in 1999. We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and that promotes healthier diets. We respect consumer privacy at all times.

With reference to Nestlé's Consumer Communication Principles we aim to:

- Encourage moderation, healthy eating habits and physical activity and, in the case of children, not undermine the authority of parents or create unrealistic expectations of popularity or success
- Apply Nestlé's Consumer Communication Principles a reference point for all marketing staff and advertising agencies

Responsible advertising to, and communications with children are a specific part of these Principles, and include two important provisions: the prevention of advertising or marketing activities directed at children under six years old; and restricting advertising for children aged 6-12, limited only to those products that will help them to achieve a healthy balanced diet, including clear limits for sugar, salt and fat contents.



Marketing of Infant Foods

Nestlé is committed to supporting the best start in life for babies. This means that we recommend breast feeding over all other feeding alternatives. Our infant food marketing is conducted in accordance with the World Health Organisation (WHO) International Code of Marketing for Breast-milk Substitutes, as implemented by each member state of the WHO.

The Company monitors its own practices to ensure compliance to WHO standards irrespective of whether or not a government monitoring system is in place. Independent auditing of Nestlé compliance with the WHO Code is conducted on an ongoing basis by recognized social auditing companies and reports are publicly available. Please see www.babymilk.nestle.com

Nutritional Compass

In light of regulatory developments worldwide and increasing consumer interest in health issues, Nestlé has reviewed and reinforced its internal approach to the development and validation of nutritional claims. Nestlé's nutritional compass, which appears on 100% of Nestlé product packaging, has been a trustworthy guide, which aims to help consumers make informed choices about their lifestyle and enjoy a balanced diet. Nestlé China has adapted the compass according to Chinese regulations and local health guidelines.

Healthy Lifestyle Promotion

Nestlé continues to promote awareness of healthy lifestyles and nutrition through different projects and interactive workshop-based activities. Some key examples are:

• The Free Heart Check programme for Chinese seniors

Since 2011, we have extended our efforts to promote healthy living amongst Chinese seniors with an interactive activity called NESTLÉ Heart Care Day. This activity gives seniors the opportunity to receive a free basic

heart health check, including a blood pressure test and an electrocardiogram analysis. To ensure the high quality of this activity, we have gained the support and the expertise of the Chinese Nutrition Society. Additionally, Nestlé has become an official sponsor in China of World Heart Day and created new partnerships with the Chinese Society of Cardiology (CSC) in 2012, as well as with the "All-China Women's Federation" and "China's National Committee on Aging" to provide free heart checks and health consultations to Chinese seniors.

In total, as of 2012 Nestlé had reached 1.5 million seniors in around 100 cities, through free heart checks in stores, parks, malls and hospitals. The Elderly Care - Health Project has benefited a further 1 million senior households, and the team aims to eventually reach more than 10 million seniors.

• Providing daily Nutrition and Health Care knowledge to the public

As of Jan 1st 2011, Nestlé is the exclusive sponsor of Yang Sheng Tang, which is the most widely followed and recognized health programme on Chinese public television, and reaches an accumulated 800 million viewers. In cooperation with BTV, Nestlé invests in experts to teach nutrition knowledge to adults aged 45+, which will benefit their daily lifestyle.

• Promoting Popularly Positioned Products Nestlé China has made significant investments in science-based solutions to key nutritional issues, and Popularly Positioned Products (PPPs) can provide low-income consumers with affordable and nutritious food products.



The Nestlé "Healthy Kids Programme"

The Nestlé "Healthy Kids Programme" was launched in May 2010 in Beijing, and by 2012 the educational programme for nutrition and health had reached over 140,000 children and 3,000 teachers. This programme is part of the global Nestlé Healthy Kids Programme whose mission is to significantly improve the nutrition, health and wellness of children aged 6-12 years. The Nestlé initiative has received significant endorsements from third party stakeholders worldwide, and in Mainland China, Nestlé has partnered with the Chinese Nutrition Society (CNS), while in Taiwan Nestlé works with the John Tung Foundation, a non-profit organization and a nutrition and health advocate.

By the end of 2011, the Nestlé Healthy Kids programme in China had been implemented in nine sites. In 2012, this programme was extended to elementary students in over 50 sites. The objective of the programme is to improve the nutrition, health and wellness of children aged between 6-12 in both urban and

The Nestlé "Healthy Kids Programme" in China was launched in May 2010 in Beijing. This educational and awareness programme on nutrition and health has reached over 140,000 children and 3,000 teachers by 2012.



rural areas, by promoting nutritional education, a balanced diet, physical activity and a healthy lifestyle. These goals will be achieved through nationwide workshops for trainers, and an ongoing educational programme delivered through schools in the participating regions.

In 2012, Nestlé also signed a global partnership with the International Association of Athletics Federations (IAAF) for the Kids' Athletics Programme aiming to develop and strengthen the physical activity component in the Nestlé Healthy Kids Programme, and to encourage school-age children to adopt active lifestyles and become fond of sports.

Quality and Safety Assurance

Quality and Food Safety is essential to Nestlé and is closely associated with Nutrition and Wellness. We understand that the future and success of Nestlé depends on the level of trust that our consumers and customers have in our brands and in our Company. Trust is first of all based on the consistent delivery of safe, high quality products to our consumers. Therefore, quality and safety assurance has always been the top priority of Nestlé.

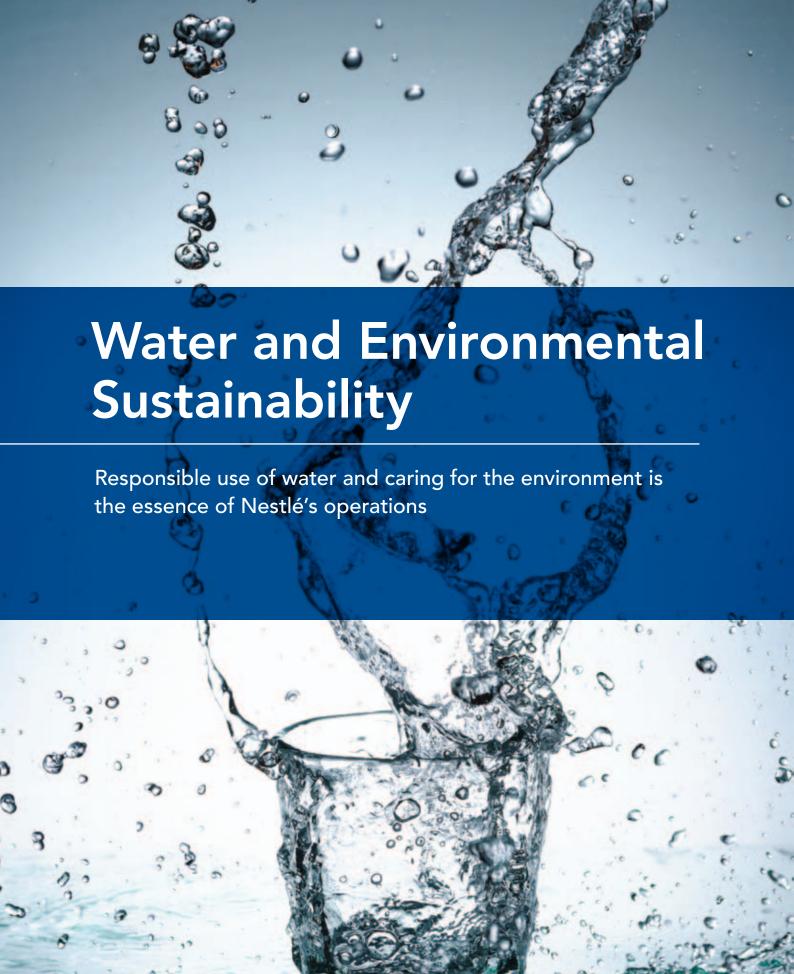
Nestlé China has successfully received both International and Nestlé Compliance Standard certifications, after over two years of full implementation in the region. From December 2009:

- all Nestlé factories are ISO 22000, ISO 14001, OHSAS 18001, NQMS and HACCP certified
- all three head offices in BJ / HK / TW received ISO 9001 and NQMS certificates

Nestlé Shuangcheng Ltd, Nestlé Qingdao Ltd, and Nestlé Hulunbier Ltd passed Stringent QS Audit.

At the end of 2010, the Ministry of Industry and Information Technology, AQSIQ, and the National Development and Reform Commission issued a notice to request an "audit clearance of all dairy projects and enterprises" across China. Under the new QS inspection rules, enterprises must have the capability to do a full analysis of more than 60 items, measuring proteins, vitamins, contaminants, pesticide residuals and melamine. We are proud to mention that all three of Nestlé's milk factories in China (Nestlé Shuangcheng Ltd., Nestlé Qingdao Ltd. and Nestlé Hulunbeir Ltd.) successfully passed audits in mid-February of 2011.





Our Objective & Value for Nestlé

We aim to produce products with the lowest possible environmental footprint. This indeed is an investment in our operational sustainability, which creates shared value throughout our supply chain and results in an improved environmental performance that reduces risks and costs, enabling profitable growth and securing the long term availability of raw materials and water.

Our Actions & Value for Society

We implement Best Practices, Environmental Management systems, and Continuous Excellence programmes, as well as internal awareness projects both for our stakeholders and for communities upstream in the value chain, thereby contributing to a better future, increased productivity and income, and overall sustainability.

Nestlé continuously strives to reduce its water and environmental footprint and has achieved a significant reduction in these areas over the last ten years, despite an increase in our production volume. The Nestlé environmental management system is fully compliant with Chinese laws as well as with international best practices. Additionally, the Company supports initiatives in water and environmental protection through awareness programmes. One example is Project Water Education for Teachers (Project WET), which trains teachers in water and environmental conservation so that their knowledge is then transferred to students.

Water and Operational Efficiency

Nestlé Group has set a challenge target every year to reduce our environmental footprint. Nestlé China has aligned itself with this challenge and showed a good reduction on all environmental KPIs. Nestlé factories plan their environmental projects well in advance so that they can be implemented on time and achieve the targets, ensuring that Nestlé's endeavours for excellence in environmental improvement will be continued year after year.

All Nestlé factories in Greater China Region are ISO 14001 certified. In 2011-2012, Nestlé China specifically reduced its consumption of energy and water by 4% and 6% respectively.

Some of the important improvement projects implemented in 2012 are as follows:

- The treatment of waste water effluent and water recycling through cooling towers, which saved 2% of factory water.
- 2 Collecting heat from air compressors for water heating which saved 2% of factory energy.
- 3 Installing Reverse Osmosis for boiler makeup water, to minimize blow down water and the amount of heat energy lost.
- 4 Treating and recovering COW water for re-use which saved 7.5% of factory water usage.
- 5 Retorting discharge water through RO treatments and reusing it in boilers, saving energy and water.



Chart Showing the Significant Reduction in Our Water and Environmental Footprint

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Waste Water Discharge: (-57%)	1.00	0.72	0.70	0.59	0.57	0.55	0.55	0.52	0.55	0.53	0.49	0.47	0.43
Water Withdrawal: (-62%)	1.00	0.82	0.82	0.65	0.60	0.52	0.51	0.48	0.52	0.50	0.43	0.41	0.38
Energy Consumption: (-66%)	1.00	0.84	0.69	0.54	0.47	0.45	0.41	0.40	0.46	0.43	0.38	0.35	0.34
Green House Gas Emission: (-75%)	1.00	0.72	0.58	0.43	0.36	0.36	0.31	0.34	0.38	0.35	0.29	0.27	0.25

Reduction in Packaging Materials and **Introduction of Bio-Packaging Materials**

Being aware of the environmental impact, Nestlé continues to work on reducing and improving its packaging materials. This not only helps in the reduction of our environmental footprint but also helps to improve cost effectiveness in product pricing, resulting in a benefit for consumers. Below are some examples of our recent efforts in this regard:

• Lightweight PET Bottles

Nestlé continues to be at the forefront of technological breakthroughs to reduce the weight of PET bottles used in China. Yinlu is currently reducing the weight of the PET bottles used for peanut milk, the most important product in the Yinlu range. Through scientific validation, and altering the structure and form of the bottles used for 350ml, 500ml and 1.5L drinks, the weight of the bottle could be reduced by more than 10%, which will contribute to a reduced usage of more than 10,000 tons of materials per year. These lightweight bottles will be implemented in 2013.

• The First Renewable Bio-plastics Application in Nestlé China

Nestlé is continuously moving forward to improve our environmental performance. An initiative was recently created to use for the first time a sustainable material, namely a thermoplastic starch, as a non-food contact packaging for the Eagle Condensed Milk Tube. This initiative will replace the usage of oil-based plastics.

 Case example for NESCAFÉ gift box packaging optimisation, the annual weight reduction was 238 tons for 2012

Nestlé China Packaging Materials Weight Reduction Summary

Year	Packaging Materials Weight Reduction (Tons)			
2008	251			
2009	475			
2010	1,141			
2011	1,254			
2012	5,238			



Project Water Education for Teachers (WET) in China

Project WET is the abbreviation of "Project Water Education for Teachers". This project comprises several activities related to water including healthy hydration and water conservation. Its basic aim is to train teachers (and by association, students) in principles of water conservation and its importance. The topics combine knowledge and fun, and include titles such as Blue Planet, Aqua Body, Incredible Journey, The Life Box, One for All, etc. Project WET was established in 1984 by the Project WET Foundation, a non-profitable organization in the United States. The objective of Project WET is to facilitate and promote the awareness, appreciation, knowledge, and stewardship of water resources through the development and dissemination of classroom-ready teaching aids.

The first Nestlé Waters partnership with Project WET goes back to 1994, when Nestlé Waters in North America decided to fund Project WET.

In 2001, Nestlé Waters signed its very first corporate partnership aimed at helping Project WET to spread to a wider international scale. Project WET has now been launched in other Nestlé Waters markets such as Mexico, the Philippines, Vietnam, France, Italy, the United Kingdom and South Korea, to name just a few. Project WET was launched in China in January 2010.

To date, Project WET has been conducted in more than 70 Chinese schools, and has reached at least 130,000 students. In Shanghai, we are working with the Shanghai Education Bureau, and in Beijing, we are cooperating with the Healthy Hydration Committee. We are also working together with the Committee for Sino-American Environmental Education Exchange Programme to reach teachers and students from Hunan and Hubei provinces.

One of our biggest achievements has been breaking the Guinness World Record for collecting recycled bottles, as described below. Proceeds from the sale of the bottles were donated to a charity foundation. We are also proud that Project WET has been expanded to Beijing, Hunan and Hubei provinces.

• Reference "World Water Day"

The Guinness World Record for collecting the largest number of recycled bottles within 8 hours was broken on March 22, 2011 (our record: 401,794 bottles (8,799.9kg) - the previous record: 46,457 bottles (2467.54kg)). The bottle-collecting campaign was carried out in both the Nestlé Waters' factory in Shanghai and in 120 local primary schools. All proceeds (RMB43,500) from this campaign were donated to the Shanghai Charity Foundation.







Rural development, particularly our engagement with farmers including institutions and communities upstream the value chain, is the key hallmark of our Creating Shared Value initiatives



Our Objectives & Value for Nestlé

The well-being of the communities upstream the value chain is vital for the sustainability of a long-term supply of agricultural raw materials, affecting cost factors and the quality of products which we deliver to our consumers, and hence the profitable growth of the Company.

Our Actions & Value for Society

Our focused training programmes and the provision of technical assistance to farmers results in higher yields, better quality crops and an enhanced income, which in turn results in improved livelihoods, greater employment opportunities and longterm sustainability for farmers and for rural communities.

Developing non-urban areas is a core component of Nestlé's CSV programme. Nestlé believes in working at all levels of the value chain, and as a major producer of coffee and milk products, Nestlé has a strong incentive to optimise its supply chain and create a solid long-term commitment to its suppliers. This is why Nestlé has been actively engaged in establishing sustainable coffee and dairy sources by training farmers in new techniques and offering fair prices for their produce. These efforts have improved farmers' livelihoods and firmly established sustainable farming and best practices in these areas. More importantly, in collaboration and cooperation with the government, Nestlé China is creating a true partnership that is now driving modernization in dairy and coffee farming. This not only enhances production but will also bring about enhanced sustainability and a commercially-viable career to farmers in the long run. Today more than 18,000 farmers in dairy districts and around 19,000 farmers in coffee regions within China are directly associated with Nestlé. A further total of 200,000 people in the dairy and coffee farming communities are indirectly impacted and receive positive benefits through Nestlé's presence.

Dairy Development

Nestlé has been committed to developing the dairy sector in China for over two decades. Today, we are proudly engaged with over 18,000 farmers, impacting 100,000 community members in terms of mutual growth and sustainability.

Nestlé first started to develop the dairy district in Shuangcheng in 1987, and formally started processing dairy products through its factory in Shuangcheng in 1990. Over the years, the Company has established factories in two more districts - in Qingdao, Shandong Province and in Hulunbeir, Inner Mongolia. This is a successful



story of perseverance, commitment and mutual growth over the last 25 years, where Nestlé has trained and developed more than 30,000 farmers in best farms practices, including animal feeding and breeding techniques. These efforts have assisted the farmers to improve their milk yield and continue sustainable dairy farming with healthier livestock. Today many of these farmers are now pursuing a successful dairy career and are in a process of developing larger herds, as well as collective farming, mechanization and the modernization of their farming practices on a commercial basis. The local government and relevant stakeholders in the dairy districts have been very supportive of these efforts. Today, 44 dedicated Agricultural Services staff members and over 200 Milk Collection agents are committed to continue training and developing dairy farmers for mutual long-term growth and sustainability.



Technical Assistance and Dairy Skills Development

The Nestlé China Agricultural Services division has 44 dedicated professional staff who are committed to the development and training of farmers for purposes of sustainability. Training includes all activities related to best farming practices and helping the farmers to increase

their yields. On average, Nestlé China has engaged and trained more than 10,000 farmers each year for the last five years, with a special focus on improved breeding, feeding methods, preventive animal health and balanced animal nutrition. This training not only brings about sustainability and a better quality of milk production but has also helped the farmers to pursue dairy farming as a formal profitable career. As the dairy development journey progresses, Nestlé, with the cooperation of local governments, farmers and other stakeholders is initiating a programme to bring modern techniques, research, high-end equipment, new investments and better designed dairy farms to farmers. The overall initiative by Nestlé has also attracted a large number of investors in dairy farming, which includes high-end national and international companies dedicated to investing in vaccinations, better breeding processes, animal nutrition and other related interventions.

Over the years, Nestlé has also distributed 1,000 milking machines throughout China, and established a big milking plant, with more planned to be built in 2013. The Company has invested heavily in dairy developments in Shuangcheng and Qingdao, and in recent years in Hulunbeir in Inner Mongolia, developing a sizable community of dairy farming entrepreneurs with the help of local stakeholders, which is now gearing up for larger herds and more mechanized dairy farming. The overall process has strengthened the quality assurance process all along the milk value chain, which not only helps Nestlé to provide the best quality milk to consumers, but also raises the level of awareness amongst farmers, ensuring the best quality of milk right from the very source. In 2012, the Company procured 700 million liters of milk from farmers, through a direct procurement process that enables

fast cash-in-hand, resulting in their economic benefit, as well as the opportunity for farmers to invest in their own farms.

The Nescafé Plan in China -(Coffee Development)

In 2011, Nestlé introduced The Nescafé Plan, a global initiative to create value across the coffee supply chain, from farmers to Nestlé consumers. However, in the early 1990's, Nestlé China have already pioneered the development of China's Yunnan province as a viable coffee-growing region by setting up:

- An experimental demonstration farm
- A technical-assistance centre with a team of dedicated agronomists
- A coffee-buying station in Pu'er, Yunnan Province, a prefecture focusing on direct deliveries from coffee growers, with a special focus on smallholders



The agronomists give on-site, free and demanddriven training and technical assistance to coffee growers, mainly in remote ethnic areas, with the aim of improving farm management, yields, and quality and market knowledge. The farmers can sell their green coffee directly to the buying station, without the need of middlemen, providing them with a steady income and

ensuring that added value goes to the local farmers. Nestlé announced its transparent and competitive prices throughout Yunnan, which are now considered as a reference price.

Nestlé China currently purchases more than 10,000 tons of coffee, or about 20% of Yunnan's total crop, and aims to increase purchases to 15,000 tons within the next three years. In addition, the buying station has set up a 4C (Common Code for the Coffee Community) unit, which helps its suppliers to reach 4C standards and was verified and licensed at the end of 2012.

The total coffee production in Yunnan has increased from about 1,000 tons of green beans in 1988 to about 65,000 tons in 2013 (and Nestlé buys 20% of this amount). Other developments include:

- The area of land under coffee cultivation has increased from about 1,550 ha in 1988 to about 68,000 ha in 2012
- The volume of green beans purchased by Nestlé China has increased from about 780 tons in 1998 to 10,500 tons in 2012
- The total number of registered suppliers at Nestlé's buying station has increased by 574% during the last 8 years and is still increasing (especially the number of registered smallholders)

To further boost the development of Yunnan's coffee industry, and more specifically, to make it a pillar industry in Pu'er as stipulated in Nestlé's recent Five-year Plan, the Company has signed a cooperation memorandum with the local government. Under this memorandum, the Pu'er government and Nestlé will conduct more in-depth cooperative ventures including among other things, training, technical assistance, branding and cultural development.

We believe that these activities will provide a winning situation for everyone involved: the growers, the local government and for Nestlé.

Benefits for Coffee Growers

- The management, yield and quality of coffee farms has improved as a result of our training and technical assistance, and we will further enhance quality improvements by giving bonuses for the best quality beans
- Farmers can sell their green beans directly to our buying station (instead of working through middlemen), increasing the direct value of their crop. This is especially important for smallholders (i.e. farmers with less than 3 ha) who account for 73% of our current suppliers
- Nestlé has created a secure market for green coffee, providing a secure and stable income for farmers, and as a result the farmers can better support their children's education, invest in new houses and transportation as well as in improving their farms and processing facilities
- Farmers are now less vulnerable to deceit as we provide them with full and transparent knowledge on pricing and the current market
- Coffee is the most profitable cash crop in Pu'er today, benefiting approximately 80,000 residents in farming communities

Benefits for the Local Government

- Nestlé's activities form the basis of the current local coffee industry, ensuring jobs and revenue
- Through an increased income for the farmers, the population's purchasing power has increased, especially in rural areas
- Nestlé has contributed to rural development, especially at the level of village communities





 Through the release of The Nescafé Plan promoting "100 percent Yunnan Arabica soluble coffee" in 2006, Yunnan became a famous supplier of quality Arabica coffee, not only to China but also to the entire world

Benefits for Nestlé

- A secure volume of good quality coffee
- Full traceability of the coffee in terms of quality, pricing and suppliers

Nestlé China's coffee procurement supports up to 19,000 people (directly and indirectly) and since 1995, over 8,000 farmers have received training in field management, postharvest techniques, quality improvement and sustainable agricultural practices. All our activities are open for both women and men, on an equal basis and regardless of their ethnic nationality.

The coffee project creates value across the supply chain, from farmers to consumers. As part of The Nescafé Plan, over the coming years, Nestlé China will further increase the amount of green coffee bought directly from growers. With the support of the Rainforest Alliance and the 4C Association, all green coffee purchased directly from farmers will meet the internationally recognized 4C sustainability standards by 2015.

Local and Global Recognition for the Nescafé Plan in China

In June 2012, Nestlé China's Nescafé Plan received the "2012 World Business and Development Award" on the eve of the



United Nation's Conference on Sustainable Development Rio +20. Additionally, The Nescafé Plan in China won the "Gold Standard Award for Stakeholders Engagement" in 2012 from Public Affairs Asia network, and was also named as the "Best Practice to Promote Societal Development" by the first annual conference of the UN Global Compact Network China (UNGC) in 2012.

Responsible Sourcing

The Nestlé Supplier Code establishes nonnegotiable minimum standards (on business integrity, sustainability, labour standards, health and safety, environment issues, and standards for supplying farmers). We ask our suppliers, their employees, agents and sub-contractors, to adhere to the Supplier Code when conducting business with Nestlé. In 2009, Nestlé China started the Responsible Sourcing Programme to ensure compliance with the Nestlé Supplier Code, as well as drive sustainability and Creating Shared Value in our entire supply chain. This will promote the security of our supply and business continuity and mitigate financial and reputational risks. It will also assure consumers of our integrity and help enhance our corporate image and brand value.

Since 2009, we have not only inspected the majority of our raw and packaging material suppliers, but have also extended the scope of this programme to indirect material suppliers. In total, 370 suppliers have gone through an audit regarding ethical practices, which makes Nestlé China, a world leader in the deployment of our Responsible Sourcing Programme. Through the AIM PROGRESS platform we will continue to work closely with other FMCG companies to drive improvements in ethical and responsible business practices throughout global supply chains.

Rural Development

In total, 370 suppliers have gone through the audit which makes Nestlé China a leading market in the deployment of our Responsible Sourcing Programme. Through the AIM PROGRESS platform we work closely with other FMCG companies to drive improvements in ethical and responsible business practices in global supply chains.



Rural Development



Supplier Development

In September 2012, Nestlé China created a Supplier Development plan to focus on the improvement of the capabilities of selected Chinese suppliers. The objective is to ensure a sustainable supply of key materials to support business development plans with a strong focus on quality, responsible sourcing, compliances, cost competitiveness, and Creating Shared Value. Supplier Development will be the result of a collaborative effort by Nestlé and its suppliers, aiming to improve performance through building capabilities, and through shared training, coaching, and knowledge of best practices. By definition, Supplier Development is a medium to long-term activity that will result in the creation of mutual benefits for suppliers and for Nestlé.



Our People

As of 2012, taking into consideration recent acquisitions, the total number of our employees has grown to 50,000 individuals in the Greater China Region.

Nestlé has a strong corporate culture and a diverse working environment, with a strong focus on the growth and development of our staff. Despite the global financial recession, we have continued to invest in our talent pool to ensure that our current and future capabilities and needs are met.

Nestlé China places a premium on developing and securing the next generation of leadership, investing in local and international training and in experiential opportunities.

Our employee activities are governed by our Nestlé Corporate Business Principles, which defines the business operations of Nestlé.

Nestlé Continuous Excellence (NCE) programme

Our Nestlé Continuous Excellence (NCE) programme is one of the things that drives operational efficiency throughout our business and also results in a "zero waste" concept across our value chain. In addition to increasing operational efficiency, NCE also highlights "one-team thinking" which includes the alignment of shared goals, leadership and personnel development. This way of working has driven the integration of several hundred operational standards within our factories, leading to fewer accidents and enhanced productivity.



Our People





Our global vision: "safety is non-negotiable" and "one accident is one too many".

Health and Safety

Health and safety in the workplace is of primary importance to us. Our global vision is that "safety is non-negotiable" and "one accident is one too many". Employee engagement, and the involvement of senior management at all sites, has helped to improve performance levels and significantly reduce time lost due to employee or contractor injuries. We have also constituted a standing committee to develop new standards of safety for our drivers. The new elements of the Drivers' Safety programme will be rolled out in 2013.

Our People





Employee Relations and Workplace Wellness

Nestlé's relationship with employees is guided by our Corporate Business Principles (available online at www.nestle.com/csv/globalprinciples) and our Human Resources Policy, as well as our adherence to the laws and regulations of the People's Republic of China.

Regular employee communication forums enable employee representatives to further develop their understanding of the Company's business, and represent employee views and provide feedback to Nestlé management.

Most of our production sites provide wellness activities and facilities (basketball courts, for example). At our Head Office, we regularly support team sports including basketball and football, and facilitate employees who regularly participate in these sports. Additionally, company employees are encouraged to participate in NQ training where they can learn about nutrition and wellness. Unique NHW activities such as "fruit and vegetable day", "milk day", "taking the stairs" and "walking day" have been held regularly at the Head Office, and the NHW newsletters that are circulated to all the sites of Nestlé China regularly encourage employees to keep to a balanced diet and enjoy a healthy lifestyle. For female employees, HR policies also provide maternity leave and other related support.

Nestlé is committed to "Creating Shared Value" both for our shareholders and for society at large. It is of paramount importance that our operations comply with the highest standards of business practice, as well as with the laws and regulations wherever we operate. We will continue to strive for excellence and to be a good corporate citizen.

The awards and recognitions presented to Nestlé in the Greater China Region are as follows:

Year 2012:

- The Nescafé Plan in China won The Gold Standard Award for Stakeholder Engagement in 2012.
- On November 28, 2012, at the first annual conference of the UN Global Compact Network China (UNGC), The Nescafé Plan in China was named a Best Practice to Promote Societal Development. It was also included as a case study in the GCNC 2012 Yearbook.
- At the Multinational Corporate Leader's Roundtable held in June 2012, Nestlé China was granted the Award for the Multinational Corporation Outstanding Community Contribution in China.
- Nestlé China Ltd. received the Poverty Alleviation Public Welfare Award from the China Foundation for Poverty Alleviation in recognition of the Company's support of the "Maternal and Infant Safety 120 Project". The project began in September 2000 and was targeted at improving the high death rate of birth mothers and serious malnutrition of babies in poor western areas.
- The Nescafé Plan in China" won the 2012 World Business and Development Awards (WBDA) on the eve of the United Nation's Conference on Sustainable Development Rio+20, held in June 2012 in Rio de Janeiro, Brazil. It is the only entry that has won the award from China. Celebrating a decade of biennial award giving, WBDA 2012 is organized by the International Business Leaders Forum (IBLF), the International Chamber of Commerce (ICC) and the United Nations Development Programme (UNDP) in partnership with the Netherlands Ministry for Foreign Affairs, the Swedish International Development Cooperation Agency and the UN Global Compact. The 2012 Awards are given explicitly to companies delivering inclusive business models: sustainable, commercially-viable business initiatives that expand access for low-income people to goods and services, or improve their livelihood by engagement in value chains as direct employees, suppliers or distributors.
- Nestlé received the **Best Partnership Award**" from the Guangzhou International Investment Promotion Council, which held its 3rd Members General Meeting and celebrated its 10th Anniversary in March 2012.

- Mr. Lu Ming, General Manager of Nestlé Qingdao Ltd., was elected a Member of the 17th People's Congress of Laixi City. Nestlé Qingdao Ltd. was named an Outstanding Enterprise with Foreign Investment in Qingdao City.
- Nestlé China won the Happiest Consumer Goods Company award at a ceremony held by the China Business Journal.
- Dongguan Hsu Fu Chi Foods Co. Ltd. and Nestlé Dongguan Ltd. were awarded Best Enterprises of 2011 in Dongguan by the Dongguan Party Committee and the Municipal Government. The two companies were respectively ranked Top 1 and Top 2 Tax Payer in Dongguan for the year.
- Nestlé Shanghai Ltd. was named one of the Best Tax Payers by the Songjiang Industrial Zone Management Committee.
- Nestlé China Ltd. was named a Role Model for Food Safety Special Contribution by the Consumer Quality Journal.
- Nestlé Shuangcheng Ltd. was named as an Excellent Environment Protection Unit by the Shuangcheng Environmental Protection Bureau.
- Dashan received the Labour Prize in 2012 from the All-China Federation of Trade Unions. Among the six companies that received the award in Yunnan province, Dashan was the only private company.
- Yinlu Foods Group Received the 2011 Top Tax Payer of Xiang'an award on May 17, 2012.

Year 2011

- Nestlé Oingdao Ltd. was awarded Best Enterprise with Foreign Investment in 2010 by the China Association of Enterprises with Foreign Investment (CAEFI) as well as Foreign-Invested Enterprise with Outstanding Social Responsibility.
- Nestlé China Ltd. was invited to attend the Expo of China Food Industry Development and Safety Excellence organised by the China Food Industry Association in conjunction with six ministries including NDRC, MIIT, MOFCOM and MOH. The Company was recognized as an **Outstanding Food Safety Enterprise of China**
- Nestlé China received an Award of Public Welfare from China Poverty Alleviation Foundation for donating RMB100,000 to the "Safety 120 Project for Mothers and Babies".
- Nestlé China was granted the 2011 Sustainable Packaging Pioneer Award by the Hong Kong M. Success Media Group.
- Nestlé China received the China Charity Award granted by the Ministry of Civil Affairs. This was the second time for Nestlé to receive this award.
- Nestlé Sources Shanghai Ltd. (NSSL) won a cash prize of RMB 132,000 from the Shanghai Economy and Trade Committee for an outstanding energy-saving achievement (370,000 kwh/year).
- Nestlé China Ltd. received the Humanitarian Assistance Medal from the Red Cross Society of China to recognise the Company's earthquake relief efforts in Yunnan and Japan (that included a cash donation of RMB 280,000 from GCR).

- Nestlé Shanghai Ltd. was named one of the Best Tax Payers by the Songjiang Industrial Zone Management Committee and the Songjiang Export Processing Zone Management Committee. Nestlé Shanghai Ltd. also won a **Safe Production Award** from the Songjiang Industrial Zone Management Committee.
- $\bullet \quad \text{Nestl\'e China was named as the \textbf{Best Contributing Multinational}}$ Enterprise at a ceremony in Beijing by China Enterprise News
- $\bullet~$ The NESTLÉ brand was named the $\bf Most~Popular~Leisure~Brand~in~the$ Food Industry during the March 15 Survey organised by people.com
- · Nestlé China Ltd. was presented the award for Outstanding Contribution to the Local Economy by the Beijing Commission of
- Nestlé won the Top Award for Contributions to Nutrition Science Awareness Promotion from the China Nutrition Society (CNS).
- Nestlé won a Top 50 Best Employers award in a survey organised by Staffers magazine.
- Global Charity magazine.
- Mr. Lu Ming, General Manager of Nestlé Qingdao Ltd., was named as Laixi Government's Economic Consultant by the Laixi Mayor, Sun Liguo.
- Nestlé Shuangcheng Ltd. was named as a Level A Tax Payer by the Heilongjiang State Tax Bureau and Harbin Local Tax Bureau, and also named as a Grade A Safe Production Standardised Enterprise by the Heilongjiang Provincial Safe Production Supervision Bureau.

Year 2010

- Nestlé China Ltd. won the Top Award for a Group Contribution to Nutrition Science Awareness Promotion at the 5th National Meeting of the China Nutrition Society
- Nestlé China Ltd. received the Humanitarian Assistance Medal from the Red Cross Society of China to recognise the Company's earthquake relief efforts in Yushu, Gansu Province (including a cash donation of RMB 500 000 from GCR)
- Nestlé China Ltd. was awarded as a Multinational Company Contributing to Public Welfare in China at the Fourth International CEO Roundtable of Chinese and Foreign Multinational Corporations.
- Nestlé Sources Shanghai Ltd. received awards from the China Beverage Association for Best Innovative Lightweight Bottles, Best TV Commercial, and Best Commercial Slogan
- Nescafé was selected the Most Influential Branded Food by the China General Chamber of Commerce and the China National Business
- Nestlé Qingdao Ltd. was recognized as the Most Creditable Employer in Labor Security by the Qingdao Government.
- Nestlé Qingdao Ltd. was selected an Advanced Clean Production Company by the Shandong Provincial authorities.
- · Nestlé China Ltd. won a Consumers Satisfaction Award at the China Women and Children Industry Expo.
- Nestlé China Ltd. was selected an Excellent CSR Competitiveness Case at a ceremony by Value Magazine.
- Nestlé China Ltd. was presented a Top 10 Role Model Award for CSR at a ceremony by China Times.
- Nestlé China Ltd. was awarded for its Contribution to Local Economy by Global People magazine.
- Nestlé China was awarded as the Best Contributing Multinational Enterprise at a ceremony in Beijing by China Enterprise News.
- Nestlé Shanghai Ltd. was awarded as the Best Food Safety Company at a commendation conference of the Songjiang District Government, Shanghai City. Only 20 out of 500 companies were awarded by the Industrial Zone Government, and Nestlé Shanghai was the only company to be named as the Best Food Safety Company for two consecutive years

Year 2009

- Nestlé China Ltd. was named a Food Safety Model Company at the 7th China Food Safety Annual Conference.
- Nestlé Shuangcheng Ltd. was awarded the Excellent Foreign Investment Enterprise by the Harbin Economic Cooperation and Promotion Bureau. In addition, the Company was named by the organisation as the Best CSR Company and the Best Company with Scientific Management.

- Nestlé was named the Most Favoured Green Trademark at the 3rd Chinese Trademark Festival 2009
- Nestlé S.A was named one of the TOP 100 Multinational Companies in ASIA (ranking No. 17) by the Asian Wall Street Journal.
- Nestlé Qingdao Ltd. was named a Model Company in Implementing Labor Contract Policies by the Shandong Province Government.
- Nestlé China received the Top National Award for After-sales Service from the China General Chamber of Commerce.
- Nestlé Qinadao Ltd. was named the Best Safe Production Company by the Laixi Municipal Government.
- The NESTLÉ brand was selected as the Most Influential Brand in China by the Print Media Subcommittee of the China Advertising Association.
- Nestlé Qingdao Ltd. was named a Level A Hygiene Food Producer by the Health Department of Shandong Province.
- Nestlé China received the Creating Shared Value Special Award from China Enterprise News
- Nestlé Qingdao Ltd. was awarded for its Environment Protection Practices by the Laixi Environmental Protection Bureau.
- Nestlé Sources Shanghai Ltd. won the Water Saving Enterprise Award from the Shanghai Water Affairs Bureau, as well as a Safe Production Award from the Administration of Work Safety in Pudong District, Shanghai
- Shanghai Fuller Foods Co., Ltd. was awarded for its Excellence of Water Conservation by the Shanghai Water Affairs Bureau.
- Nestlé Qingdao Ltd. was named an Outstanding Economic Contributor by the Laixi Municipal Government
- Nestlé Shuangcheng Ltd. was awarded an Outstanding Contributor to Industrial Growth by the Harbin Municipal Government
- Nestlé Qingdao Ltd. was named a Top 50 Company by the Laixi Municipal Government.

Year 2008

- Nestlé Dongguan Ltd. received the Clean Production Award from the Dongguan Municipal Government
- Nestlé Tianjin Ltd. was named an Excellent Environment Protection Enterprise by Tianjin Economic – Technological Development Area (TEDA).
- Nestlé China received the Top Charity Award from the Ministry of Civil Affairs in recognition of the Company's contribution to Sichuan earthquake victims and the rebuilding of Zhuwa Primary School (the donation value amounted to RMB10 million from all channels in Nestlé).
- Nestlé Qingdao Ltd. won the Most Credible Taxpayer Award from the Laixi Municipal Government.
- · Nestlé Shanghai Ltd. was named a Best Foreign-invested Enterprise by the People's Government of Songjiang District, Shanghai Municipality,

- Mr. Theo Engwerda, General Manager of Nestlé Shuangcheng Ltd., was named an Honorary Citizen of Harbin by the Harbin Municipal
- Nestlé China was named a Great Contributor to China among International Companies by China Enterprise News.
- Nestlé Qingdao Ltd. was named a Top 50 Company by the Laixi Municipal Government.
- Nestlé Hulunbeir Ltd. was named one of the Best Ten Non-State-Owned Enterprises by the Hulunbeir Municipal Government.
- Nestlé Shuangcheng Ltd. was selected as the Best Dairy Quality Company by the Provincial Quality and Technology Supervision Bureau, Heilongjiang Province.
- The NESTLÉ brand was selected as the Most Influential Brand in China by the Print Media Subcommittee of the China Advertising Association.
- Nestlé Shanghai Ltd. was named the Best Food Safety Enterprise by the Songjiang Industrial Zone of Shanghai.
- Nestlé Tianjin Ltd. and CPW Tianjin Ltd. were named a Food Safety Demonstration Enterprise by the Food Safety Credibility Management Team of the Tianiin Government.
- Nestlé Tianiin Ltd. was named an Advanced Company of Product Quality and Food Safety by Tianjin Economic-Technological Development Area (TEDA).
- Nestlé Shuangcheng Ltd. was named a Best Foreign Investment Corporation with an Outstanding Contribution to the Economy by the Economic Cooperation and Promotion Bureau of Harbin.
- Nestlé Shanghai Ltd. was named a Safe Production Company by the Public Security Commission of the Songjiang District of Shanghai.

Year 2007

- Nestlé Hong Kong Ltd. (Grocery division) received the Best Supply Service Award from the Park N' Shop Group.
- The NESTLÉ brand was selected as a Most Influential Brand in China by the Print Media Subcommittee of the China Advertising Association.
- Nestlé Tianjin Ltd. was named an Excellent Environment Protection Enterprise by Tianjin Economic - Technological Development Area (TEDA).
- Nestlé China Ltd. was named an Outstanding Contributor Enterprise by the People's Government of Chaoyang District, Beijing Municipality.
- Nestlé Shanghai Ltd. was named a Best Foreign-invested Enterprise by the People's Government of Songjiang District, Shanghai Municipality.
- Nestlé Qingdao Ltd. was named a Best Safe Production Company by the Laixi Municipal Government.
- Nestlé China ranked at the top in the 2007 Best Contributing Fortune 500 Companies in China, a selection carried out by Southern Weekly.
- Nestlé Qingdao Ltd. was named a Model Hygiene Food Producer by the Qingdao Health Bureau.

- Nestlé Shanghai Ltd. was named a Top Tax Contributor by the Songijang Industrial Zone of Shanghai.
- Nestlé Shuangcheng Ltd. was named a Top Ten Import and Export Company by the Harbin Municipal Government
- Nestlé Qingdao Ltd. was named a Taxpayer Company with Level A Credibility by the Qingdao State Taxation Bureau and the Qingdao

Year 2006

- The Nestlé R&D Centre in Shanghai received the Most Valuable Partner Award from the Hong Kong Polytechnic University.
- Nestlé Qingdao Ltd. was named a Best Foreign Enterprise by the China Association of Enterprises with Foreign Investments
- · Nestlé China won the Euro Finance Award for Treasury Excellence, selected by Euro Finance from numerous international companies
- NESTLÉ was recognized as a Top Brand in China by Media Magazine.
- Nestlé Qingdao Ltd. was named a Company with Excellent Trade Union Management by the Laixi Federation of Trade Unions
- Nestlé Tianjin Ltd. was named an Excellent Environment Protection Enterprise by Tianjin Economic – Technological Development Area (TEDA).
- Nestlé Hong Kong Ltd. (Grocery division) received the Best Service Award from the Park N' Shop Group.
- Nestlé Qingdao Ltd. was named a Best Taxpayer Enterprise by the Laixi Municipal Government.
- Nestlé Shanghai Ltd. was named a Self-discipline Enterprise in Safe
- Nestlé Qingdao Ltd. was named an Excellent Environment Protection Enterprise by the Laixi Environment Protection Bureau.
- Nestlé Shuangcheng Ltd. was named a Credit A Taxpayer jointly by the Harbin State Taxation Bureau and the Harbin Local Taxation Bureau.
- Nestlé Qingdao Ltd. was named a Company with Excellent Trade Union Management by the Laixi Federation of Trade Unions.

- Nestlé China was recognized as one of the Best Food Safety Companies by the China Food Industry Association.
- Nestlé Shuangcheng Ltd. was named a Water Conservation Enterprise by the Harbin Municipal Government.
- Nestlé Tianjin Ltd. was named an Excellent Environment Protection Enterprise by Tianjin Economic – Technological Development Area (TEDA).
- Nestlé Shuangcheng Ltd. was named a Best Import and Export Company by the Harbin Municipal Government.

- Nestlé Hong Kong Ltd. (Grocery division) received the Long
 Partnership Award from the Welcome Dairy Farm Group.
- Nestlé Shuangcheng Ltd. was named a Top 50 Non-State-Owned Taxpayer in Heilongjiang Province by the Provincial Government.
- Nestlé Shuangcheng Ltd. was named a Model Economic Contributor by the Harbin Municipal Government.
- Nestlé Qingdao Ltd. was named a Foreign Enterprise of Double Excellence by the China Association of Enterprises with Foreign Investments.
- Nestlé Shuangcheng Ltd. was named a Top 50 Company in Terms of Sales Revenue by the Economic Commission and the Statistics Bureau, Harbin Municipality.
- Nestlé Shuangcheng Ltd. was named a Top 50 Taxpayer Company jointly by the Economic Commission, the State Taxation Bureau, and the Local Taxation Bureau, in Harbin Municipality.
- Nestlé Qingdao Ltd. was named the Best Taxpayer Enterprise by the Laixi Municipal Government.

Year 2004

- Nestlé Qingdao Ltd. was named an Outstanding Foreign Taxpayer Company by the Laixi Municipal Government.
- Nestlé Tianjin Ltd. was named an Excellent Environment Protection
 Enterprise by Tianjin Economic Technological Development Area (TEDA).
- Nestlé Qingdao Ltd. was named a Best Taxpayer Enterprise by the Laixi Municipal Government.
- Nestlé Qingdao Ltd. was named a Company with Excellent Trade
 Union Management by the Laixi Federation of Trade Unions.
- Nestlé Qingdao Ltd. was named a **Credible Enterprise** by the Laixi Enterprise Credibility System Taskforce.

Year 2003

- Nestlé Tianjin Ltd. was named an Excellent Environment Protection
 Enterprise by Tianjin Economic Technological Development Area (TEDA).
- Nestlé Shuangcheng Ltd. was named an Outstanding Economic Contributor by the Harbin Municipal Government.
- Nestlé Qingdao Ltd. was named a Foreign Enterprise of Double Excellence by the China Association of Enterprises with Foreign Investments.
- Nestlé Shuangcheng Ltd. was named an Outstanding Import and Export Company in Harbin by the City's Government.
- Nestlé Qingdao Ltd. was named a Best Taxpayer Enterprise by the Laixi Municipal Government.
- Nestlé Qingdao Ltd. was named a Trustworthy Company in Labor Management by the Qingdao Labor and Social Security Bureau.

Year 2002

Nestlé Tianjin Ltd. was named an Excellent Environment Protection

Enterprise by Tianjin Economic – Technological Development Area (TEDA).

 Nestlé Shuangcheng Ltd. was named an Outstanding Taxpayer Company by the Harbin Municipal Government.

Year 2001

Nestlé Tianjin Ltd. was named an Excellent Environment Protection
 Enterprise by Tianjin Economic – Technological Development Area (TEDA).

Year 2000

- Nestlé Shuangcheng Ltd. was named an Excellent Environment
 Protection Enterprise by the Harbin Municipal Government.
- Nestlé Qingdao Ltd. was named a Best Taxpayer Enterprise by the Laixi Municipal Government.

Year 1999

 Nestlé Qingdao Ltd. was named a Best Taxpayer Enterprise by the Laixi Municipal Government.

Year 1998

- Nestlé Shuangcheng Ltd. was named the Best Non-State-Owned Enterprise by the Harbin Municipal Government.
- Nestlé Tianjin Ltd. was named an Excellent Environment Protection
 Enterprise by Tianjin Economic Technological Development Area (TEDA).
- Nestlé Shuangcheng Ltd. was named a Model Taxpayer Enterprise by the Harbin Taxation Bureau.
- Nestlé Qingdao Ltd. was named a Best Taxpayer Enterprise by the Laixi Municipal Government.

Year 1997

Nestlé Tianjin Ltd. was named an Excellent Environment Protection
 Enterprise by Tianjin Economic – Technological Development Area (TEDA).

Year 1996

 Nestlé Qingdao Ltd. was named an Outstanding Company of Labor Management by the Qingdao Labor Bureau.

Year 1994

 Nestlé Shuangcheng Ltd. was ranked at the top of the 500 Best Industrial Enterprises Ranking – Beverage Industry, an assessment carried out by the Development and Research Centre of the State Council.

NOTE: The honours received by our recently acquired companies have not been fully described and will be reported in subsequent Creating Shared Value reports.

"We continue to work beyond sustainability to create value for our shareholders and for society; where consumers remain at the heart of everything we do at Nestlé"











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This is an informative document compiled with extreme care and due diligence, but may still contain inadvertent errors or omissions. It shall not be used for any purpose other than for understanding Nestlé (China)'s Creating Shared Value activities. This document is written in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

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